



SENATE FISCAL OFFICE
REPORT

**GOVERNOR'S FY2023
AND
FY2022 SUPPLEMENTAL
BUDGET**

2022-H-7123 AND 2022-H-7122

BUDGET ANALYSIS

APRIL 4, 2022

Senate Committee on Finance

Ryan W. Pearson

Chairperson

Louis P. DiPalma

1st Vice Chairperson

Walter S. Felag, Jr.

2nd Vice Chairperson

Thomas J. Paolino

Secretary

Jonathon Acosta

Sandra Cano

Frank A. Ciccone, III

Melissa A. Murray

James A. Seveney

V. Susan Sosnowski

Samuel D. Zurier

Dominick J. Ruggerio

President of the Senate (ex officio)

Michael J. McCaffrey

Majority Leader (ex officio)

Dennis L. Algieri

Minority Leader (ex officio)

Maryellen Goodwin

Majority Whip (ex officio)

Jessica de la Cruz

Minority Whip (ex officio)

Jamie Plume

Committee Clerk

Michael Forte, Esq.

Legal Counsel

Table of Contents

2022-H-7123

Executive Summary	1
Departmental Summaries	
Department of Administration	43
Department of Business Regulation	77
Department of Labor and Training	85
Department of Revenue	95
Legislature	105
Lieutenant Governor	107
Office of the Secretary of State	109
Office of the General Treasurer	117
Board of Elections	123
Ethics Commission	125
Office of the Governor	127
Rhode Island Commission for Human Rights	129
Public Utilities Commission	131
Executive Office of Commerce	135
Executive Office of Health and Human Services	185
Department of Children, Youth, and Families	201
Department of Health	211
Department of Human Services	223
Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals	247
Governor's Commission on Disabilities	261
Commission on the Deaf and Hard of Hearing	265
Office of the Child Advocate	267
Office of the Mental Health Advocate	269
Elementary and Secondary Education	271
Public Higher Education	293
Rhode Island State Council on the Arts	313
Rhode Island Atomic Energy Commission	317
Rhode Island Historical Preservation and Heritage Commission	319
Department of the Attorney General	323
Department of Corrections	329
Judiciary	343

Military Staff	351
Rhode Island Emergency Management Agency	355
Department of Public Safety	359
Office of the Public Defender	371
Department of Environmental Management	373
Coastal Resources Management Council	383
Department of Transportation	387
Rhode Island Public Transit Authority	401
Special Reports	
Personnel	409
Revenue	433
Municipal Aid	439
Education Aid	451
FY2022 Supplemental Budget	465
FY2023 Budget Articles (2022-H-7123)	
Article 1: Relating to Making Appropriations in Support of FY2023	475
Article 2: Relating to State Funds	481
Article 3: Relating to Government Reform and Reorganization	485
Article 4: Relating to Debt Management Act Joint Resolutions	489
Article 5: Relating to Capital Development Program	491
Article 6: Relating to Taxation	495
Article 7: Relating to the Energy and the Environment	499
Article 8: Relating to Small Business	501
Article 9: Relating to Economic Development	511
Article 10: Relating to Education	517
Article 11: Relating to Adult-Use Marijuana	519
Article 12: Relating to Medical Assistance	525
Article 13: Relating to Human Services	531
Article 14: Relating to Lease Agreements for Leased Office and Operating Space	535
Article 15: Relating to Effective Date	537
FY2022 Supplemental Budget Articles (2022-H-7122)	
Article 1: Relating to Making Revised Appropriations in Support of FY2022	541
Appendix	
Summary Tables	547



EXECUTIVE SUMMARY

Executive Summary

The Governor's FY2023 Budget recommendation totals \$4,731.3 million in general revenue; \$180.5 million greater than the FY2022 Budget as Enacted. The recommendation includes \$12,825.0 million in all funds; a decrease of \$295.8 million from the FY2022 Budget as Enacted. The bulk of the reduction is attributable to the inclusion of the federal CARES Act COVID-19 stimulus funding appearing in FY2022.

Expenditures by Source	FY2021 Final	FY2022 Enacted	FY2022 Governor	Change to Enacted	FY2023 Governor	Change to Enacted
General Revenue	\$4,078.6	\$4,550.8	\$4,998.9	\$448.1	\$4,731.3	\$180.5
Federal Funds	6,603.3	5,862.7	6,051.1	188.4	5,311.0	(551.7)
Restricted Receipts	237.5	372.7	448.0	75.3	432.2	59.5
Other Funds	2,067.5	2,334.6	2,264.6	(70.0)	2,350.4	15.8
Total	\$12,986.9	\$13,120.8	\$13,762.6	\$641.8	\$12,825.0	(\$295.8)

Expenditures by Function	FY2021 Final	FY2022 Enacted	FY2022 Governor	Change to Enacted	FY2023 Governor	Change to Enacted
General Government	\$4,147.0	\$2,755.7	\$3,237.4	\$481.7	\$2,566.3	(\$189.3)
Human Services	4,789.2	5,213.3	5,800.3	587.0	5,437.3	224.0
Education	2,773.8	3,627.3	3,061.0	(566.3)	3,214.0	(413.3)
Public Safety	599.2	643.3	704.1	60.8	692.0	48.8
Natural Resources	89.0	113.4	148.8	35.4	131.0	17.6
Transportation	588.7	767.9	811.1	43.2	784.4	16.5
Total	\$12,986.9	\$13,120.8	\$13,762.6	\$641.8	\$12,825.0	(\$295.8)

FTE Authorization	15,124.7	15,313.2	15,320.5	7.3	15,416.5	103.3
--------------------------	-----------------	-----------------	-----------------	------------	-----------------	--------------

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

The Governor submitted two budget bills this year: the FY2023 proposal and a distinct FY2022 Supplemental Budget. The Governor's proposal for the current year (FY2022) increases the estimated year-end surplus from \$571,537, to \$135.5 million. The increased surplus is primarily driven by a shift of general revenue costs to federal FEMA funding based on recent guidance that allows for 100.0 percent cost reimbursement for eligible COVID response costs; an increase in Federal Medicaid Assistance Percentage (FMAP) match rates for Medicaid costs; and, increased anticipated general revenue collections. This surplus is carried forward to help close the FY2023 deficit.

The FY2023 Budget includes several one-time sources of funding. It includes an estimated \$618.4 million in projected FY2022 surplus funds that would carry forward into FY2023; \$112.3 million in American Rescue Plan Act (ARPA) Capital Projects Funds; and, allocates and outlines the Governor's plan for spending the \$1.13 billion ARPA State Fiscal Recovery Funds.

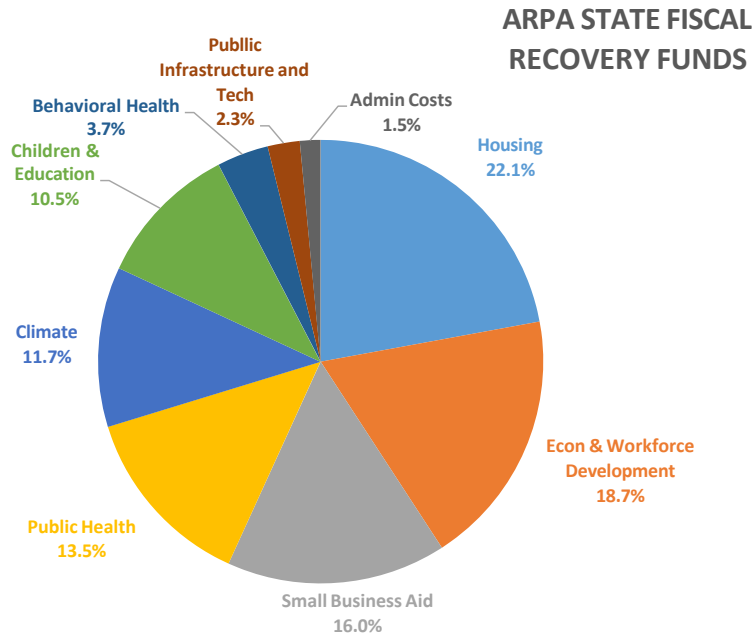
ARPA CAPITAL PROJECTS FUND

The Governor's budget allocates the \$112.3 million in ARPA Capital Projects Funds for three projects:

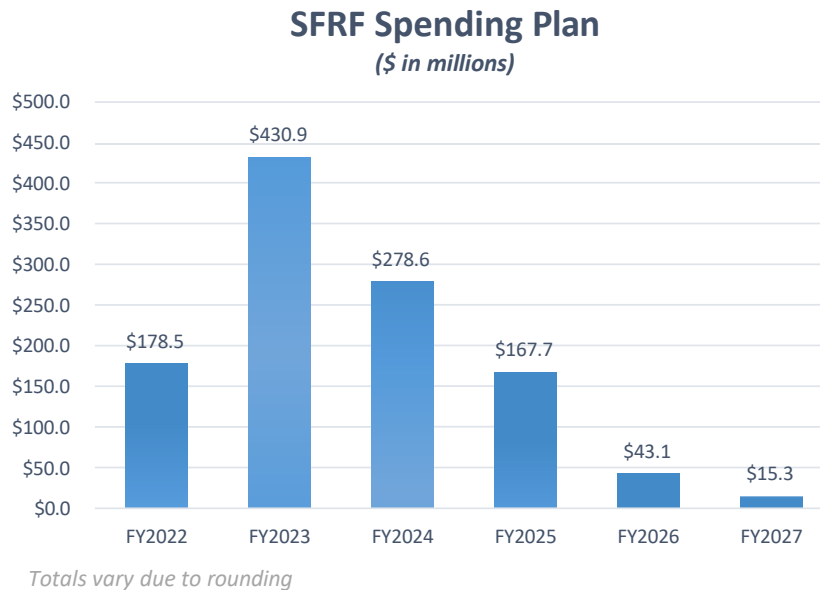
	ARPA Capital Projects Fund	Amount
<ul style="list-style-type: none"> Municipal Matching Grants: The program would provide matching funds for cities and towns to renovate or build community wellness centers. 	Municipal Matching Grant Program	\$46.7
<ul style="list-style-type: none"> RIC Student Services Center: RIC would build a Student Services Center on campus. 	RIC Student Services Center	35.0
<ul style="list-style-type: none"> Last-Mile Broadband: Funds would be used as the state match for federal Infrastructure Investment and Jobs Act funds for broadband infrastructure last-mile projects. 	Last-Mile Broadband Grants	25.0
	Administrative Costs	5.6
	Total	\$112.3
	<i>\$ in millions</i>	

ARPA STATE FISCAL RECOVERY FUNDS

The Governor's proposals appropriate ARPA State Fiscal Recovery Funds (SFRF) in both FY2022 and FY2023, and outline a spending plan for the full \$1.13 billion between FY2022 and FY2027. The single largest component of the Governor's SFRF spending plan is housing, with \$250.0 million proposed, or 22.1 percent of the total funding. The following chart outlines the major SFRF funding buckets. Further details on the proposals are in the agency budget sections.

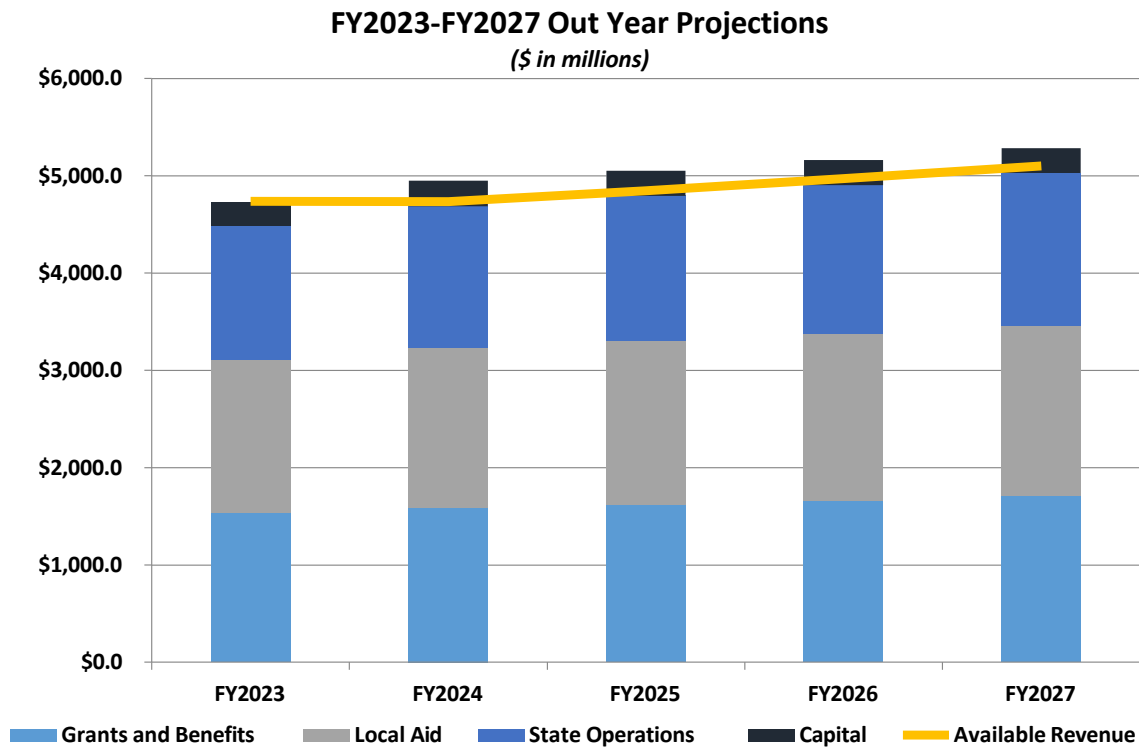


The Governor proposes allocating SFRF over six years. Under ARPA, SFRF must be allocated by the end of CY2024 and spent by the end of CY2026 (FY2027). The Governor proposes to use the majority of the funds in FY2022 and FY2023. The multi-year spending plan is presented in detail in the Summary Tables section at the end of this report.

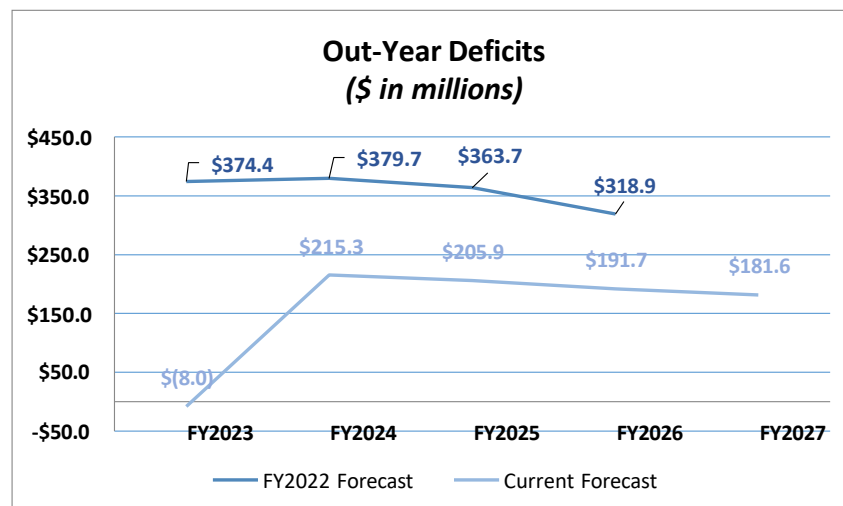


FIVE-YEAR FORECAST

The Budget projects out-year deficits increasing from \$215.3 million in FY2024 to \$181.6 million in FY2027 (3.6 percent of spending). Projected average annual revenue growth of 1.9 percent, coupled with a projected average annual increase in expenditures of 2.8 percent, creates the State's projected deficit. Actual out-year performance could vary significantly if growth rates used for both revenue and expenditure forecasts are inaccurate. Drivers of the forecast include Medicaid and education inflation and increasing motor vehicle excise tax payments.



Out-year deficit projections decreased significantly from what was forecast one year ago. Projections last year had a less positive outlook for revenue recovery. Federal interventions buoyed state revenue collections and job growth outpaced projections.

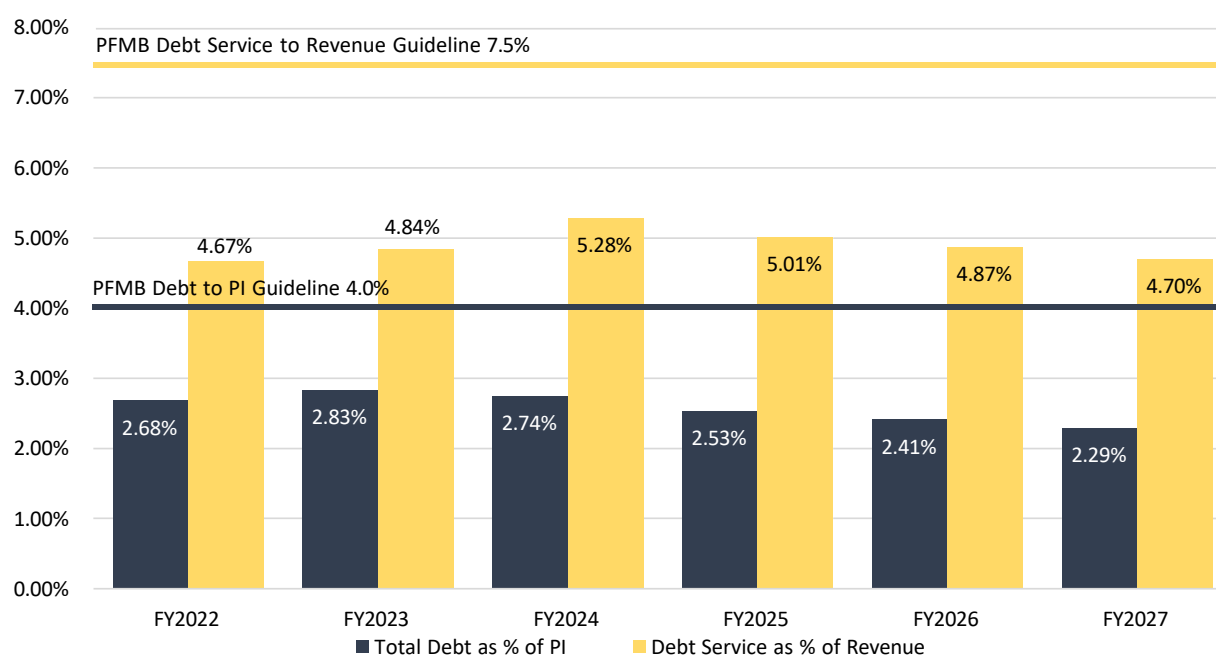


TAX-SUPPORTED DEBT

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

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

The following chart shows current and projected debt service metrics from FY2022 through FY2027. It is probable that these figures will change as projects and issuance timelines are adjusted.



RAINY DAY FUND

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

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

FY2020 closed with \$90.7 million in the Rainy Day Fund. In FY2020, the State used \$120.0 million from the fund to balance the budget. Rhode Island General Law requires that the repayment be made to the Rhode

Island Capital Plan fund in the following fiscal year. The FY2021 Supplemental Budget included a \$120.0 million repayment to the RICAP fund.

The Governor's proposal projects a rainy day fund balance of \$253.3 million at the end of FY2022, declining to \$244.3 million in FY2023. The decline is due to the reduction in opening surplus revenue which is included in the 5.0 percent balance calculation.

GENERAL REVENUE SURPLUS STATEMENT

	FY2020 Audited	FY2021 Prelim. Audit	FY2022 Enacted	FY2022 Governor	FY2023 Governor
Opening Surplus					
Free Surplus	\$30,502,912	\$156,188,375	\$281,411,255	\$374,956,654	\$135,509,903
Adjustment to Opening Surplus		\$93,176,701		\$212,685,030	
Reappropriated Surplus	10,296,451	5,336,653		8,446,365	
Subtotal	\$40,799,363	\$254,701,729	\$281,411,255	\$596,088,049	\$135,509,903
Total Revenues	\$4,183,713,406	4,431,578,564	\$4,410,736,347	\$4,690,263,000	\$4,750,363,927
To Cash Stabilization Fund	(126,426,490)	(137,238,234)	(140,764,428)	(151,956,590)	(146,576,215)
From Cash Stabilization Fund					
Total Available Resources	\$4,098,086,279	4,549,042,059	\$4,551,383,174	\$5,134,394,459	\$4,739,297,615
Total Expenditures	3,936,561,251	4,078,639,040	4,550,811,637	4,998,884,556	4,731,312,148
Total Surplus	161,525,028	470,403,019	571,537	135,509,903	7,985,467
Free Surplus	\$156,188,375	\$374,956,654	\$571,537	\$135,509,903	\$7,985,467
<i>Operating Surplus/(Deficit)</i>		<i>221,037,943</i>	<i>(280,839,718)</i>	<i>(452,131,781)</i>	<i>(127,524,436)</i>
Rainy Day Fund	\$90,710,816	\$228,305,616	\$234,607,380	\$253,260,983	\$244,293,692

Revenue Changes

The Governor's FY2023 Budget increases general revenue collections by an estimated \$167.2 million above the November 2021 revenue estimate. New revenue initiatives include reauthorizing the State's hospital license fee, reducing the penalty interest for delinquent payment of taxes, reducing the corporate minimum tax, phasing in the exemption of military pensions from the income tax, fee changes within various Department of Environmental Management (DEM) programs, and tax and licensing revenue associated with a new adult-use marijuana program.

Governor's Recommended Revenue Initiatives	FY2023
EOHHS Revenue Initiatives	\$170.6
Miscellaneous Revenue Initiatives	(4.2)
DEM Fee Changes	0.6
Adult-Use and Medical Marijuana Programs Revenue Impacts	0.1
DBR Assessment Changes	0.1
Total	\$167.2
<i>\$ in millions</i>	

EOHHS Revenue Initiatives

\$170.6 million

The Budget includes a net \$170.6 million increase related to revenue changes associated with the following EOHHS initiatives:

- **Hospital License Fee:** Article 12 reauthorizes the collection of the hospital license fee in FY2023. The article includes a fee of 3.607 percent of patient revenues for hospitals located in Washington County and 5.725 percent of patient revenues for all other non-psychiatric community hospitals, including the State-run Eleanor Slater Hospital. These rates are consistent with the fee structure used in the FY2022 Budget as Enacted. The Governor's Budget includes \$170.2 million in new revenues that were not included in the November 2021 adopted revenue estimate.
- **Medicaid Revenue Changes:** The Budget increases revenue collections by \$313,600 to reflect the impact of a number Medicaid expenditure changes which affect collections from the 2.0 percent insurance premium tax and 5.5 percent nursing home tax. These initiatives are described in the FY2023 Expenditures section of this report.

Medicaid Revenue Changes	
Nursing Homes Alternative Rate Adjustment	\$171,307
Postpartum Coverage Extension	103,500
Cover All Kids Initiative	31,584
Meals on Wheels	7,209
Total	\$313,600

Miscellaneous Revenue Initiatives

(\$4.2 million)

The Budget includes \$4.2 million reduction in revenue related several initiatives primarily associated with the Governor's small business assistance proposals included in Article 8.

Miscellaneous Revenue Initiatives

Penalty Interest Rate Reduction	(\$2,485,363)
Reduction of Corp. Min	(812,138)
Military Pension Income Tax Phase-Out	(735,663)
Exemption for Trade-In Value of Motorcycles	(145,087)
New Cottage Food License	12,610
Total	(\$4,165,641)

- **Penalty Interest Rate Reduction:** Article 8 reduces the penalty interest rate for the delinquent payment of non-trust fund taxes from 18.0 percent to 12.0 percent. The change is estimated to reduce general revenue by \$2.5 million in FY2023, based on a July 1, 2022, start date.
- **Minimum Corporate Tax Reduction:** Article 8 reduces the minimum corporate tax by \$25, from \$400 to \$375 annually. This is estimated to reduce general revenues by \$812,138 in FY2023, based on a July 1, 2022, start date.
- **Military Pension Income Tax Phase-Out:** Article 6 phases-out the inclusion of military service pension income for purposes of State personal income taxation. It is estimated to reduce general revenue by \$735,663 in FY2023, based on a July 1, 2022, start date. When fully phased-in, the proposal is estimated to reduce revenues by \$5.8 million annually.
- **Sales Tax Exemption – Motorcycle Trade-in:** Article 8 exempts the trade-in value of a motorcycle from the sales tax when a subsequent motorcycle is purchased. The change is estimated to reduce general revenue by \$145,087 in FY2023, based on a July 1, 2022, start date.
- **Cottage Food Manufacture:** Article 8 establishes a statutory and regulatory framework authorizing and supporting preparation and retail sale of certain baked 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 includes \$177,730 to support 2.0 DOH FTE positions to support the new framework. Fees are estimated to generate \$12,610 annually.

DEM Fee Changes**\$574,212**

The Budget includes \$574,212 in additional revenue related to proposed increases to fees related to several Department of Environmental Management (DEM) programs.

Adult Use and Medical Marijuana Programs Revenue Impacts**\$127,926**

The Budget includes \$127,926 in net new revenue attributable to the implementation of an adult-use marijuana market under Article 11, based on an anticipated retail sales start date in May 2023. FY2023 revenues are artificially depressed because the proposal shifts more of what would be collected as general revenues to the restricted accounts for state departments operating the program. This is reflective of higher start-up costs in the first year. Beginning in FY2024, revenues would transfer at the normal proposed statutory rates.

Adult-Use and Medical Marijuana Programs Revenue Impacts

Reduced Surplus Revenue Transfer - Medical	(\$700,000)
Cannabis Licensing Fees - Adult-Use	418,881
Reduction of Fees re: Expungement - Adult-Use	(362,048)
Cultivator Excise Tax - Adult-Use	329,858
Retail Excise Tax - Adult-Use	259,550
Sales Tax - Adult-Use	181,685
Total	\$127,926

DBR Assessment Changes**\$67,000**

The Budget includes \$67,000 in additional revenue from proposed fee increases at the Department of Business Regulation (DBR).

DBR Assessment Changes	
Insurance Examination Assessment	\$42,000
Banking Examination Assessment	25,000
Total	\$67,000

- **Assessment Increases:** 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.

FY2022 SUPPLEMENTAL CHANGES

The Budget includes a \$6.0 million increase in revenues above the November 2021 revenue estimate. The primary initiatives impacting the FY2022 revenue totals include bond proceeds and increased assessments on insurance and bank exams.

Governor's Recommended Supplemental Revenue Changes	FY2023
Bond Refunding Shift	\$5.9
DBR Assessments	0.1
Total	\$6.0
<i>\$ in millions</i>	

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

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

DBR Assessment Changes**\$63,000**

The Budget includes \$63,000 in additional revenue from proposed fee increases at the Department of Business Regulation (DBR).

DBR Assessment Changes	
Insurance Examination Assessment	\$40,000
Banking Examination Assessment	23,000
Total	\$63,000

- **Assessment Increases:** 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 FY2022 to upgrade and retain 4.0 existing Examiner FTE positions. Assessment revenue is increased by \$40,000 from insurance exams and \$23,000 from bank exams, reflecting the increased personnel expenses.

Expenditure Changes by Agency

Statewide COLA

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 a cost-of-living adjustment (COLA) 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 \$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.

State Employees - COLA Adjustment	Fiscal Year Impact	General				General	
		Revenue	All funds	GR Bonus	AF Bonus	Revenue	All funds
Year 1 Retroactive Pay Raise 2.5%	FY2022	\$18.7	\$27.5	\$0.0	\$0.0	\$18.7	\$27.5
Year 2 Pay Raise 2.5%	FY2022	15.2	30.6	4.5	8.9	\$38.4	\$67.0
Year 3 Pay Raise 2.5%	FY2023	14.8	25.8	4.6	9.0	\$53.3	\$92.9
Year 4 Pay Raise 2.5%	FY2024	16.4	28.3	-	-	\$65.1	\$112.2
Total						\$175.5	\$299.6

State Colleges - COLA Adjustment	Fiscal Year Impact	General				General	
		Revenue	All funds	GR Bonus	AF Bonus	Revenue	All funds
Year 1 Retroactive Pay Raise 2.5%	FY2022	\$2.0	\$2.0	\$0.0	\$0.0	\$2.0	\$2.0
Year 2 Pay Raise 2.5%	FY2022	2.2	2.2	1.7	1.7	\$5.9	\$5.9
Year 3 Pay Raise 2.5%	FY2023	2.1	2.1	1.7	1.7	\$8.0	\$8.0
Year 4 Pay Raise 2.5%	FY2024	2.1	2.1	-	-	\$8.4	\$8.4
Total						\$24.3	\$24.3

\$ in millions

Administration: The Budget includes \$224.6 million in general revenue expenditures (\$675.0 million all funds) for the Department in FY2023, increasing general revenue expenditures by \$28.6 million (\$79.8 million all funds).

- **Statewide COLA Adjustment:** 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 adjustments. The current agreement is projected to increase general revenue expenditures by \$1.7 million including the \$1,500 bonus payment to most union employees within the Department of Administration.
- **FEMA Contingency Reserve:** 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.
- **Statewide Workforce Classification Study:** The Budget includes \$2.0 million in general revenue to fund a workforce, efficiency, classification, and compensation study to ensure that the State can attract and retain skilled personnel.
- **Energy Resources:** The Budget allocates \$6.0 million in restricted receipts from the Energy Efficiency Fund to the Executive Climate Change Council Projects including energy efficiency, renewables, clean transportation, clean heating, energy storage, and other climate change projects.
- **Transition Costs:** The Budget adds \$350,000 in general revenue for transitions costs associated with the 2022 General Election.

- **RICAP Projects:** The Budget adds \$11.1 million for infrastructure improvements at the Pastore Campus, \$4.7 million for renovations to structures at the Zambarano Campus, and \$1.2 million for the proposed new Long-Term Acute Care Hospital on the Zambarano Campus.
- **New FTE positions:** The Budget adds 10.0 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 and from the State Fiscal Recovery Funds (SFRF). The Budget also adds 3.0 FTE positions within the Office of Energy Resources to support the Executive Climate Change Coordinating Council. All 10.0 FTE positions will be funded by restricted receipts.
- **SFRF and ARPA Funds:** The Budget includes \$250.4 million in federal SFRF and ARPA funds for pandemic and recovery items and activities. This includes \$17.7 million to the Rhode Island Convention Center for renovations to the facility.

SFRF and ARPA Response	FY2022 Enacted	FY2023 Governor	Change
ARP CPF: Administration	\$0	\$2,807,250	\$2,807,250
ARP CPF: Municipal and Higher Ed Matching Grant Program	-	23,360,095	23,360,095
ARP CPF: RIC Student Services Center	-	5,000,000	5,000,000
ARP DIRECT: Institute of Museum and Library Services - States	2,230,333	-	(2,230,333)
ARP ERA: Emergency Rental Assistance	114,000,000	38,000,000	(76,000,000)
ARP HAF: Homeowner Assistance Fund	25,000,000	25,000,000	-
ARP SFRF: Aid to the Convention Center	-	17,700,000	17,700,000
ARP SFRF: Auto-Enrollment Program HSRI	-	339,079	339,079
ARP SFRF: COVID-19 Ongoing Response	-	75,000,000	75,000,000
ARP SFRF: Eligibility Extension Compliance (HSRI)	-	125,618	125,618
ARP SFRF: ERP Implementation Support	-	2,200,000	2,200,000
ARP SFRF: Nonprofit Assistance / Food Insecurity	-	10,000,000	10,000,000
ARP SFRF: OER Electric Heat Pumps	-	4,900,500	4,900,500
CAA21: Emergency Rental Assistance	120,000,000	45,998,500	(74,001,500)
FEMA: Government Readiness WKS: COVID Administrative Assistance	226,372	-	(226,372)
FEMA: Government Readiness WKS: Emergency Ad Hoc Spending	738,410	-	(738,410)
FEMA: HHS Readiness WKS: Surge - AHS-1	2,100,703	-	(2,100,703)
FEMA: Supplies WKS: PPE Warehousing	1,805,127	-	(1,805,127)
Relief Fund: Government Readiness WKS: Emergency Ad Hoc Spending	1,524,775	-	(1,524,775)
Total	\$267,625,720	\$250,431,042	(\$17,194,678)

- **COVID-19 Ongoing Response:** The Budget includes \$75.0 million in SFRF to continue COVID-19 mitigation activities and to address public health impacts. These 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.
- **Emergency Rental Assistance:** The Budget includes \$84.0 million from the Consolidated Appropriations Act of 2021 (CAA21) to continue supporting the State's COVID-19 emergency rental assistance program administered in partnership with RI Housing.
- **Homeowner Assistance Fund:** The Budget includes \$25.0 million from ARPA to assist homeowners who are experiencing financial hardship. The funds are used to prevent mortgage delinquencies, foreclosures, and loss of utilities.
- **Municipal and Higher Education Matching Grant Program:** The Budget includes \$23.4 million from the ARPA Capital Projects Fund to provide a matching grants program to municipalities to renovate or construct a community wellness center that meets the requirements identified by the United State Department of Treasury. The Budget proposes additional out-year funding of \$23.4 million in FY2024.
- **Aid to the Convention Center:** The Budget includes \$17.7 million in SFRF to support the operations and to finance renovations to the facility that was used during the COVID-19 emergency. The Budget proposes additional out-year funding of \$21.0 million from FY2024 to FY2026.

- **Nonprofit Assistance:** The Budget includes \$10.0 million in SFRF to support nonprofit organizations addressing the needs for housing, food security, and behavioral health issues made worse by the pandemic.
- **RIC Student Services Center:** The Budget includes \$5.0 million from the ARPA Capital Projects Fund to support the development of a centralized center at Rhode Island College where RIC students can perform essential tasks. The Budget proposes additional out-year funding of \$30.0 million from FY2024 to FY2025.
- **OER Electric Heat Pump Program:** The Budget includes \$4.9 million in SFRF to support a grant program within the Office of Energy Resources to assist homeowners and small business owners to purchase and install high-efficiency electric heat pumps. The Budget proposes additional out-year funding of \$29.3 million from FY2024 to FY2026.
- **CPF Administration:** The Budget includes \$2.8 million from the ARPA Capital Projects Fund to administer the federal Capital Projects Fund. The Budget proposes additional out-year funding of \$2.8 million in FY2024.
- **ERP Implementation Support:** The Budget includes \$2.2 million in SFRF for operating, software, and personnel expenses to support the implementation of the Enterprise Resources Planning System.
- **Auto Enrollment Program:** The Budget includes \$339,079 in SFRF to support a program that automatically enrolls qualified individuals transitioning off Medicaid coverage at the end of the pandemic public health emergency into qualified health plans to avoid lapses in coverage.
- **Eligibility Extension Compliance:** The Budget includes \$125,618 in SFRF to maintain RIBridges eligibility functions within HealthResource RI during the continuing pandemic health emergency.

Department of Business Regulation: The Budget includes \$22.9 million from general revenues (\$38.5 million all funds) for the Department of Business Regulation in FY2023. This represents a general revenue increase of \$3.7 million when compared to the FY2022 Budget as Enacted, and is attributable to the following changes:

- **E-Permitting:** The Budget adds \$1.2 million in general revenue to expand the State's e-permitting system to standardize the submission and approval process for building permits and plans.
- **Statewide Adjustments:** The Budget adds \$1.1 million in general revenue to reflect the most recent State employee contract negotiations. The negotiations included a 2.5 percent cost of living adjustment for each year of the four-year contract in addition to a \$1,500 bonus for certain eligible union employees.
- **Bomb Squad Equipment:** The Budget adds \$920,700 in general revenue for safety equipment for the State's Bomb Squad which is required to maintain FBI accreditation.
- **Adult-Use Marijuana:** The Budget increases restricted receipts by \$3.6 million for the licensing and regulation of the proposed adult-use marijuana market, including \$2.1 million in operating costs and \$1.5 million for personnel. The Office of Cannabis Regulation would license cultivators, manufacturers, retail entities, employees, and other ancillaries to operate the market.
- **State Fiscal Recovery Funds:** The Budget adds \$2.0 million in State Fiscal Recovery Funds within DBR for the following initiatives:
 - **Blockchain Digital:** \$1.5 million to support the development of blockchain technology to improve information technology security and streamline professional licensing credentialing for the State.
 - **Health Spending Accountability and Transparency:** \$500,000 for the Health Spending Accountability and Transparency Program. The goal of the project is to increase access to

affordable, high-quality health insurance coverage. The project's Steering Committee, with members representing hospitals, insurers, physician groups, advocates, and researchers set a voluntary target of 3.2 percent in total healthcare cost growth.

Labor and Training: The Governor's Budget increases general revenue expenditures by \$990,550 (all funds decrease by \$410.8 million) relative to the FY2022 Enacted level. The major changes include the following:

- **Unemployment Insurance:** The Budget decreases federal funds by \$319.7 million related to Unemployment Insurance. The FY2022 Budget as Enacted included \$381.4 million in federal CARES Act, FEMA Lost Wages, and COVID-19 Pandemic Unemployment Assistance funding. The additional funding was used to address the increase in unemployment insurance claims the Department was receiving as a result of the COVID-19 pandemic. The FY2023 Budget includes \$87.7 million in federal funds to continue to support Unemployment Insurance, including \$30.0 million in federal State Fiscal Recovery Funds (SFRF).
- **Real Jobs Rhode Island:** The Governor includes an additional \$10.0 million in federal State Fiscal Recovery Funds (SFRF) to continue growing the Real Jobs Rhode Island (RJRI) program.

Department of Revenue: The Budget provides \$300.4 million in general revenue for the Department of Revenue (DOR) in FY2023, a net \$32.5 million increase above the FY2022 enacted level. 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. For FY2023, the Budget includes \$166.6 million in total general revenue reimbursement funding for cities and towns, consistent with the current law. This is \$26.9 million above the FY2022 enacted level.
- **Distressed Communities Relief Fund:** The Governor recommends level funding the Distressed Community Relief Fund in FY2023 at \$12.4 million in general revenue.
- **Payment in Lieu of Taxes (PILOT):** The Governor also level funds the State PILOT program in FY2023 at \$46.1 million in general revenue. Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The Governor's recommendation for FY2023 represents a rate of 25.7 percent.

Taxation

- **Taxpayer Steward:** Article 8 establishes a new dedicated position within Taxation to assist taxpayers, coordinate the resolution of complaints and problems, and provide recommendations for changes that improve taxpayer education, reduce errors, and improve compliance. The Budget includes \$104,323 in general revenue personnel expenditures and 1.0 new FTE position to support this function in FY2023.
- **Adult-Use Marijuana Program:** Article 11 establishes a comprehensive new State Adult-Use Marijuana program that include various new tax provisions. The Budget provides \$424,552 in new restricted receipt funds to support the personnel costs of 4.0 new FTE positions that will oversee compliance.

SFRF-Taxation Modernization: The Budget provides \$750,000 in federal State Fiscal Recovery Funds within Taxation to support upgrades to the State Tax Administration and Revenue (STAARS) information technology system. Total planned SFRF funding for this project is \$2.3 million Between FY2023 and FY2024.

Secretary of State: The Budget adds \$1.1 million in general revenue to support operating costs associated with the 2022 General Election.

General Treasurer: The Budget adds 1.0 Retirement Aide within the state retirement administration and \$78,365 in restricted receipts to support the new position.

Board of Elections: The Budget adds \$755,093 in general revenue reflecting personnel, purchased services, and operating expenditures for voter operating supplies and expenses required in the upcoming general election and \$2.7 million for the Campaign Matching Public Funds program.

Executive Office of Commerce: The Governor recommends \$241.9 million from all fund sources to support the economic development and housing programming within the Executive Office of Commerce (EOC) and the Rhode Island Commerce Corporation (Commerce RI), representing a net increase of \$79.2 million over the FY2022 enacted level. This includes \$38.1 million in general revenue and \$222.2 million in federal funding (\$142.6 million more than enacted level). Major initiatives include:

Incentives

- **Rebuild RI:** The Governor includes \$13.5 million in general revenue to assist economic development projects through the Rebuild RI program. Rebuild RI uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State. Under current law, the total amount of tax credits and sales tax exemptions that may be issued is \$210.0 million. The Governor recommends raising the cap to \$225.0 million and extending the program's authorization by 12 months, through December 31, 2023.
- **Wavemaker:** The Budget provides \$2.4 million to help retain talented graduates through the Wavemaker Fellowship program. This includes \$1.6 million to fund an additional cohort of 200 STEM/Design fellows. It also includes \$800,000 to support a new cohort of 100 healthcare practitioner fellows. Article 9 expands the program to include healthcare practitioners and creates two discreet funds within the program, one designated to support healthcare practitioner fellows and the other for the traditional STEM/design fellows. The article amends the program's statutory framework to reflect the new dual category structure.
- **Air Service Development Fund:** The Budget includes \$2.3 million in general revenues for the Air Service Development Fund in FY2023. The Fund supports agreements with airlines and cargo carriers and provides incentives encouraging expanded air service to Rhode Island T.F. Green International Airport.
- **Small Business Development Fund:** Article 9 of the Budget modifies the Small Business Development Fund (SBDF) program, a financing mechanism designed to incentivize investment in small businesses. The article expands the type of eligible entities that may apply to the program to include community-based and/or local lenders, establishes a selection process for reviewing and approving applications, expands the types of taxes the tax credits can apply towards, and permits the credits to be sold or transferred.
- **Reauthorization of Incentives:** Article 9 also extends the sunset provisions on economic development incentive programs from December 31, 2022, to December 31, 2023.

Personnel and Operating

- **EOC:** The Budget increases the number of authorized full-time equivalent positions within the Executive Office of Commerce, from 16.0 FTEs to 21.0 FTEs, and includes \$709,476 in general revenue within the Office of Housing and Community Development program to support the related personnel costs. The Governor recommends these 5.0 new FTE positions to augment the agency's capacity to support the expanded affordable housing programming made possible through American Rescue Plan Act funds.
- **RI Commerce Corporation:** The Budget provides an additional \$288,213 in general revenue within the Rhode Island Commerce Corporation's base allocation to fund additional personnel and operating costs

including increased health insurance, COLA increases, and renewal costs for the lease at 555 Valley Street in Providence.

- **I-195 Park Maintenance Operations:** The Budget includes an additional \$200,000 in pass-through funding to the I-195 Commission to support ongoing maintenance of the Providence Innovation District Park.

American Rescue Plan Act (ARPA) State Fiscal Relief Funds (SFRF)/Capital Projects Funds (CPF)

The Budget includes \$185.4 million in federal American Rescue Plan Act spending within the Executive Office of Commerce for FY2023. This includes \$170.0 million in State Fiscal Relief Funds and \$15.4 million in Capital Projects Funds. The Governor recommends these funds be programmed across several categories including affordable housing, economic development initiatives, small business assistance, infrastructure, and broadband expansion. The Governor also recommends a plan to spend a total of \$579.0 million of SFRF and CPF between FY2022 and FY2027.

ARPA State Fiscal Relief Funds and Capital Project Funds							
Category	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Affordable Housing	\$29.0	\$82.0	\$83.0	\$53.5	\$2.5	-	\$250.0
Economic Development	-	20.0	55.0	29.0	1.0	-	105.0
Small Business Assistance	45.0	50.0	6.0	2.5	-	-	103.5
Infrastructure / Climate	-	18.0	42.4	27.0	7.6	-	95.0
Broadband	0.5	15.4	5.2	4.4	-	-	25.5
Total	\$74.5	\$185.4	\$191.5	\$116.4	\$11.1	-	\$579.0

\$ in millions

- **Affordable Housing (SFRF):** The Governor recommends \$82.0 million in SFRF funds in FY2023 for affordable housing/homelessness initiatives and a total of \$250.0 million over the six-year period from FY2022 to FY2027. The recommendation includes programming as summarized below.

SFRF - Affordable Housing							
Initiative	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Development of Affordable Housing	\$15.0	\$20.0	\$30.0	\$25.0	-	-	\$90.0
Down Payment Assistance in Hard Hit Neighborhoods	-	15.0	20.0	15.0	-	-	50.0
Site Acquisition	12.0	3.0	5.0	5.0	-	-	25.0
Community Revitalization	-	15.0	10.0	-	-	-	25.0
Housing Stability	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	-	5.0	-	-	-	-	5.0
Statewide Housing Plan	-	2.0	-	-	-	-	2.0
OHCD Predevelopment and Capacity Building	0.5	0.5	0.5	-	-	-	1.5
Total	\$29.0	\$82.0	\$83.0	\$53.5	\$2.5	\$0.0	\$250.0

\$ in millions

- **Development of Affordable Housing:** The Governor recommends \$20.0 million in SFRF funds in FY2023, and \$90.0 million over the six-year period from FY2022 to FY2027, for additional investments in the development of affordable housing units. The funding will be administered by RIHousing
- **Down Payment Assistance in Hard Hit Neighborhoods:** The Governor recommends \$15.0 million in SFRF funds in FY2023, and \$50.0 million over the six-year period from FY2022 to FY2027, to fund a program that provides up to \$17,500 in down payment assistance to eligible first-time homebuyers to promote homeownership.
- **Site Acquisition:** The Governor recommends \$3.0 million in SFRF funds in FY2023, and \$25.0 million over the six-year period from FY2022 to FY2027, to be used to acquire properties for redevelopment as affordable and supportive housing. Funds are to be administered by RIHousing.

- **Community Revitalization:** The Governor recommends \$15.0 million in SFRF funds in FY2023, and \$25.0 million over the six-year period from FY2022 to FY2027, to support and expand an RIHousing program that finances the acquisition and redevelopment of blighted properties and also supports critical home repairs within the certain communities.
- **Housing Stability:** The Governor recommends \$7.0 million in SFRF funds in FY2023, and \$21.50 million over the six-year period from FY2022 to FY2027, to support a housing navigation, behavioral health, and stabilization services that address homelessness. The funding will support extremely low-income housing units and services for people transitioning from homelessness to housing, including folks transitioning out of prison.
- **Workforce Housing:** The Governor recommends \$15.0 million in SFRF funds in FY2023, and \$20.0 million over the six-year period from FY2022 to FY2027, to support the increase the housing supply affordable to families earning up to 120 percent of area median income.
- **Affordable Housing Predevelopment Program:** The Governor recommends \$2.5 million in SFRF funds in FY2023, and \$10.0 million over the six-year period from FY2022 to FY2027, 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:** The Governor recommends \$5.0 million in SFRF funds in FY2023, and \$5.0 million over the six-year period from FY2022 to FY2027, 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:** The Governor recommends \$2.0 million in SFRF funds in FY2023, and \$2.0 million over the six-year period from FY2022 to FY2027 for the development of a statewide comprehensive housing plan. The plan is to assess current and future housing needs, consider barriers to home ownership and affordability, and identify the services needed for increased investment toward disproportionately impacted individuals and communities. Funds will also be used to support municipal planning efforts to identify and cultivate viable sites and housing projects.
- **OHCD Predevelopment and Capacity Building:** The Governor recommends \$500,000 in SFRF funds in FY2023, and \$500,000 over the six-year period from FY2022 to FY2027, to support staffing capacity to administer proposed affordable housing projects. Funding will support research and data analysis, stakeholder engagement, and the expansion of services for people experiencing homelessness.
- **Economic Development (SFRF):** The Governor recommends \$20.0 million in SFRF funds in FY2023 for economic development initiatives and a total of \$105.0 million over the six-year period from FY2022 to FY2027. The recommendation includes programming as summarized below.

Initiative	SFRF - Economic Development						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
Blue Economy Investments	-	\$10.0	\$40.0	\$20.0	-	-	\$70.0
Bioscience Investments	-	5.0	15.0	9.0	1.0	-	30.0
Main Streets Revitalization	-	5.0	-	-	-	-	5.0
Total	-	\$20.0	\$55.0	\$29.0	\$1.0	-	\$105.0

\$ in millions

- **Blue Economy Investments Program:** The Governor recommends \$10.0 million in SFRF funds in FY2023, and \$70.0 million over the six-year period from FY2022 to FY2027, to support a program to invest in the State's "blue economy" industries. These include such areas of focus as ports and shipping, defense, marine trades, ocean-related technology, ocean-based renewables, aquaculture and fisheries, and tourism and recreation.

- **Bioscience Investments Program:** The Governor recommends \$5.0 million in SFRF funds in FY2023, and \$30.0 million over the six-year period from FY2022 to FY2027, to support investment in the State's life science industries. These include, but such areas of focus as the build-out of shared wet lab space for startup and early-stage businesses, a competitive life sciences site acquisition and facility investments program, and supports for small businesses seeking to connect within the sector.
- **Main Streets Revitalization Program:** The Governor recommends \$5.0 million in SFRF funds in FY2023, and \$5.0 million over the six-year period from FY2022 to FY2027, to support investments in main street improvements such as signage, lighting, façade and sidewalk improvements in municipal commercial districts. It is recommended that funding also support technical assistance to municipalities and non-profit partners in developing and executing main street improvement projects.
- **Small Business Assistance (SFRF):** The Governor recommends \$50.0 million in SFRF funds in FY2023 for small business assistance and a total of \$103.0 million over the six-year period from FY2022 to FY2027. The recommendation includes programming as summarized below.

Initiative	SFRF Small Business Assistance						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
Small Business Financial and Technical Assistance	\$32.0	\$13.0	-	-	-	-	\$45.0
Aid to Tourism, Hospitality, and Events Industries	13.0	15.5	-	-	-	-	28.5
SBA Loan Interest Subsidy	-	20.0	-	-	-	-	20.0
Minority Business Accelerator	-	1.5	6.0	2.5	-	-	10.0
Total	\$45.0	\$50.0	\$6.0	\$2.5	-	-	\$103.5

\$ in millions

- **Small Business Financial and Technical Assistance Program:** The Governor recommends \$13.0 million in SFRF funds in FY2023, and \$28.5 million over the six-year period from FY2022 to FY2027, to support investments in financial and technical assistance to small businesses. The program includes direct payments to businesses negatively impacted by the pandemic, technical assistance for long-term business capacity building, capital improvements for public health upgrades and outdoor programming, and administration expenses.
- **Aid to Tourism, Hospitality, and Events Industries:** The Governor recommends \$15.5 million in SFRF funds in FY2023, and \$28.5 million over the six-year period from FY2022 to FY2027, to support tourism, hospitality, events and other industries disproportionately impacted by the pandemic. The program includes direct payments to businesses negatively impacted by the pandemic, outdoor and public space capital improvements and event programming, tourism marketing in coordination with state tourism regions and the Airport Corporation, and implementation costs.
- **SBA Loan Interest Subsidy:** The Governor recommends \$20.0 million in SFRF funds in FY2023, and \$20.0 million over the six-year period from FY2022 to FY2027, for assistance to small businesses with COVID-related impacts as well as such expenses as real estate costs, short- and long-term working capital, refinancing debt, and the purchase of furniture, fixtures, and supplies. This program will also seek to leverage other private and public resources, such as the SBA 7(a) loan 8 program, to maximize its reach and effectiveness
- **Minority Business Accelerator Program:** The Governor recommends \$1.5 million in SFRF funds in FY2023, and \$10.0 million over the six-year period from FY2022 to FY2027, to support investment in additional resources that enhance growth of minority-owned businesses. The funding is to support a range of programming, such as financial and technical assistance, entrepreneurship training, space for programming and co-working, and assistance accessing low-interest loans.

- **Infrastructure/Climate (SFRF):** The Governor recommends \$18.0 million in SFRF funds in FY2023 for infrastructure and climate related initiatives and a total of \$95.0 million over the six-year period from FY2022 to FY2027. The recommendation includes programming as summarized below.

Initiative	SFRF - Infrastructure / Climate		FY2024	FY2025	FY2026	FY2027	Total
	FY2022	FY2023					
Port of Davisville	-	\$6.0	\$19.4	\$27.0	\$7.6	-	\$60.0
South Quay Marine Terminal	-	12.0	23.0	-	-	-	35.0
Total	-	\$18.0	\$42.4	\$27.0	\$7.6	-	\$95.0

\$ in millions

- **Port of Davisville Improvements:** The Governor recommends \$6.0 million in SFRF funds in FY2023, and \$60.0 million over the six-year period from FY2022 to FY2027, to expand the development of port infrastructure and services at the Port of Davisville in Quonset.
- **South Quay Marine Terminal Program:** The Governor recommends \$12.0 million in SFRF funds in FY2023, and \$35.0 million over the six-year period from FY2022 to FY2027, to support development of an intermodal hub for shipping designed to support the offshore wind industry in East Providence. It will include elements such as design activities and the development of the waterfront portion of the terminal into a marine-industrial facility.
- **Broadband (SFRF and CPF):** The Governor recommends \$15.4 million in SFRF funds in FY2023 for broadband infrastructure and a total of \$25.5 million in combined SFRF and CPF over the six-year period from FY2022 to FY2027. The recommendation includes programming as summarized below.

Initiative	SFRF/CPF - Broadband		FY2024	FY2025	FY2026	FY2027	Total
	FY2022	FY2023					
Broadband (CPF)	-	\$15.4	\$5.2	\$4.4	-	-	\$25.0
Statewide Broadband Planning and Mapping (SFRF)	0.5	-	-	-	-	-	0.5
Total	\$0.5	\$15.4	\$5.2	\$4.4	-	-	\$25.5

\$ in millions

- **Broadband (CPF):** The Governor recommends \$15.4 million in Capital Projects Funds in FY2023, and \$25.0 million over the six-year period from FY2022 to FY2027, to support investments in projects that provide high-speed, reliable internet to all Rhode Islanders.
- **Statewide Broadband Planning and Mapping Program (SFRF):** The Governor recommends \$500,000 in SFRF funds in FY2022 to develop a statewide broadband strategic plan, support related staffing, and conduct mapping of future state broadband investment.

Executive Office of Health and Human Services: The Budget includes \$1,163.2 million from general revenues (\$3,285.3 million all funds) for the Executive Office of Health and Human Services in FY2023. This represents a general revenue increase of \$63.0 million when compared to the FY2022 Budget as Enacted, and is attributable to the following changes:

Central Management

- **MMIS Maintenance and Operations Contract:** The Budget adds \$1.4 million in general revenues (\$2.3 million all funds) for contracted services for maintenance and operations of the State's Medicaid Management Information System (MMIS). The MMIS processes claims for Medicaid services and tracks Medicaid expenditures on a monthly basis.
- **Statewide Adjustments:** The Budget adds \$1.0 million in general revenue to reflect the most recent State employee contract negotiations. The negotiations included a 2.5 percent cost of living adjustment for each year of the four-year contract in addition to a \$1,500 bonus for certain eligible union employees.
- **Modern Modular MMIS System:** The Budget adds \$576,303 in general revenue (\$5.2 million all funds) for the assessment of the current MMIS, and the planning and implementation of a modern modular

system as required by CMS. The initiative includes the personnel costs of 1.0 FTE tasked with managing the implementation of the new system. The project would be 90.0 percent funded by federal Medicaid dollars.

- **1115 Waiver Renewal:** The Budget adds \$250,000 in general revenue (\$500,000 all funds) for consultants to support the completion of the State's 1115 Waiver renewal, which the Secretary of EOHHS to approve experimental, pilot, or demonstration projects that seek to promote the objectives of the Medicaid program. The Centers for Medicare and Medicaid Services (CMS) require the State to renew the federal waiver every five years.
- **Shift Contractors to FTE Positions:** The Budget reduces general revenues by \$68,270 (\$141,613 all funds) to reflect a shift of contracted staff to 8.0 FTE positions to reduce the State's reliance on temporary staff and contract agreements.
- **Opioid Stewardship Fund:** The Budget adds \$2.3 million in restricted receipts from the Opioid Stewardship Fund. The FY2020 Budget established the Opioid Stewardship Fund, funded by registration fees paid by licensed manufacturers, distributors, and wholesalers of opioids to support opioid addiction treatment, recovery, prevention, education services, and other related programs. Article 3 transfers the Opioid Stewardship Fund from the Department of Health to the Executive Office of Health and Human Services (EOHHS). EOHHS would be responsible for the administration of the Fund and the Budget transfers 1.0 FTE and associated funding from DOH to EOHHS to reflect the change.
- **Adult-Use Marijuana:** The Budget adds \$1.4 million in restricted receipts to meet the community health needs as a result of the proposed adult-use marijuana market. Of this, \$333,333 is allocated to support a data system assessing the public health impacts of legalization.
- **State Fiscal Recovery Funds:** The Budget adds \$43.0 million in State Fiscal Recovery Funds within EOHHS for the following initiatives:
 - **Certified Community Behavioral Health Clinics:** \$28.1 million for Certified Community Behavioral Health Clinics (CCBHCs). CCBHCs provide behavioral health supports, medical screening and monitoring, and social services to vulnerable populations in response to a rise in mental health needs during the pandemic.
 - **Pediatric Health Care Recovery:** \$7.5 million for a relief program for pediatric providers due to a decline in visitation and enrollment caused by the pandemic. The incentive program will promote developmental and psychological behavioral screenings.
 - **Early Intervention:** \$5.5 million for the Early Intervention program to provide relief to providers with incentive bonuses for meeting referral targets and reducing staff turnover. Providers are facing workforce shortages and financial solvency concerns, resulting in a waitlist for services.
 - **9-8-8 Hotline:** \$1.9 million to create the 9-8-8 Hotline to provide access to crisis behavioral health services.
 - **RIBridges:** \$56,722 for the maintenance of RIBridges eligibility functionalities during the extension of the federal public health emergency.

Medical Assistance

- **Caseload Estimating Conference:** The Budget recommends an additional \$116.1 million in general revenue (\$66.5 million all funds) to reflect changes adopted by the November 2021 Caseload Estimating Conference. This is primarily related to the assumed restoration of the standard federal match rate, which was enhanced by 6.2 percentage points during FY2022 due to the COVID-19 pandemic. All Medicaid initiatives are applied against this estimate, rather than the Enacted Budget.

- **Perry Sullivan:** The Budget reduces general revenues by \$17.7 million (\$38.6 million all funds) to reflect changes proposed in Article 12 that allow for investments that are equal or greater already being made from the enhanced HCBS to be made in lieu of the Perry Sullivan provision. Rhode Island General Laws require the State to include an additional appropriation for Medicaid HCBS equivalent to the reduction in nursing home days, if any, over the prior two completed fiscal years, 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.
- **Postpartum Expansion:** The Budget adds \$4.3 million in general revenue (\$6.6 million all funds) to expand Medicaid coverage for postpartum individuals from 60 days to 12 months postpartum as proposed in Article 12 of the Budget. Of this, \$792,000 in general revenue (\$1.4 million all funds) is allocated for technology and implementation expenditures. 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, postpartum individuals who are eligible for Medicaid during pregnancy lose coverage at 60 days postpartum. This initiative would extend that to 12 months, effective October 1, 2022.
- **Cover All Kids:** The Budget adds \$1.9 million in general revenue to extend Medicaid coverage to children who would otherwise be eligible if not for their immigration status. The funding includes \$660,000 for technology and implementation. The program would not be eligible for federal matching dollars.
- **Nursing Home Rate Increase:** The Budget adds \$1.4 million in general revenue (\$3.1 million all funds) to increase the nursing home inflationary rate increase from 1.9 percent to 3.0 percent in FY2023.
- **Meals on Wheels:** The Budget adds \$165,129 in general revenue (\$360,466 all funds) for increased funding for the Meals on Wheels program. Article 12 of the Budget permits 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. The article also ties the rates to the Consumer Price Index to account for future inflation.
- **HCBS Enhanced FMAP:** The Budget adds \$25.8 million in restricted receipts (\$47.6 million all funds) to enhance and expand Home and Community Based Services (HCBS). The American Rescue Plan Act (ARPA) provided the State with a 10.0 percent enhanced FMAP reimbursement on eligible HCBS activities. The funding received through the enhanced FMAP will be used to leverage additional federal dollars through additional reinvestments in HCBS.

Children, Youth, and Families: The Governor includes \$200.4 million from general revenues (\$295.5 million all funds) for the Department of Children, Youth, and Families in FY2023. This represents a general revenue increase of \$7.1 million compared to the FY2022 Budget as Enacted. Major changes include:

- **Psychiatric Residential Treatment Facility:** The Governor provides \$6.0 million in SFRF in FY2023 to support “at least one” psychiatric residential treatment facility for female youth with complex mental and behavioral health needs that are currently being treated out-of-State, in a hospital, or at the Rhode Island Training School. The Administration has currently identified two potential sites for at least one and potentially more facilities.
- **Council on Accreditation:** Since 2019 the General Assembly has required the Department to 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. The FY2022 Budget as Enacted authorized and funded 91.0 FTE positions that were identified as needed in the COA report on the agency. The Governor’s budget continues to fund the positions in FY2023. As of November 15, 2021, the Department had hired 43.0 FTE positions with the remainder planned for hire in the second and third quarters of FY2022.

- **Caseload Increase:** The Budget adds \$483,514 from general revenues (\$3.5 million all funds) compared to the FY2022 Enacted Budget to adjust for the Department's current service assistance and grants needs. The increase is attributable to caseload increases and a reduction in the federal medical assistance percentage (FMAP) in FY2023 as the enhanced rate is expected to expire.
- **Statewide COLA:** The Governor recommends personnel increases totaling \$5.7 million in general revenue, reflective of a 2.5 percent cost-of-living adjustment (COLA) along with an incentive payment of \$1,500 to eligible union employees due to the most recent State employee contract negotiations. The FY2023 COLA is third of four annual COLAs in the four-year contract.
- **DCYF Provider Workforce Stabilization:** The Governor does not include funding to continue to provide premium pay for child welfare staff at private, community-based providers that contract with the Department of Children, Youth, and Families. Under the program included in FY2022, workers making less than \$75,000 per year are eligible for a monthly bonus totaling approximately \$695 per worker per month. The proposal was included in 2021-H-6494 Sub A that was signed into law on January 4, 2022, however the Governor does not propose to extend the program into FY2023.
- **Foster Home Lead Abatement and Fire Safety:** The Governor recommends ARPA SFRF funding of \$1.5 million in FY2023 and \$375,000 in FY2024 to provide financial assistance to foster families for lead remediation and fire suppression upgrades.

Health: The Budget includes \$32.8 million in general revenue expenditures (\$373.0 million all funds) for the Department in FY2023, increasing general revenue expenditures by \$1.7 million (\$97.9 million all funds).

- **Statewide COLA Adjustment:** 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 adjustments. The current agreement is projected to increase general revenue expenditures by \$1.8 million including the \$1,500 bonus payment to most union employees within the Department of Health.
- **Cottage Food Manufacturers:** The Budget includes \$114,048 in general revenue for 2.0 FTE positions to oversee and support the cottage food manufacturer program, a licensing program that would allow individuals to sell certain baked goods for retail sale.
- **Adult-Use Marijuana:** The Budget includes \$371,407 in restricted receipts for personnel and operating expenses to support the regulation of legalized adult-use marijuana.
- **Opioid Stewardship Fund:** The FY2020 Budget established the Opioid Stewardship Fund, a restricted receipt account within the Department of Health. The Budget includes \$1.2 million in restricted receipts from the Fund to finance costs associated with the Prescription Drug Monitoring Program, the Harm Reduction and Syringe Services Access Program, and the Budget adds \$1.0 million to increase the State's naloxone supply. The Governor proposes to transfer the administration of the Opioid Stewardship Fund and 1.0 FTE position from the Department of Health to the Executive Office of Health and Human Services.
- **Hospital Conversion Monitoring:** The Budget contains language under Article 2 establishing a Hospital Conversion Monitoring restricted receipt account within the Department of Health to fund monitoring activities associated with hospital conversions. Account revenues are financed by the proposed acquiring entity. The Budget adds a 1.0 Planning and Program Specialist position and a 1.0 Nursing Care Evaluator position.
- **COVID-19 Response:** The Budget includes \$162.2 million in federal funds reflecting a decrease of \$79.8 million for the Department's COVID-19 Response. This includes \$147.9 million in reimbursements from the Federal Emergency Management Agency (FEMA) and \$162.2 million in other federal grants.

The funding supports COVID-19 testing, vaccination efforts, data analysis, contact tracing, communications, COVID-19 related personnel costs, and technical development.

Human Services: The Governor's Budget increases general revenue expenditures by \$4.0 million (all funds increase by \$140.1 million) relative to the FY2022 Enacted level. The major changes include the following:

- **Child Care Assistance Program (CCAP) Reimbursement Rates:** The Budget includes an additional \$4.7 million in federal American Rescue Plan Act (ARPA) funds to permanently increase reimbursement rates for licensed child care providers.
- **Statewide Adjustments:** The Budget includes an additional \$4.5 million in general revenue related to statewide personnel adjustments. These include a 2.5 percent Cost of Living Adjustment (COLA), and an extra \$1,500 payment to eligible union employees.
- **Child Care for Families in Higher Education:** The Governor includes \$2.7 million in American Rescue Plan Act (ARPA) Child Care Development Block Grant (CCDF) funds to support increasing the income limit for eligible families from 180.0 percent to 200.0 percent of the Federal Poverty Level (FPL). This program benefits parents enrolled at a Rhode Island institution of higher education or in a qualified training program relating to employment, and who need childcare assistance in order to attend.

Article 13 of the Governor's Budget, 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.

- **Child Care Assistance Program (CCAP) Enrollment vs. Attendance:** The Budget includes \$1.5 million in American Rescue Plan Act (ARPA) Child Care Development Block Grant (CCDF) funds to continue reimbursing child care providers based on enrollment rather than attendance. This policy began during the COVID-19 pandemic.
- **Community Service Grants:** The Budget includes an additional \$1.4 million in general revenue to support expansions to existing community service grants. This includes an additional \$730,000 for programs administered by the Office of Health Aging, an additional \$100,000 for the Coalition Against Domestic Violence, \$100,000 for the Boys and Girls Club, \$275,000 for the RI Community Food Bank, and an additional \$50,000 to the Institute for the Study and Practice of Nonviolence, the Community Action Fund, and the Refugee Dream Center.
- **RI Works:** The Budget includes additional TANF funds to support changes to the RI Works program. This includes \$150,000 to increase the monthly earned income disregard from \$170 to \$300, and \$100,000 to expand the resource limit for RI Works families from \$1,000 to \$5,000.

Department of Behavioral Healthcare, Developmental Disabilities and Hospitals: The Budget includes \$305.7 million from general revenues (\$596.5 million all funds) for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) in FY2023. This represents a general revenue increase of \$33.7 million when compared to the FY2022 Budget as Enacted, and is attributable to the following changes:

- **ESH Medicaid Billing:** The Budget includes a net general revenue decrease of \$29.9 million to account for adjusted Medicaid billing at the Eleanor Slater Hospital (ESH). This includes adjustments to the federal match rate, which was enhanced by 6.2 percentage points during FY2022 due to the COVID-19 pandemic, offset by a shift to federal dollars to reflect the State's ability to resume billing Medicaid for patient care.
- **Consent Decree Action Plan:** The Budget adds \$21.2 million in general revenue (\$44.0 million all funds) for several initiatives related to the Consent Decree including a Direct Support Professional (DSP) Wage increase, a transformation fund, and a technology fund. On October 20, 2021, the State agreed to an action plan to ensure compliance with the Consent Decree by the end of FY2024. The

action plan requires the State to increase the reimbursement rate to support an increase wage Direct Support Professionals wages to \$18.00 an hour in FY2023. To support the action plan, the Consent Decree funding includes \$16.0 million in general revenue (\$35.0 million all funds) for DSP wage increases, \$4.7 million in general revenue (\$8.0 million all funds) for the transformation fund, and \$458,100 in general revenue (\$1.0 million all funds) for the technology fund.

- **Caseload Estimating Conference:** The Budget recommends an additional \$15.9 million in general revenue (\$11.4 million all funds) to reflect changes adopted by the November 2021 Caseload Estimating Conference. This is primarily related to the assumed restoration of the standard federal match rate, which was enhanced by 6.2 percentage points during FY2022 due to the COVID-19 pandemic.
- **Statewide Adjustments:** The Budget adds \$1.8 million in general revenue to reflect the most recent State employee contract negotiations. The negotiations included a 2.5 percent cost of living adjustment for each year of the four-year contract in addition to a \$1,500 bonus for certain eligible union employees.
- **Rhode Island Psychiatric Hospital:** The Budget includes a net general revenue increase of \$797,082 to create the State of Rhode Island Psychiatric Hospital. The Hospital is funded through \$29.7 million in existing costs currently within the Eleanor Slater System and an additional \$797,082 for 5.0 FTE positions. Due to federal Medicaid billing requirements, the Eleanor Slater Hospital (ESH) cannot bill Medicaid when ESH has more than 50.0 percent psychiatric patients. The proposed hospital would be funded by state-only funds and will operate under a separate license. The separate license resolves the patient mix issues and would allow the State to resume billing Medicaid for services rendered at ESH.
- **Outpatient Clinic:** The Budget includes an all funds shift of \$730,519 to open and maintain an outpatient clinic for individuals who require clinical treatment at a lower level of care to ensure access to a continuum of care.
- **RICLAS:** The Budget adds \$695,585 in general revenue within the Rhode Island Community Living and Supports (RICLAS), the state-operated developmental disability service provider, to reflect the assumed restoration of the standard federal match rate, which was enhanced by 6.2 percentage points during FY2022 due to the COVID-19 pandemic.
- **Project Management Office:** The Budget adds \$253,308 in general revenue (\$379,963 all funds) to fund 4.0 FTE positions that will support the Department with any capital, operating, and administrative projects.
- **Opioid Stewardship Fund:** The Budget includes \$2.0 million in restricted receipts from the Opioid Stewardship Fund, \$330,000 less than the FY2022 Budget as Enacted. The FY2020 Budget established the Opioid Stewardship Fund, funded by registration fees paid by licensed manufacturers, distributors, and wholesalers of opioids to support opioid addiction treatment, recovery, prevention, education services, and other related programs. Funding within BHDDH will support the Recovery Friendly Workplace and Recovery Housing programs, the Behavioral Health Online Database, and increase access to medicated assisted treatment.
- **Adult-Use Marijuana:** The Budget adds \$381,679 in restricted receipts to meet the substance abuse prevention and treatment needs related to the legalization of adult-use marijuana.
- **State Fiscal Recovery Funds:** The Budget adds \$1.0 million in federal State Fiscal Recovery Funds within BHDDH for pandemic recovery. The funding includes \$550,000 for Crisis Intervention Training and \$454,500 for emergency staffing at the Eleanor Slater Hospital.

Commission on Disabilities: The Budget includes \$485,743 in general revenue, essentially level funding the Livable Home Modification Grant Program and to allow unexpended or unencumbered balances to be reappropriated to the ensuing fiscal year.

Office of the Child Advocate: The Governor includes \$1.2 million from general revenues, an increase of \$116,711 relative to the FY2022 Enacted Budget. This is primarily related to personnel expenditures and reflects adjusted salary and benefit rates for negotiated state employee contracts.

Mental Health Advocate: The Budget includes \$738,882 in general revenue expenditures (\$973,329 all funds) for the Office of the Mental Health Advocate in FY2023, increasing general revenue expenditures by \$58,692 as compared to the FY2022 Budget as Enacted.

- **Statewide Adjustments:** The Budget adds \$40,814 in general revenue to reflect the most recent State employee contract negotiations. The negotiations included a 2.5 percent cost of living adjustment for each year of the four-year contract in addition to a \$1,500 bonus for certain eligible union employees.
- **Mental Health Court:** The Budget adds 2.0 FTE positions, funded by \$234,447 in federal State Fiscal Recovery Funds, for the proposed Mental Health Court. The court would work to divert individuals with mental illness from the criminal justice system and address the needs of defendants with mental illness.

Elementary and Secondary Education: The Governor increases funding in the Department by \$41.8 million in general revenue and provides 2.0 new FTE positions. The major changes include the following:

- **Education Aid Funding Formula:** The Budget includes an increase of \$22.0 million in education aid, relative to the FY2022 Budget as Enacted. This includes \$49.7 million in Pandemic Hold Harmless Funds to ensure districts do not experience a reduction in education aid, and \$842,582 to correct for a property tax data error in FY2022, partially offset by a \$27.5 million reduction in funding formula aid based on current law and a Group Home reduction of \$662,927 to reflect updated bed counts.
- **School Housing Aid:** The Budget provides an increase in school housing aid of \$8.5 million (\$88.5 million total).
- **Teacher Retirement:** Teacher retirement increases by \$6.9 million (\$130.9 million total).
- **Statewide Adjustments:** The Budget includes \$2.5 million for a 2.5 percent cost-of-living adjustment (COLA) and an extra-payment for \$1,500 to eligible union employees as required by the recent contract negotiations.
- **Central Falls:** The Budget provides an increase of \$1.0 million in education aid.
- **FTE Funding:** The Budget provides \$280,622 to fund 2.0 new positions. The positions include a Transformation Specialist to support persistently low-performing schools, and a Multilingual Learner Specialist to increase the Department's capacity to implement model practices for teaching Multilingual Learners.
- **Municipal Learning Centers (State Fiscal Recovery Funds):** The Budget provides \$5.0 million in federal State Fiscal Recovery Funds in FY2023 (\$15.0 million total) to support the creation of centers, operated by municipalities, providing free or fee-for-service programs such as tutoring, art and music classes, early education opportunities, and nonprofit services. The programs, while operating year-round, will focus on out-of-school time and vacations. The goal is for each city or town to operate at least one program.

Higher Education: The Governor increases funding over the FY2022 Budget as Enacted by \$3.7 million in general revenue for Public Higher Education and provides 4.0 new FTE positions, including 1.0 FTE position at the Northern Rhode Island Education Center, which is funded from restricted receipts, and 3.0 FTE positions at Office of the Postsecondary Commissioner for an American Rescue Plan Act State Fiscal

Recovery Funds (SFRF) proposal. An additional 2.0 FTE positions, and \$198,114 in general revenue, are provided to the Crime Lab; however, the positions are added without increasing the FTE cap at the University of Rhode Island. Changes in funding include the following:

- **Office of Postsecondary Commissioner:** The decrease of \$8.8 million is primarily due to the return of \$9.6 million Last Dollar (Promise I) Scholarship funding to federal and other funds, instead of the one-time general revenue support provided in FY2022.
- **University of Rhode Island:** The Budget provides an increase of \$6.4 million, including \$2.1 million in institutional support.
- **Rhode Island College:** The Budget provides an increase of \$3.1 million, including \$1.5 million in institutional support.
- **Community College of Rhode Island:** The Budget provides an increase of \$3.0 million, including \$1.3 million in institutional support.
- **Higher Education Academies (State Fiscal Recovery Funds):** The Budget includes \$6.5 million in federal SFRF funds in FY2023 (\$22.5 million total) for Higher Education Academies for supports such as targeted coaching and wrap around services for those 16 and older to continue their education. The Office of the Postsecondary Commissioner (OPC) will implement three academies serving 1,000 students annually. The fall academy will focus on rising seniors and recent graduates; the summer academy on a seamless transition to postsecondary education or workforce training; and, the spring academy on college readiness coursework and support for summer course enrollment.

Rhode Island Council on the Arts: The Budget increases funding over the FY2022 Budget as Enacted by \$85,437 in general revenue primarily due to recent position reclassifications.

Attorney General: The Governor's Budget increases general revenue expenditures by \$2.5 million (\$4.7 million all funds) relative to the FY2022 Enacted level. The major changes include the following:

- **Statewide Adjustments:** The Budget includes an additional \$1.9 million in general revenue related to statewide personnel adjustments. These include a 2.5 percent Cost of Living Adjustment (COLA), and an extra \$1,500 payment to eligible union employees.
- **Personnel, Contract, and Operating Expenses:** The Budget includes an additional \$666,774 in general revenue to support existing personnel needs, the cost of expert witnesses to support and testify in complex litigation, and costs for IT and computer software data security.
- **Adult-Use Marijuana:** The Budget includes \$380,000 in restricted receipts for the contract and operating costs for automatic expungement of marijuana related convictions.

Corrections: The Governor's Budget decreases general revenue expenditures by \$2.0 million (all funds increase by \$4.7 million) relative to the FY2022 Enacted level. The major changes include the following:

- **Statewide Adjustments:** The Budget includes an additional \$4.2 million in general revenue related to statewide personnel adjustments. These include a 2.5 percent Cost of Living Adjustment (COLA), and an extra \$1,500 payment to eligible union employees. This increase is partially offset by overtime savings.
- **Radio System and Wi-Fi Upgrades:** The Budget includes \$5.8 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Fund (SFRF) resources to support upgrades through the Adult Correction Institutional (ACI) system. This includes \$3.1 million to install and upgrade Wi-Fi throughout the ACI and \$2.7 million to upgrade radio communications.

Judiciary: The Budget increases funding over the FY2022 Budget as Enacted by \$7.4 million in general revenue primarily due to statewide adjustments. The Budget also includes 3.0 percent in turnover savings (\$2.7 million).

- **Mental Health Court Pilot (State Fiscal Recovery Funds):** An increase of 7.0 FTE positions and \$952,482 in federal SFRF is provided in FY2023 (\$2.9 million total) for a new Mental Health Court, supported with American Rescue Plan Act State Fiscal Recovery Funds, to address the needs of defendants with mental illness and divert them from the criminal justice system.
- **Adult-Use Marijuana:** \$340,000 in restricted receipts is provided for personnel and contract costs associated with the automatic expungement of marijuana related convictions.

Military Staff: The Budget adds 1.0 Project Manager FTE position. The position was previously filled by a federally-funded contractor.

Emergency Management: The Budget adds \$940,446 in general revenue to provide the required state matching funds for Emergency Management Performance Grant from ARPA.

- **COVID Response:** The Supplemental Budget includes \$6.9 million in federal funds awarded through the federal Coronavirus Aid, Relief, and Economic Security Act (CARES) for pandemic response and recovery activities. This reflects an increase of \$2.3 million from the FY2022 Budget as Enacted.

COVID -19 Response	FY2022 Enacted	FY2023 Governor	Change
EMPG 2020- Emergency Management Preparedness Grant	\$3,340,870	\$1,693,211	(\$1,647,659)
EMPG 2021 Emergency Management Preparedness Grant	-	4,450,393	4,450,393
FEMA: COVID-Related Expenses	781,900	13,519	(768,381)
FEMA: Supplies WKS: RIEMA	118,876	118,876	-
NPSG 2021 Non Profit Security Grant	-	273,137	273,137
NSGP- 2020 Nonprofit Security Grant	328,918	323,461	(5,457)
Total	\$4,570,564	\$6,872,597	\$2,302,033

Department of Public Safety: The Governor recommends \$113.4 million in general revenue to support the operations of the Department of Public Safety (DPS), a net \$7.2 million reduction from the FY2022 enacted level. Major FY2023 budget initiatives include:

- **Training Academy:** The Budget provides \$120,000 in general revenue to support recruitment efforts for the next planned State Police Training Academy. Recruitment is planned to begin in the 2nd and 3rd quarters of FY2023. The 40.0 person class would begin in FY2024 and be hired in April 2024.
- **Adult-Use Marijuana:** The Governor recommends \$1.1 million in restricted receipts to support public safety initiatives related to the legalization of adult-use marijuana.
- **Body-Worn Camera Program:** The Budget includes \$336,166 in FY2023 general revenue to support personnel and operating costs associated with the new statewide body-worn camera program that was established in the FY2022 Budget as Enacted. The funds will be used to support 2.6 FTE administrators and other operating and training costs.
- **SFRF Survivors of Domestic Violence:** The Governor recommends \$1.0 million of federal State Fiscal Relief Funds to support the State's Survivors of Domestic Violence program in FY2023. Total planned SFRF funds for the program are \$4.5 million over the next two years.

Department of Environmental Management: The Governor increases general revenue funding over the FY2022 Budget as Enacted by \$5.4 million and all funds by \$15.7 million, while providing 9.0 new FTE positions. Changes in funding include the following:

- **Statewide Adjustments:** The Budget includes \$3.0 million for a 2.5 percent cost-of-living adjustment (COLA) and an extra-payment for \$1,500 to eligible union employees as required by the recent contract negotiations.
- **Bureau of Environmental Protection:** An increase of 6.0 FTE positions is provided to improve permitting efficiency. The positions include 3.0 FTE Environmental Engineers, 1.0 Environmental Scientist, 1.0 FTE Air Quality Specialist, and 1.0 FTE Limnologist. The Budget includes new performance-driven fees and increases to existing fees to help support these new positions.
- **Bureau of Natural Resources:** An additional 2.0 FTE positions are provided and will be substantially supported by federal funds. The positions include 1.0 FTE Administrative Officer to provide increased customer service for commercial fishing, party and charter boats, recreational fishing, and seafood processors, and 1.0 FTE District Resources Manager to support maintenance efforts at 27 Wildlife Management Areas encompassing over 61,000 acres and more than 133 freshwater and marine boat ramps and fishing sites.
- **Parks and Recreational Seasonal Staff:** The Budget increases general funding for the Division of Parks and Recreation by \$269,125 in general revenue to increase wages for seasonal employees in an effort to better attract and retain staff.
- **Local Agriculture and Seafood Act (LASA) Grant:** The Budget includes an increase of \$150,000 in general revenue (\$250,000 total) to support the Local Agriculture and Seafood Act (LASA) grant program. The LASA grant program was established to support the growth, development, and marketing of local food and seafood within Rhode Island.
- **Port of Galilee Rehabilitation (State Fiscal Recovery Funds):** The Budget includes \$6.0 million federal SFRF in FY2023 (\$46.0 million total) for rehabilitation and replacement of the North Bulkhead, replacement of docks, upgrades to the Coastal Resources Maintenance Building, and other improvements to ensure the port remains an economic driver in the State.
- **Permit and Licensing IT Investments (State Fiscal Recovery Funds):** The Budget includes \$2.8 million federal SFRF in FY2023 (\$5.8 million total) to replace the information technology used to support permit and licensure transactions, e-transactions, workflow management, and other business functions.

Coastal Resources Management Council: The Governor increases general revenue funding over the FY2022 Budget as Enacted by a total of \$367,742. This includes \$124,769 for 1.0 FTE Coastal Policy Analyst position to expand capacity to evaluate the increasing number of wind farms and to better address public access and rights of way. It also includes \$206,481 in statewide adjustments for a 2.5 percent cost-of-living adjustment (COLA) and an extra-payment for \$1,500 to eligible union employees as required by the recent contract negotiations.

Transportation: The Governor recommends \$784.4 million in total funding for the Department of Transportation (DOT). This includes \$453.8 million in federal funds, \$253.7 million in other funds, \$71.0 million from the Rhode Island Capital Plan funds, and \$5.9 million in restricted receipts. All funds increase by \$16.5 million relative to the FY2022 Enacted level. This includes a \$2.7 million increase in federal funds, an \$11.0 million increase in other funds, and a \$3.4 million increase in restricted receipts. These increases are partially offset by a \$576,180 decrease in RICAP funds.

- **Federal Funds:** The Budget includes \$453.8 million in federal funds. This includes \$27.0 million in federal relief funds from the Consolidated Appropriations Act (CAA), the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and the American Rescue Plan Act (ARPA). The Budget also includes \$225.6 million to support ongoing federal highway projects. \$16.5 million in federal funds will be used to support National Highway Traffic Safety Administration programs the Department currently administers. The remaining \$185.0 million will be used for ongoing road and bridge maintenance projects, and debt service costs.

- **Toll Revenue:** The Governor's Budget includes \$33.6 million in toll revenues to be used to support bridge construction and maintenance.
- **State Match Funds:** The Budget includes \$17.9 million in Highway Maintenance Account other funds for additional state match to support the influx of federal funds the state has received from Congress.

State Aid and Education Aid

STATE AID

State Aid to Cities and Towns

Distressed Communities Relief Fund: The Governor recommends level funding the Distressed Community Relief Fund in FY2023 at \$12.4 million in general revenue.

Payment in Lieu of Taxes (PILOT): The Governor also level funds the State PILOT program in FY2023 at \$46.1 million in general revenue. Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The Governor's recommendation for FY2023 represents a rate of 25.7 percent.

Motor Vehicle Excise Tax Reimbursement: The General Assembly enacted legislation in 2017 to phase out the motor vehicle excise tax by 2024. Municipalities are reimbursed annually for lost revenue. For FY2023, the Budget includes \$166.6 million in total general revenue reimbursement funding for cities and towns, consistent with the current law.

Library Grant-in-Aid: The Governor recommends \$8.8 million in State Aid to Libraries for both FY2023 and the revised FY2022 Budgets.

Library Construction Aid: The Governor recommends \$2.1 million in FY2023 to reimburse communities for up to 50.0 percent of eligible costs of approved library construction projects.

Public Service Corporation Tax: The FY2023 Budget provides \$12.6 million to be distributed to municipalities on July 31, 2022. This estimate is subject to change upon the receipt of final (December 2021) data in the spring of 2022.

Meals & Beverage Tax: The 1.0 percent tax on gross receipts from the sale of food and beverages is estimated to generate \$31.8 million in FY2022 and \$33.5 million in FY2023 for distribution to cities and towns.

Hotel Tax: A 1.0 percent local hotel tax and 25.0 percent of the local share of the State 5.0 percent tax is expected to generate \$11.2 million in FY2022 and \$11.8 million in FY2023 for distribution to cities and towns.

Airport Impact Aid: The Budget level funds state aid to communities that host airports at \$1.0 million in FY2023. The funding is provided annually through Article 1 of the Budget and flows through the Rhode Island Commerce Corporation.

Property Revaluation Reimbursement: The Governor includes \$414,947 in FY2023 to reimburse municipalities for a portion of the cost of conducting statistical property revaluations. This is \$1.0 million less than the FY2022 enacted and revised levels, reflecting less revaluation activity in FY2023.

EDUCATION AID

Formula and Categorical Aid

When the education funding formula was passed, categorical funds were identified that would not be distributed through the formula, but according to other methodology. The Governor includes an additional \$25.2 million in education aid, including a net increase of \$23.0 million to fully the funding formula, hold districts harmless relative to the FY2022 funding formula distribution, and correct for a property tax data error that occurred in FY2022.

Funding Formula: The Budget includes a decrease of \$27.5 million in education aid formula distribution relative to the FY2022 Budget as Enacted, bringing total formula aid funding to \$1,009.7 million.

Pandemic Hold Harmless Fund: The Budget includes \$49.7 million to ensure districts do not experience a reduction in funding formula aid relative to FY2022.

FY2022 Property Tax Data Adjustment: 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 affected LEAs.

FY2023 Governor's Education Aid		
Categorical	Change from Enacted	Total Funding
Formula Formula	(\$27.5)	\$1,009.7
Pandemic Hold Harmless Fund	49.7	49.7
FY2022 Property Tax Data Adjustment	0.8	0.8
Central Falls Stabilization	1.0	10.1
Density Aid	1.0	1.0
Transportation	-	7.7
Early Childhood	-	14.9
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
Davies Stabilization	0.9	6.1
English Learners	-	5.0
Met School Stabilization	-	1.1
Regionalization Bonus	-	-
School Resource Officer Support	-	-
Group Home Aid	(0.7)	2.3
Total	\$25.2	\$1,117.4
<i>\$ in millions</i>		

Central Falls Stabilization: Central Falls schools are currently 100.0 percent state funded. The State provides both the local and state contributions, as determined by the education funding formula. For FY2022, Central Falls' Stabilization funding is increase by \$1.0 million (\$10.1 million total).

Transportation: This category provides funding for transporting students to out-of-district, non-public schools for districts that participate in the statewide transportation system, and for 50.0 percent of the local costs associated with transporting students within regional school districts. The Governor recommends level funding this category at \$7.7 million in FY2023.

Early Childhood Education: This category provides funding for early childhood education programs. The Governor funds this category at \$14.9 million in FY2023, level with the FY2022 Budget as Enacted.

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

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

Davies Stabilization: Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to Davies for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget provides an additional \$872,594 (\$6.1 million total) in FY2023.

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

School Choice Density Aid: Article 11 of the FY2017 Budget as Enacted established a category of state aid for districts where 5.0 percent or more of the average daily membership attend charter schools, open enrollment schools, Davies, or the Met School. This category is phased out in FY2020; however, Article 10 of the FY2022 Budget as Enacted reestablished density aid for districts. 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 is paid for each new charter or state school student relative to the previous year. The FY2023 Budget level funds this category at \$1.0 million; however, the Governor's recommended education aid table only distribute \$642,000.

Met Stabilization: Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. This fund is level funded at \$1.1 million.

Regionalization Bonus: This category provides a bonus to regional districts and for those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year the bonus is 1.0 percent of the State's share, and in the third year the bonus phases out. The Governor provides no funding in FY2023, as no new regional districts have been formed.

Group Homes: The Governor's FY2023 Budget includes \$2.3 million to fund group home beds, \$662,927 less than the FY2022 Budget as Enacted. This decrease is based on shifts in bed counts and the statute requiring that the average daily membership of a district be decreased by the number of group home beds used in the group home calculation.

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

Other Aid to Local Education Agencies (LEAs)

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

Telecommunications Education Access Fund (E-Rate): The Governor recommends \$400,000 in general revenue for the Telecommunication Education Access Fund (E-Rate), consistent with the FY2022 Budget as Enacted. The purpose of the Rhode Island Telecommunications Education Access Fund (RITEAF or E-rate) is to fund a basic level of internet access for all qualified schools (kindergarten through grade 12) and libraries in the State.

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

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

School Housing Aid: The Governor fully funds the school housing aid program, based on updated project completion projections, at \$88.5 million. The Governor recommends a \$250.0 million general obligation bond question for the construction, renovation, and rehabilitation of the State's public schools be placed on the November 2022 ballot for voter approval. 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.

Teacher Retirement: The Governor recommends \$130.9 million for the State's share of teacher retirement, an increase of \$6.9 million over the enacted budget.

FY2022 Supplemental

Administration: The Budget includes \$644.4 million in general revenue expenditures (\$1,153.1 million all funds) for the Department in FY2022, increasing general revenue expenditures by \$448.4 million and increasing all fund expenditures by \$557.9 million.

- **RICAP Transfer:** The Budget includes a one-time transfer of \$338.0 million in general revenue from the FY2021 surplus to the Rhode Island Capital Plan fund for key capital improvement projects including, a new Long-Term Acute Care Hospital at the Zambarano Campus, water and steam heat infrastructure improvements at the Pastore Campus, state-run group homes, and the State House.
- **Advance Payment of Pension Deferrals:** The 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). As of June 30, 2021, the actuarial determined value of the deferral is \$61.8 million with actuarial required contribution costs of \$6.0 million in FY2023 and \$6.2 million in FY2024.
- **Statewide COLA Adjustment:** 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 adjustments. The current agreement is projected to increase general revenue expenditures by \$1.8 million including the \$1,500 bonus payment to most union employees within the Department of Administration.
- **COVID-19 Response:** The Budget includes \$363.5 million in federal SFRF and ARPA funds for pandemic and recovery items and activities.

	FY2022 Enacted	2022 Gov. Revised	Change
SFRF and ARPA Response			
ARP DIRECT: Institute of Museum and Library Services - States	\$2,230,333	\$2,230,333	\$0
ARP ERA: Emergency Rental Assistance	114,000,000	114,000,000	-
ARP HAF: Homeowner Assistance Fund	25,000,000	25,000,000	-
ARP SFRF: Aid to the Convention Center	-	8,370,000	8,370,000
ARP SFRF: Auto-Enrollment Program HSRI	-	502,526	502,526
ARP SFRF: COVID-19 Ongoing Response	-	50,000,000	50,000,000
ARP SFRF: Eligibility Extension Compliance (HSRI)	-	92,176	92,176
CAA21: Emergency Rental Assistance	120,000,000	149,000,000	29,000,000
CARES Act: LSTA COVID	-	4,896	4,896
FEMA: Government Readiness WKS: COVID Administrative Assistance	226,372	226,372	-
FEMA: Government Readiness WKS: Emergency Ad Hoc Spending	738,410	738,410	-
FEMA: HHS Readiness WKS: Surge - AHS-1	2,100,703	7,909,628	5,808,925
FEMA: Pandemic Recovery Office	-	29,868	29,868
FEMA: Q & I WKS: Temporary Housing-1	-	722,655	722,655
FEMA: Supplies WKS: PPE Warehousing	1,805,127	1,805,127	-
Relief Fund: Child Care/Education Readiness WKS: K-12 Reopening	-	2,160,001	2,160,001
Relief Fund: COVID-Related Expenses - Central Management	-	21,489	21,489
Relief Fund: COVID-Related Expenses - OMB	-	9,507	9,507
Relief Fund: Government Readiness WKS: Emergency Ad Hoc Spending	1,524,775	742,277	(782,498)
Relief Fund: HHS Readiness WKS: Surge - AHS-1	-	(36,430)	(36,430)
Relief Fund: Pandemic Recovery Office	-	(1)	(1)
Total	\$267,625,720	\$363,528,834	\$95,903,114

- **Emergency Rental Assistance:** The Budget includes \$263.0 million from the federal Consolidated Appropriations Act of 2021 (CAA21), an increase of \$29.0 million from the FY2022 Budget as Enacted, to continue supporting the State's COVID-19 emergency rental assistance program administered in partnership with RI Housing.
- **COVID-19 Ongoing Response:** The Budget includes \$50.0 million in SFRF to continue COVID-19 mitigation activities and to address public health impacts. These 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.
- **Homeowner Assistance Fund:** The Budget includes \$25.0 million in ARPA funds to assist homeowners who are experiencing financial hardship. The funds are used to prevent mortgage delinquencies, foreclosures, and loss of utilities.
- **Aid to the Convention Center:** The Budget includes \$8.4 million in SFRF to support the operations and to finance renovations to the facility that was used during the COVID-19 emergency. The Budget proposes additional out-year funding of \$38.6 million from FY2023 to FY2026.
- **Surge Hospital Operations and Deconstruction:** The Budget includes \$7.9 million from FEMA COVID-19 Response Readiness funds, an increase of \$5.8 million from the FY2022 Budget as Enacted for projected expenses for surge hospital operations.
- **Auto Enrollment Program:** The Budget includes \$502,526 in SFRF to support a program that automatically enrolls qualified individuals transitioning off Medicaid coverage at the end of the pandemic public health emergency into qualified health plans to avoid lapses in coverage.

Department of Business Regulation: The Budget includes \$20.8 million from general revenues (\$28.0 million all funds) for the Department of Business Regulation in the FY2022 Revised Budget. This represents a general revenue increase of \$1.6 million when compared to the FY2022 Budget as Enacted, and is attributable to the following changes:

- **Contractor's Registration and Licensing Board:** The Budget adds \$375,000 in general revenue to resolve an anticipated restricted receipt deficit within the Contractor's Registration and Licensing Board. A new rate structure enacted in FY2022 will ensure that the account is in balance beginning in FY2023.
- **Statewide Adjustments:** The Budget adds \$1.2 million in general revenue to reflect the most recent State employee contract negotiations. The negotiations included a 2.5 percent cost of living adjustment for each year of the four-year contract in addition to a \$1,500 bonus for certain eligible union employees. The FY2022 Budget includes retroactive payments for years one and two (FY2021 and FY2022) of the contract.

Public Utilities Commission: The Budget adds \$750,000 in restricted receipts to cover the financial services and legal costs for the Commission's review of National Grid's request to sell the Narragansett Electric Company to PPL, Corp., based in the State of Pennsylvania.

Department of Revenue: The Budget includes an additional \$1.8 million in operating costs within the Division of Taxation in FY2022 related to an adjustment to an existing contract within the Tax Compliance Program.

Executive Office of Commerce: The FY2022 Revised Budget includes \$74.5 million in federal American Rescue Plan Act spending within the Executive Office of Commerce for FY2022. The Governor recommends these funds be programmed across several categories including affordable housing, small business assistance, and broadband expansion. The Governor also recommends a plan to spend a total of \$579.0 million of SFRF between FY2022 and FY2027.

ARPA State Fiscal Relief Funds and Capital Project Funds

Category	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Affordable Housing	\$29.0	\$82.0	\$83.0	\$53.5	\$2.5	-	\$250.0
Economic Development	-	20.0	55.0	29.0	1.0	-	105.0
Small Business Assistance	45.0	50.0	6.0	2.5	-	-	103.5
Infrastructure / Climate	-	18.0	42.4	27.0	7.6	-	95.0
Broadband	0.5	15.4	5.2	4.4	-	-	25.5
Total	\$74.5	\$185.4	\$191.5	\$116.4	\$11.1	-	\$579.0

\$ in millions

- **Affordable Housing (SFRF):** The Governor recommends \$29.0 million in new SFRF funds in FY2022 for affordable housing/homelessness initiatives and a total of \$250.0 million over the six-year period from FY2022 to FY2027. The recommendation includes programming as summarized below.

SFRF - Affordable Housing							
Initiative	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Development of Affordable Housing	\$15.0	\$20.0	\$30.0	\$25.0	-	-	\$90.0
Down Payment Assistance in Hard Hit Neighborhoods	-	15.0	20.0	15.0	-	-	50.0
Site Acquisition	12.0	3.0	5.0	5.0	-	-	25.0
Community Revitalization	-	15.0	10.0	-	-	-	25.0
Housing Stability	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	-	5.0	-	-	-	-	5.0
Statewide Housing Plan	-	2.0	-	-	-	-	2.0
OHCD Predevelopment and Capacity Building	0.5	0.5	0.5	-	-	-	1.5
Total	\$29.0	\$82.0	\$83.0	\$53.5	\$2.5	\$0.0	\$250.0

\$ in millions

- **Development of Affordable Housing:** The Governor recommends \$15.0 million in SFRF funds in FY2022, and \$90.0 million over the six-year period from FY2022 to FY2027, for additional investments in the development of affordable housing units. The funding will be administered by RIHousing.
- **Site Acquisition:** The Governor recommends \$12.0 million in SFRF funds in FY2022, and \$25.0 million over the six-year period from FY2022 to FY2027, to be used to acquire properties for redevelopment as affordable and supportive housing. Funds are to be administered by RIHousing.
- **Housing Stability:** The Governor recommends \$1.5 million in SFRF funds in FY2022, and \$21.5 million over the six-year period from FY2022 to FY2027, to support a housing navigation, behavioral health, and stabilization services that address homelessness. The funding will support extremely low-income housing units and services for people transitioning from homelessness to housing, including folks transitioning out of prison.
- **OHCD Predevelopment and Capacity Building:** The Governor recommends \$500,000 in SFRF funds in FY2022, and \$1.5 million over the six-year period from FY2022 to FY2027, to support staffing capacity to administer proposed affordable housing projects. Funding will support research and data analysis, stakeholder engagement, and the expansion of services for people experiencing homelessness.
- **Small Business Assistance (SFRF):** The Governor recommends \$45.0 million in SFRF funds in FY2022 for small business assistance and a total of \$103.0 million over the six-year period from FY2022 to FY2027. The recommendation includes programming as summarized below.

Initiative	SFRF Small Business Assistance						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
Small Business Financial and Technical Assistance	\$32.0	\$13.0	-	-	-	-	\$45.0
Aid to Tourism, Hospitality, and Events Industries	13.0	15.5	-	-	-	-	28.5
SBA Loan Interest Subsidy	-	20.0	-	-	-	-	20.0
Minority Business Accelerator	-	1.5	6.0	2.5	-	-	10.0
Total	\$45.0	\$50.0	\$6.0	\$2.5	-	-	\$103.5

\$ in millions

- **Small Business Financial and Technical Assistance Program:** The Governor recommends \$32.0 million in SFRF funds in FY2022, and \$45.0 million over the six-year period from FY2022 to FY2027, to support investments in financial and technical assistance to small businesses. The program includes direct payments to businesses negatively impacted by the pandemic, technical assistance for long-term business capacity building, capital improvements for public health upgrades and outdoor programming, and administration expenses.
- **Aid to Tourism, Hospitality, and Events Industries:** The Governor recommends \$13.0 million in SFRF funds in FY2022, and \$28.5 million over the six-year period from FY2022 to FY2027, to support tourism, hospitality, events and other industries disproportionately impacted by the pandemic. The program includes direct payments to businesses negatively impacted by the pandemic, outdoor and public space capital improvements and event programming, tourism marketing in coordination with state tourism regions and the Airport Corporation, and implementation costs.
- **Broadband:** The Governor recommends \$500,000 SFRF funds in FY2022 to develop a statewide broadband strategic plan, support related staffing, and conduct mapping of future state broadband investment.

Initiative	SFRF/CPF - Broadband						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
Broadband (CPF)	-	\$15.4	\$5.2	\$4.4	-	-	\$25.0
Statewide Broadband Planning and Mapping (SFRF)	0.5	-	-	-	-	-	0.5
Total	\$0.5	\$15.4	\$5.2	\$4.4	-	-	\$25.5

\$ in millions

Executive Office of Health and Human Services: The Budget includes \$1,023.9 million from general revenues (\$3,426.6 million all funds) for the Executive Office of Health and Human Services in the FY2022 Revised Budget. This represents a general revenue decrease of \$76.3 million when compared to the FY2022 Budget as Enacted, and is attributable to the following changes:

- **FMAP Reserve:** The Budget reduces general revenue by \$39.0 million to remove funding that was included as a contingency in case the public health emergency (PHE) ended earlier than anticipated. Since the PHE was extended, the contingency fund is no longer necessary.
- **Caseload Estimating Conference:** The Budget reduces general revenue expenditures by \$37.3 million in general revenue (a net all funds increase of \$58.7 million) to reflect changes adopted by the November 2021 Caseload Estimating Conference. The decrease is primarily the result of the extension of the PHE for an additional quarter, which provides a 6.2 percent increase in federal matching dollars.
- **Statewide Adjustments:** The Budget adds \$966,205 in general revenue to reflect the most recent State employee contract negotiations. The negotiations included a 2.5 percent cost of living adjustment for each year of the four-year contract in addition to a \$1,500 bonus for certain eligible union employees. The FY2022 Budget includes retroactive payments for years one and two (FY2021 and FY2022) of the contract.
- **State Fiscal Recovery Funds:** The Budget adds \$13.0 million in State Fiscal Recovery Funds within EOHHS for the following initiatives:

- **Pediatric Health Care Recovery:** \$7.5 million for a relief program for pediatric providers due to a decline in visitation and enrollment caused by the pandemic. The incentive program will promote developmental and psychological behavioral screenings.
- **Early Intervention:** \$5.5 million for the Early Intervention program to provide relief to providers with incentive bonuses for meeting referral targets and reducing staff turnover. Providers are facing workforce shortages and financial solvency concerns, resulting in a waitlist for services.
- **RIBridges:** \$10,094 for the maintenance of RIBridges eligibility functionalities during the extension of the federal public health emergency.

Department of Children, Youth, and Families: The Governor proposes \$195.7 million in general revenue funding (\$291.1 million all funds) for the Department of Children, Youth, and Families in FY2022, increasing general revenue expenditures by \$2.4 million and all funds expenditures by \$14.6 million compared to the Enacted Budget. Major changes include:

- **DCYF Provider Workforce Stabilization:** The FY2022 Supplemental Budget includes \$12.5 million in 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. Workers making less than \$75,000 per year are eligible for a monthly bonus totaling approximately \$695 per worker per month. The proposal was included in 2021-H-6494 Sub A that was signed into law on January 4, 2022.
- **Statewide COLA:** The Governor recommends personnel increases totaling \$5.3 million in general revenue, reflective of a 2.5 percent cost-of-living adjustment (COLA) in FY2022, back-pay for a 2.5 percent COLA for FY2021, along with an incentive payment of \$1,500 to eligible union employees due to the most recent State employee contract negotiations.

Health: The Budget includes \$33.2 million in general revenue expenditures (\$591.2 million all funds) for the Department in FY2022, increasing general revenue expenditures by \$2.2 million (\$120.4 million all funds).

- **COVID-19 Response:** The Budget includes \$120,722 in general revenue and \$345.6 million in federal funds for the Department's COVID-19 Response. This reflects an increase of \$120,722 in general revenue and \$103.5 million in federal funds. This includes \$219.1 million in reimbursements from the Federal Emergency Management Agency (FEMA) and \$126.5 million in other federal grants. The funding supports COVID-19 testing, vaccination efforts, data analysis, contact tracing, communications, COVID-19 related personnel costs, and technical development.
- **Statewide COLA Adjustment:** 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 adjustments. The current agreement is projected to increase general revenue expenditures by \$2.0 million including the \$1,500 bonus payment to most union employees within the Department of Administration.
- **Medical Examiner's Office:** The Budget adds \$467,374 in general revenue for forensic pathology contractors in the Medical Examiner's Office.

Department of Human Services: The Budget includes an additional \$705,000 in general revenue to support community service grants. This includes an additional \$530,000 for elderly nutrition programs and an additional \$175,000 for the RI Community Food Bank.

Department of Behavioral Healthcare, Developmental Disabilities and Hospitals: The Budget includes \$279.2 million from general revenues (\$550.3 million all funds) for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) in the FY2022 Revised Budget. This

represents a general revenue increase of \$7.2 million when compared to the FY2022 Budget as Enacted, and is attributable to the following changes:

- **ESH Medicaid Billing:** The Budget includes a net general revenue decrease of \$17.7 million to account for adjusted Medicaid billing at the Eleanor Slater Hospital (ESH). This includes adjustments to the federal match rate, which was enhanced by 6.2 percentage points during FY2022 due to the COVID-19 pandemic, offset by a shift to federal dollars to reflect the State's ability to resume billing Medicaid for patient care.
- **Developmental Disability Organizations receivables:** The Budget adds \$12.6 million in general revenue to absolve loans made to Developmental Disability Organizations for start-up costs when the State shifted to deinstitutionalization and closed the Ladd School.
- **Statewide Adjustments:** The Budget adds \$7.0 million in general revenue to reflect the most recent State employee contract negotiations. The negotiations included a 2.5 percent cost of living adjustment for each year of the four-year contract in addition to a \$1,500 bonus for certain eligible union employees. The FY2022 Budget includes retroactive payments for years one and two (FY2021 and FY2022) of the contract.
- **Caseload Estimating Conference:** The Budget reduces general revenue expenditures by \$4.6 million in general revenue (\$722,767 all funds) to reflect changes adopted by the November 2021 Caseload Estimating Conference. The decrease is primarily the result of the extension of the PHE for an additional quarter, which provides a 6.2 percent increase in federal matching dollars.
- **RICLAS:** The Budget includes \$1.1 million in general revenue savings within the Rhode Island Community Living and Supports (RICLAS), the state-operated developmental disability service provider, to reflect the extension of the standard federal match rate, which was increased by 6.2 percentage points due to the COVID-19 pandemic.
- **DD Technology Fund:** The Budget adds \$406,700 in general revenue (\$1.0 million all funds) for the Developmental Disability Technology fund, pursuant to the federal Consent Decree action plan to ensure compliance with the Consent Decree by the close of FY2024. The Fund supports technology acquisition for individuals within the DD system.

Commission on Disabilities: The Budget includes \$547,324 in general revenue reflecting a \$39,474 increase to fund the Livable Home Modification Grant Program and to allow unexpended or unencumbered balances to be reappropriated to FY2023.

Corrections: The Budget includes \$1.9 million in general revenue to support the Correctional Industries program. The program requires a one-time increase in order to pay back the general funds as a result of a long standing practice of using interfund loans to accommodate operating losses.

The Budget also includes an additional \$3.2 million in general revenue to restore savings associated with closing housing modules. As a result of the COVID-19 pandemic the Department was not able to close any modules.

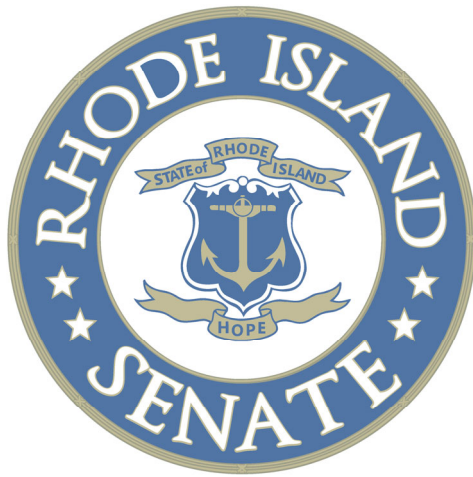
Emergency Management: The Supplemental Budget includes \$8.2 million in federal funds awarded through the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act for pandemic response and recovery activities. This reflects an increase of \$3.4 million from the FY2022 Budget as Enacted.

COVID -19 Response	FY2022 Enacted	2022 Governor Revised	Change
EMPG 2020- Emergency Management Preparedness Grant	\$3,340,870	\$2,951,207	(\$389,663)
EMPG 2021 Emergency Management Preparedness Grant	-	3,342,539	3,342,539
FEMA: COVID-Related Expenses	781,900	662,201	(119,699)
FEMA: Supplies WKS: RIEMA	118,876	582,682	463,806
NPSG 2021 Non Profit Security Grant	-	273,082	273,082
NSGP- 2020 Nonprofit Security Grant	328,918	323,461	(5,457)
Relief Fund: COVID-Related Expenses	15	19,385	19,370
Relief Fund: Supplies WKS: RIEMA	-	86,450	86,450
Total	\$4,570,579	\$8,241,007	\$3,670,428

Department of Public Safety: Body-Worn Camera Program: The Budget includes \$148,070 to support in funding personnel and operating costs associated with the new statewide body-worn camera program that was established in the FY2022 Budget as Enacted. The funds will be used to support 2.6 FTE administrators and other operating and training costs.

Department of Environmental Management: The 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.

Transportation: The Budget increases federal funds by \$19.2 million, increases other funds by \$21.4 million, and increases restricted receipts by \$2.1 million. The Budget includes an additional \$14.8 million in federal Consolidated Appropriations Act (CAA) funding for highway improvement projects. The increase in other funds is related to additional appropriations for state match as well as increased gas tax projections.



DEPARTMENTAL SUMMARIES

Department of Administration

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Accounts and Control	\$5.0	\$13.3	\$15.7	\$2.3	17.5%	\$13.7	\$0.4	3.0%
Office of Management and Budget	9.0	9.9	10.4	0.5	4.6%	10.0	0.1	0.6%
Capital Asset Management and Maintenance	41.0	13.7	18.9	5.2	37.8%	9.8	(3.9)	-28.5%
Central Management	162.7	263.6	345.0	81.4	30.9%	201.1	(62.5)	-23.7%
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%	26.1	16.5	172.8%
General	252.8	44.8	456.8	412.0	920.1%	112.3	67.5	150.8%
Human Resources	0.4	1.1	1.1	-	0.0%	0.8	(0.3)	-31.3%
Information Technology	13.4	10.3	59.7	49.4	477.3%	41.2	30.8	297.9%
Legal Services	2.9	2.3	2.4	0.1	5.8%	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	4.5	0.4	10.1%	4.8	0.7	17.0%
Rhode Island Health Benefits Exchange (HealthSource RI)	12.1	24.9	24.9	(0.0)	0.0%	30.7	5.8	23.2%
Statewide Personnel and Operations	4.6	-	0.1	0.1	-	15.4	15.4	-
The Office of Diversity, Equity and Opportunity	0.9	1.4	1.4	0.1	6.0%	1.6	0.3	19.9%
Total	\$717.5	\$595.2	\$1,153.1	\$557.9	93.7%	\$675.0	\$79.8	13.4%
Expenditures By Source								
General Revenue	\$350.2	\$196.0	\$644.4	\$448.4	228.7%	\$224.6	\$28.6	14.6%
Federal Funds	269.0	275.4	373.7	98.2	35.7%	266.0	(9.4)	-3.4%
Restricted Receipts	23.4	45.8	52.7	6.9	15.0%	82.7	36.9	80.7%
Other Funds	74.9	77.9	82.3	4.4	5.7%	101.6	23.7	30.4%
Total	\$717.5	\$595.2	\$1,153.1	\$557.9	93.7%	\$675.0	\$79.8	13.4%
Authorized FTE Levels	647.7	650.7	650.7	-	-	660.7	10.0	1.5%

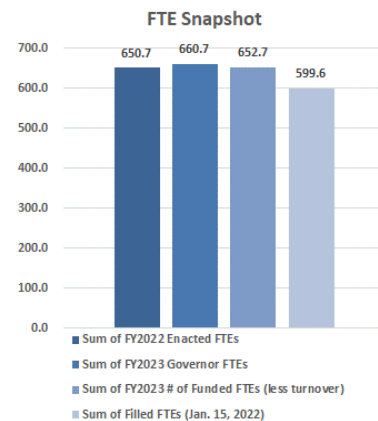
\$ in millions. Totals may vary due to rounding.

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

MAJOR ISSUES AND TRENDS

The FY2022 Revised Budget includes an all funds appropriation of \$1,153.1 million in FY2022, reflecting a net increase of \$557.9 million from the FY2022 Budget as Enacted. General revenues total \$644.4 million and comprise 55.9 percent of the Department's total appropriation. There is a net general revenue increase of \$448.9 million from the previous fiscal year.

The net increase includes items such as, \$338.0 million general revenue transfer to capitalize the RICAP fund, \$61.8 million to reimburse the Employees' Retirement System for the 1991 and 1992 deferred contributions, and a \$50.0 million general revenue transfer to capitalize the Information Technology Investment Fund by the end of FY2022. 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 includes an all funds appropriation of \$675.0 million, reflecting a net increase of \$79.8 million from the FY2022 Budget as Enacted. General revenues total \$224.6 million and comprise 33.3 percent of the Department's total appropriation. General revenues increase by \$28.6 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 10.0 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. The Budget also adds 3.0 FTE positions within the Office of Energy Resources to support the Executive Climate Change Coordinating Council. 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 COLA and Bonus	295,299
Centralized Services	257,514
Turnover	137,854
FY2023 Governor	\$5,211,103

Accounts and Control	Other Fund Changes
Pandemic Recovery and Grants Management (restricted receipts)	(3,516,928)
ARPA CPF: COVID-19 Response (federal Funds)	2,807,250

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.

	FY2021	FY2022	FY2022		FY2023	
Personnel Benefit Adjustments	Actual	Enacted	Governor	Change	Governor	Change
Assessed Fringe Benefits	\$97,749	\$76,869	\$92,288	\$15,419	\$98,439	\$21,570
FICA	179,311	147,423	177,617	30,194	212,593	65,170
Health Benefits	418,253	348,784	377,750	28,966	411,136	62,352
Payroll Accrual	-	11,681	13,278	1,597	-	(11,681)
Retiree Health	140,512	102,752	123,600	20,848	111,650	8,898
Retirement	710,307	565,524	678,782	113,258	723,255	157,731
Total	\$1,546,132	\$1,253,033	\$1,463,315	\$210,282	\$1,557,073	\$304,040

Statewide COLA and Bonus**\$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, a decrease of \$137,854 in general revenue savings over the \$260,854 included in the FY2022 Budget as Enacted.

Pandemic Recovery and Grants Management (restricted receipts)**(\$3.5 million)**

The Budget includes \$5.6 million in restricted receipts, reflecting a net decrease of \$3.5 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:

- \$1.7 million for personnel costs, an increase of \$1.3 million over the FY2022 Budget as Enacted. This includes an increase of \$1.0 million to fund 7.0 new FTE positions in the Pandemic Recovery Office to support the administration of the federal stimulus funds from the American Rescue Plan Act (ARPA) of 2021 and from the State Fiscal Recovery Funds (SFRF).

# of FTEs	Pandemic Recovery Office Positions	Salary	Benefits	Total
2.0	Senior Economic and Policy Analysts	\$168,914	\$117,524	\$286,438
1.0	Interdepartmental Project Manager	100,118	59,946	160,064
1.0	Chief of Strategic Planning, Monitoring, and Evaluation	135,054	75,349	210,403
1.0	Chief of Public Affairs Officer	94,064	57,277	151,341
1.0	Senior Buyer	69,840	48,757	118,597
1.0	Buyer II	64,171	46,258	110,429
7.0	Total New Positions	\$632,161	\$405,111	\$1,037,272

Analyst Note: the 1.0 Pandemic Recovery Office Director position was filled by the Department through the agency's existing FTE authorization.

- \$3.9 million for contracted professional services, an increase of \$1.9 million over 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, primary to reflect the shift to personnel and contract services costs.

ARPA CPF COVID-19 Response (federal funds)**\$2.8 million**

The Budget increases American Rescue Plan Act (ARPA) Capital Projects Fund (CPF) federal funds by \$2.8 million, to cover costs associated with the administration of the ARPA Capital Projects Fund incurred by the Pandemic Recovery Office as well as by other agencies utilizing ARPA CPF funds. The Governor proposes to appropriate another \$2.8 million from this fund in FY2024 for a total of \$5.6 million for administrative costs.

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 COLA and Bonus	524,822
Centralized Services	(327,802)
FY2023 Governor	\$8,354,324

Office of Management and Budget	Other Fund Changes
SNAP Fraud Framework Implementation Grant (federal funds)	(\$123,505)

Statewide COLA and Bonus**\$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 COLA and Bonus	127,659
FY2023 Governor	\$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 COLA and Bonus **\$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 Governor	Change
COVID-19 Miscellaneous Expenses			
FEMA: HHS Readiness WKS: Surge - AHS-1	\$2,100,703	\$0	<i>(\$2,100,703)</i>
Relief Fund: Government Readiness WKS: Emergency Ad Hoc Spending	1,524,775	-	<i>(1,524,775)</i>
FEMA: Government Readiness WKS: Emergency Ad Hoc Spending	738,410	-	<i>(738,410)</i>
Total	\$4,363,888	\$0	<i>(\$4,363,888)</i>

- **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>	<i>35,278</i>
Workforce Compensation and Classification Study	2,000,000
Statewide COLA and Bonus	156,822
Turnover	134,610
FY2023 Enacted	\$4,896,389

Central Management	Other Fund Changes
Emergency Rental Assistance (federal funds)	(\$150,000,000)
ARPA SFRF: COVID-19 Ongoing Response (federal funds)	\$75,000,000
ARPA SFRF: Nonprofit Assistance Food Security (federal funds)	10,000,000
ARPA SFRF: ERP Implementation Support (federal funds)	2,200,000

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.

Statewide COLA and Bonus **\$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 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)**\$75.0 million**

The Budget includes \$75.0 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 Food Security (federal funds)**\$10.0 million**

The Budget allocates \$10.0 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.

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

- **U.S. Treasury Eligibility Category:** Negative Economic Impact
- **Equity Components:**
 - **Population:** The nonprofit recipients should be chosen based upon targeting and serving low-income, racial and ethnic populations that have been underserved and marginalized.
 - **Awareness:** The Rhode Island Foundation awards grants continuously, so nonprofits will be aware of the grant opportunity. In addition, the nonprofits that will be awarded funds have employees with boots on the ground that can get the increased supports and services out to their target community.
 - **Access and Distribution:** None known.
 - **Outcomes:** The intended outcomes are designed to provide for basic needs and supports that are necessary in communities hard hit by COVID-19.
 - **Performance Metrics:** The RI Foundation will track grant awards to nonprofits along with purposes of fund usage, i.e. supporting domestic violence, addressing food and housing insecurity, etc...

- Number of Nonprofits that were provided funds
- Number of Community members served
- Regional diversity of Nonprofits receiving funds
- Diversity of populations that Nonprofits serve

ARPA SFRF: ERP Implementation Support (federal funds)

\$2.2 million

The Governor proposes to use \$2.2 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 to continue financing implementation of a new Enterprise Resource Planning System (ERPS) for human resources, information systems, payroll, and financial management. This appropriation is linked to the FY2022 Budget as Enacted item requiring 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 implement the new Enterprise Resource Planning System (ERPS).

The project will 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. The current systems are susceptible to various single points of failure and are at-risk for security breaches. The new system will have a total projected cost of \$68.7 million.

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:**
 - **Population:** No, this serves the entire population equally.
 - **Awareness:** No all access is the same across all groups.
 - **Access and Distribution:** This is posted on the transparency portal as well as the public facing DoIT website.
 - **Outcomes:** This initiative is not external facing.
 - **Performance Metrics:** Program will track budget spend compared to SOW deliverables and deadlines (once determined post RFP) during the pre-implementation, implementation, and post-implementation phases. There are 7 pages of potential key performance indicators (KPIs) in Appendix I: Example Key Performance Indicators for HR/Payroll and Finance (pages 59-66) within the 88 page Strategic Plan document.

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 Payments	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 Governor	\$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 FY2022 Budget as Enacted.

General Obligation Bonds	FY2022 Enacted	FY2023 Governor	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. The FY2023 Capital Budget includes capital funds of \$16.5 million in FY2022, \$40.0 million in FY2023, \$22.5 million in FY2024 and \$5.0 million in FY2025.

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 Governor	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 Revised 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 Governor	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

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
Executive Climate Change Coordinating Council (restricted receipts)	\$5,400,000
Regional Greenhouse Gas Initiative (restricted receipts)	4,916,705
ARPA SFRF: Electric Heat Pumps (federal funds)	4,900,500
Refrigeration Energy Management (federal Funds)	451,167
Statewide COLA and Bonus (restricted receipts)	111,998
New FTE Positions	
Centralized Services (restricted receipts)	25,500

Executive Climate Change Coordinating Council (restricted receipts) \$5.4 million

Article 7 of the Budget establishes a dedicated funding source to allocate \$6.0 million in restricted receipts from the Energy Efficiency Fund to the Executive Climate Change Coordinating Council (EC4). The Budget appropriates \$5.1 million in restricted receipts to fund projects including energy efficiency, renewables, clean transportation, clean heating, energy storage, and other climate change projects; and includes \$270,000 to fund consultant fees and support services for the EC4.

The Budget also adds 3.0 Programming Service Officer positions within the Office of Energy Resources to support the Executive Climate Change Coordinating Council.

Article 7 requires an annual transfer of \$6.0 million in restricted receipts, beginning January 1, 2023, from the demand side management gas and electric funds also referred to as the Energy Efficiency Fund (Fund) to the Office of Energy Resources (OER) for the Executive Climate Change Council.

This annual Fund is generated by a surcharge approved by the Public Utilities Commission and assessed on both gas and electric customers. The fund finances several programs that help businesses and homes achieve greater energy efficiency. The Fund serves both gas and electric customers and is administered by National Grid. The annual energy efficiency programs, budgets, and incentives are designed in the summer/fall each year by the Office of Energy Resources, National Grid, Division of Public Utilities and Carriers, and the Energy Efficiency Resource Management Council (EERMC).

The Executive Climate Change Council will allocate these funds for projects including energy efficiency, renewable energy, clean transportation, clean heating, energy storage, and other climate change projects that support the reduction of greenhouse gases. The article requires the Executive Climate Change Council to provide an annual report to the Governor and General Assembly on how the funds were expended to meet the objectives set forth in the 2021 Act on Climate.

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 \$4.9 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 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.

ARPA SFRF: Electric Heat Pumps (federal funds) \$4.9 million

The Budget allocates \$4.9 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 proposes additional out-year funding of \$29.3 million from FY2024 to FY2026.

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.

The proposal intends to use 94.1 percent of the funding to provide incentives and grants that enable the installation of heat pumps in homes in qualified census tracts, rental properties, and community-based organizations (CBOs) such as group homes, nursing homes, and homeless shelters. Additionally, funds will be used to set up a 3-year apprenticeship training program that will provide salaries for individuals from disadvantaged backgrounds to train in the installation of clean heating and cooling technologies. The following table illustrates the FY2023 to FY2027 expenditures by the proposed programs.

Electric Heat Pumps						Program
	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Apprenticeship Training	\$0.3	\$1.0	\$1.4	\$1.2	\$0.4	\$4.3
Residential Heat Pump Incentive	2.0	4.0	4.0	2.0	-	12.0
Residential Heat Pump Grant	1.1	2.1	2.1	2.1	1.1	8.4
Commercial Heat Pump Grant	1.6	3.1	3.1	3.1	1.6	12.5
Total	\$4.9	\$10.2	\$10.6	\$8.4	\$3.0	\$37.2

\$ in millions

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:**
 - **Population:** Three of the four funding sections of our proposal specifically target the use of funds in marginalized communities. The guidelines we propose for defining disadvantaged communities, are attached in the document “OER ARPA Proposal Targeted Communities”.
 - 1) The criteria to qualify for an enhanced heat pump rebate for lower income families can be determined in several different ways: 1) homes located in a Health Equity Zone (HEZ), 2) those who qualify for Low Income Home Energy Assistance Program (LIHEAP), 3) homes in areas determined to have the lowest air quality, 4) those participating state and federal assistance programs (e.g., SNAP).
 - 2) CBOs that receive financial support for heat pump installations will be determined by the criteria outlined in the “OER ARPA Proposal Targeted Communities” document.
 - 3) The traineeship could be made available to/prioritize: 1) high school graduates of schools with the lowest levels of funding, poorest populations, and/or greatest proportion of non-white students, 2) formerly incarcerated individuals, 3) veterans, 4) individuals with no post high-school education or certification, living in an environmental justice community.
 - **Awareness:** It is likely that the current heat pump incentive program is most known by individuals from higher income communities who are actively seeking out heat pump installers. There is a significant time burden to the customer associated with the installation of a heat pump and receivership of the rebate. A greater effort must be made to make income (or otherwise) eligible individuals aware of the incentives we are proposing. These factors will be considered and included in the project design.

- **Access and Distribution:** Yes, beyond affordability, there are additional disparities, primarily access to information and time. For the income-eligible incentive, the program will have to be designed differently than the existing heat pump rebate program, to overcome the additional time and accessibility constraints that underserved individuals face.
- **Outcomes:** Yes, one outcome of this proposal is to expand access to heat pumps to residents who are not wealthy and white. Wealthy homes and communities are currently seeing the most heat pump installations, and to spread the benefits across sectors of society and ensure an equitable energy transition, we intend to focus a portion of funding (more than 50%) to help close this gap.
- **Performance Metrics:** The following is a list of metrics we will use to measure the progress of funds deployment and impact.
 - Households receiving funding (target \approx 3,550)
 - Households with LMI receiving funding (target $>$ 550)
 - CBOs receiving funding (target \approx 250)
 - Workers completing apprenticeship (target = 50)
 - Total funding deployed (target \approx \$37M)
 - Number of vendors/workers supporting installation of HPs (target: $>$ 10 vendors, 20 workers)
 - Number of CBOs that can newly offer air conditioning in the summer as cooling centers (target $>$ 10)
 - Between 55 and 68% of funds to be used for disadvantaged communities and CBOs that support them.

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 COLA and Bonus (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>	-
Library Construction Aid	(243,193)
Tort Awards	25,000
FY2023 Governor	\$12,226,745
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)	17,700,000
ARPA CPF RIC Student Services Center (federal funds)	5,000,000

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) **\$17.7 million**

The Governor proposes to use \$17.7 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 to support operations and to finance renovations to the Convention Center and Dunkin Donuts Center facilities that were used during the COVID-19 emergency. The Governor

proposes an appropriation of \$8.4 million in FY2022 and additional out-year funding of \$21.0 million from FY2024 to FY2026.

The total proposed ARPA CPF fund investment to the facilities managed by the Rhode Island Convention Center Authority (RICCA) is \$47.0 million, of which \$38.0 million will be used for facility renovations and \$9.0 million will be used to cover operating costs. The appropriations are intended to accelerate the recovery of revenues lost and expected to be lost as the three-venue complex emerges from the pandemic. The following table lists the proposed ARPA investment:

Revenue Replacement	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Operational Revenue Replacement	\$9.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.0
Accelerated Capital Projects	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Renovation of the Convention Center 5th Floor	\$0.0	\$2.0	\$5.0	\$5.0	\$2.0	\$0.0	\$14.0
Renovation and Control Upgrades of North and South Garages	1.0	2.2	-	-	-	-	3.2
Stimulus Funding Program	0.5	0.5	-	-	-	-	1
Technology Upgrades at the Convention and Dunkin Donuts Centers	-	2.0	3.3	-	-	-	5.25
Total	\$1.5	\$6.7	\$8.3	\$5.0	\$2.0	\$0.0	\$23.5
Reopening Safely Capital Projects	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
HVAC Upgrades at the Convention and Dunkin Donuts Centers	\$0.0	\$1.0	\$0.9	\$0.0	\$0.0	\$0.0	\$1.9
HVAC Upgrades at the Veterans Auditorium	0.1	-	-	-	-	-	0.07
Roof Replacement at the Dunkin Donuts Center	2.3	2.5	2.7	-	-	-	7.5
Dressing Room, Locker Rooms, and Suites Upgrades at the Dunkin Donuts Center	-	3.0	-	-	-	-	3
Restaurant and Hospitality Upgrades at the Dunkin Donuts Center	-	-	0.5	-	-	-	0.5
Convention Center Exhibit Hall Updates	-	-	1.0	0.5	-	-	1.54
Total	\$2.4	\$6.5	\$5.1	\$0.5	\$0.0	\$0.0	\$14.5
Total Renovation Costs	\$3.9	\$13.2	\$13.4	\$5.5	\$2.0	\$0.0	\$47.0
<i>\$ in millions</i>							

According to the RICCA, estimates for the projects proposed as part of this ARPA request have been derived through extensive consultation with contract vendors, suppliers, construction firms, and architectural advisors, as well as the RICCA's own in-house experience with similar projects. The ARPA request for administrative support has been derived by the RICCA budgets for FY2022 and FY2023 along with projected performance in FY2024 and FY2025. These funds will be utilized to build and support the Authority's infrastructure and organization to accelerate revenue recovery.

The amount of the ARPA CPF funds allocated to each venue during the FY2022-FY2026 period is as follows:

RICCA Venues	Capital Estimate
RI Convention Center	\$23.3
Dunkin Donuts Center	14.6
Vets Auditorium	0.1
Total	\$38.0
<i>\$ in millions</i>	

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:**
 - **Population:** The Governor has been very clear through the Rhode Island 2030 Plan that supporting underserved and marginalized businesses in the State is a priority of the ARPA fund distribution. RICCA sees an opportunity to exceed state requirements for meeting the needs of Minority Business Enterprises (MBE) and Women Business Enterprises (WBE). The nature of the projects outlined in the attachment lend themselves to partner with the minority community to improve

participation and promote success. Specifically, within the \$38.0 million of capital projects listed, the MBE/WBE community can expect at least \$5.0 - \$7.0 million of opportunities for participation.

- **Awareness:** All projects will be publicly advertised, bid and awarded through the Authority. The Authority is committed to communicate directly with the MBE/WBE community to improve awareness and promote success within this area.
- **Access and Distribution:** Not applicable.
- **Outcomes:** Through our commitment to exceed the MBE and WBE goals of the State, the Authority will be doing its part to provide opportunities to marginalized and underserved businesses.
- **Performance Metrics:** Success metrics in relation to this proposal can be identified in the following ways:
 - Increased operational revenues, pertinent key performance indicators (KPI's), metric scorecard, content and quality of events, renewal rate, unit growth, content development, client and customer satisfaction surveys, promoter and tenant satisfaction surveys, work product efficiency, cost saving analysis, energy efficiency, and economic impact force multiplier. In addition, each project will be evaluated to determine the MBE and WBE utilization rate in respect to each individual project.

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 Governor	\$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 existing 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)	\$30,823,995

Information Technology Investment Fund (restricted receipts)**\$30.8 million**

The Budget includes \$40.4 million in restricted receipts for the Information Technology Investment Fund (ITIF), reflecting a net increase of \$30.8 million in restricted receipts from the FY2022 Budget as Enacted, and an increase of \$31.4 million from the Governor's FY2022 Revised Budget. The Fund is a restricted receipt account for the State's technology initiatives and improvement projects.

The net change reflects a reduction of \$876,005 in restricted receipts from the FY2022 Budget as Enacted and a decrease of \$1.1 million for Department of Children, Youth, and Families' case management system, RICHIST project; offset by increases of \$12.7 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.

ITIF Projects	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
ITIF - Enterprise Resource Planning IT Improvements Project	\$0	\$5,000,000	\$1,500,000	(\$3,500,000)	\$17,700,000	\$12,700,000
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	400,000	(1,600,000)	920,000	(1,080,000)
Information Technology Investment Fund (ITIF)	2,104,655	2,325,165	6,805,739	4,480,574	1,449,160	(876,005)
Total	\$2,104,655	\$9,325,165	\$8,705,739	(\$619,426)	\$40,149,160	\$30,823,995

- **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 Budget as Enacted included \$5.0 million in restricted receipts to finance the first year of the project. The FY2023 Budget adds \$12.7 million in restricted receipt ITIF funds to finance the second year of the project.

- **Hospital Electronic Medical Records Project:** The Budget 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 of \$12.0 million from FY2024 to FY2027 which is fully funded through the ITIF
- **DLT Mainframe Replacement Project:** The Budget 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. The out-year ITIF funding is \$7.8 million for FY2024 and \$2.0 million in FY2025.
- **DCYF RICHIST Project:** The Governor proposed borrowing \$17.0 million in certificates of participation (COPs) to replace the Department of Children, Youth, and Families' case management system, RICHIST, between FY2022 and FY2024. The Budget modifies the funding mechanism. Instead, the FY2021 Revised Budget transfers \$67.0 million in State revenues to capitalize the State's Information Technology Investment Fund (ITIF) to finance IT projects without issuing debt or incurring interest, including \$17.0 million for RICHIST. The FY2022 Budget 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 \$400,000, a decrease of \$1.6 million in the FY2022 Revised Budget. The FY2023 Budget includes \$920,000 in restricted receipt ITIF funds and \$1.3 million in federal funds to continue the project.
- **Information Technology Investment Fund (ITIF):** The Budget includes \$1.4 million to fund various projects through the ITIF. This is a decrease of \$876,005 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 1 of the proposed FY2022 Revised Budget requires that \$50.0 million in general revenue be transferred to the Information Technology Investment Fund by the end of FY2022. The budget 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.
- Article 1 of the proposed FY2023 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 and \$19.4 million be available for the replacement and modernization of the Legacy mainframe system in the Department of Labor and Training.

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
<i>Target and Other Adjustments</i>	<i>(31,410)</i>
Statewide COLA and Bonus	143,454
FY2023 Governor	\$2,374,193

Statewide COLA and Bonus **\$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 COLA and Bonus	79,278
Centralized Services	35,158
Interlibrary Delivery System	27,686
FY2023 Governor	\$1,796,514

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

Statewide COLA**\$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 US Postal Office. According to OLIS all books and magazines use the LORI delivery system. This mistake is corrected in the proposed FY2022 Revised Budget and FY2023 Budget.

	FY2022	FY2022		FY2023	
Interlibrary Delivery System/Postage	Enacted	Governor	Change	Governor	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 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 COLA and Bonus	5,680
FY2023 Governor	\$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 COLA and Bonus **\$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 Governor	\$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 transitions 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 COLA and Bonus	38,783
FY2023 Governor	\$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 COLA and Bonus

\$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>	29,112
Centralized Services	289,964
Statewide COLA and Bonus	236,056
FY2023 Governor	\$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 is a corresponding decreases of \$42,946 in restricted receipts and \$7,789 in other funds.

Statewide COLA and Bonus **\$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>	-
FY2023 Governor	\$2,820,336

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)	339,079
ARPA SFRF: Eligibility Extension Compliance HSRI (federal funds)	125,618
Rhode Island Health Benefits Exchange (restricted receipts)	(1,832,189)

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

The Budget includes \$12.7 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 Governor	FY2023 Governor	Total
Federal Funds	\$21.8	\$47.3	\$48.5	\$17.6	\$3.7	\$1.8	\$0.1	\$0.0	\$0.4	\$6.9	\$12.9	\$161.0
Restricted Receipts	-	-	-	2.8	5.5	5.3	5.2	8.0	10.4	15.1	15.0	67.2
Total	\$21.8	\$47.3	\$48.5	\$20.4	\$9.2	\$7.1	\$5.3	\$8.0	\$10.8	\$22.0	\$27.9	\$228.2

\$ in millions

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

\$339,079

The Budget allocates \$339,079 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 proposal cost is \$841,605 with \$502,526 for FY2022 and \$339,079 for FY2023. 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.

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

- **U.S. Treasury Eligibility Category:** Negative Economic Impact
- **Equity Components:**
 - **Population:** According to the 2020 Rhode Island Health Insurance Survey, racial minorities throughout the state continue to be disproportionately uninsured. For instance, since 2018 (the last time the survey was conducted), there has been a 1 percentage point increase (1,038 individuals) in the uninsured rate among Black/African Americans and a 7-percentage point (2,189 individuals) increase in the uninsured rate among American Indian/Alaska Natives. Moreover, in 2020, the uninsured rate among Rhode Islanders who are foreign born was 12.7%, compared to only 2.6% uninsured among those born in the U.S. Finally, a significant portion of uninsured (16,268 or 38.5% uninsured) have incomes below 139% FPL. Similarly, 135,991 Medicaid recipients (54% of total Medicaid population) have incomes below 139% FPL.

Given these disparities both in race and income among the uninsured and Medicaid populations, coupled with the ability that ARPA gives us to offer vulnerable Rhode Islanders low-cost QHP coverage after the PHE, our state's goals of producing meaningful and equitable near-universal coverage are within reach. Through automatically enrolling the Medicaid churn population into coverage, the state can reduce healthcare disparities that are created by lack of access to critical mental and physical health services for maintaining one's wellbeing. Moreover, through paying for the first month of coverage as well as auto-enrolling into a low-cost silver plan, these vulnerable populations will be able to gain both financial stability as well as protection from medical bankruptcy. Finally, as our robust outreach efforts have connected many to coverage, HSRI has found difficulty targeting the uninsured. Automatically enrolling these Rhode Islanders in coverage is a way to avoid that problem by keeping them connected to coverage by default.

- **Awareness:** HealthSource RI will work in conjunction with EOHHS on educational messaging efforts related to Auto Enrollment. HealthSource RI will communicate in English and Spanish across a variety of channels, including text messaging and email, and will work with diverse community organizations (places of worship, non-profit organizations, municipal leaders, etc) to disseminate information.
- **Access and Distribution:** Auto Enrollment creates an opportunity for Rhode Islanders to remain covered when Medicaid benefits are terminated, without requiring additional steps or access to technology. There is not a difference in access, as all individuals determined to be eligible for QHP auto enrollment will be enrolled. There are no administrative requirements that result in disparities in ability to complete applications or meet eligibility criteria.
- **Outcomes:** As noted above, historically marginalized groups are those most likely to benefit from this program. Through automatically enrolling the Medicaid churn population into coverage, the state can reduce healthcare disparities that are created by lack of access to critical mental and physical health services for maintaining one's wellbeing.

Moreover, through paying for the first month of coverage as well as auto-enrolling into a low-cost silver plan, the most vulnerable low-income populations, which are disproportionately racial and ethnic minority groups, will be able to gain both financial stability as well as protection from medical bankruptcy. Finally, as our robust outreach efforts have connected many to coverage, HSRI has found difficulty targeting the uninsured. Automatically enrolling these Rhode Islanders in coverage is a way to avoid that problem by keeping them connected to coverage by default. This will bring the state closer to a universal level of service in terms of health insurance.

- **Performance Metrics:**
 - Number of individuals auto-enrolled in QHP from Medicaid
 - Number of individuals auto-enrolled in QHP that remain insured for all of 2022
 - Uninsured rate in Rhode Island
 - The main outcome that HSRI will be tracking is how many of those who were auto-enrolled in coverage remained insured throughout 2022. The goals are to create a continuum of coverage for those leaving Medicaid and eligible for this program and to reduce administrative cost of churn, which ultimately reduces the rate of uninsured. HSRI will track data on individuals who transition from Medicaid to QHP, who remain on Medicaid, which QHP carrier/plan they enroll into, calls to the contact center related to this program, average premium cost for the enrollees and dollars expended towards paying first month of coverage for individuals enrolling in a

QHP. Through our Net Enrollment Dashboard, HSRI will be able to track auto-enrollees on a monthly basis and will be able to measure how many individuals we're able to retain through our efforts versus those who fall out due to obtaining other minimum essential coverage or for other reasons. As we will have the contact information for those who leave HSRI and Medicaid, we can also do outreach to them to see what coverage they obtained, or what other reason caused them to end their coverage.

ARPA SFRF: Eligibility Extension Compliance HSRI (federal funds)

\$125,618

The Budget allocates \$125,618 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) 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.

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. There is a corresponding expenditure of \$630,185 in FY2022.

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

- **U.S. Treasury Eligibility Category:** Negative Economic Impact
 - **Equity Components:**
 - **Population:** Individuals served through RIBridges who receive benefits are primarily low-income. However, the HSRI serves all qualified Rhode Islander's across the income spectrum.
 - **Awareness:** Individuals and providers will immediately become aware of a termination of benefits if the proposal is not funded.
 - **Access and Distribution:** Access to benefits through RIBridges is based on program specific rules defined and governed by both State and Federal policy. These policies remain focused on providing access to benefits for the most vulnerable and typically account for the various needs across different groups. The application process has been made as simple as possible, especially for programs such as SNAP which requires minimal information to submit a request for benefits. Temporary changes to some program policies were also made during the PHE to increase access to benefits.
- In addition, clients have the ability to apply for program benefits through multiple channels including sending forms via the mail, applying over-the-phone through our call centers, submitting an application online through the customer portal or applying in person by visiting the HSRI contact center or a field office. Drop off locations were also provided when offices had to be closed to the public during the PHE. Our HealthyRhode mobile app can also be used to assist in the application process by allowing forms to be easily uploaded and the status of benefits to be confirmed. Clients can also check EBT balances including P-EBT and they can also make premium payments for health plans.
- **Outcomes:** The outcome of determining eligibility in a timely and accurate manner will benefit the individuals who are low-income and in need of these benefits. The timely and compliant unwinding of Medicaid is a critical component to ensuring appropriate access to health coverage, which is of

particular importance to the state as we continue to navigate the pandemic and ensure access to health services.

- **Performance Metrics:** Specific business outcomes and corresponding success metrics have been defined for the Recovery effort as outlined in the table below. Dashboards are in place to track progress towards those outcomes. In addition, a special Integrated Project Team (IPT) has been formed to help manage and monitor the recovery effort.

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 Revised 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 Revised Budget decreased it to \$5.6 million as updated in FY2022 revised budget 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 COLA and Bonus	92,825
Centralized Services	21,397
FY2023 Governor	\$1,508,606

Statewide COLA and Bonus**\$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 proposed budget.

CAPITAL PROJECTS

The Budget includes \$53.3 million in Rhode Island Capital Plan (RICAP) funds for 35 various capital projects in FY2023. This reflects an increase of \$21.7 million from the previous fiscal year. Significant project changes include:

- **New or Major Funding Changes Capital Projects:** The Budget includes \$8.9 million for four projects including: \$1.7 million for the Statewide Facility Master Plan and \$5.8 million for projects at the Zambarano Campus in the Town of Burrillville.

New or Major Funding Changes Capital Projects	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
RICAP - Medical Examiner Building	\$4,500,000	\$5,000,000	\$500,000	\$0	(\$4,500,000)
RICAP - Statewide Facility Master Plan	116,467	188,250	71,783	1,700,000	1,583,533
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	\$5,966,467	\$6,582,137	\$615,670	\$8,947,542	\$2,981,075

- **Medical Examiner Building:** The Budget eliminates \$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.
- **Statewide Facility 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. The capital budget proposes out-year appropriations of \$3.0 million in RICAP funds from FY2024 through FY2027.

- **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. The capital budget proposes out-year appropriations of \$11.2 million in RICAP funds from FY2024 through FY2027.
- **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 \$18.8 million to fund various major maintenance and repairs to 35 structures at the Pastore Government Center. This is an increase of \$12.9 million from the previous year.

Pastore Center Campus Projects	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	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 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	\$5,929,000	\$7,140,207	\$1,211,207	\$18,800,000	\$12,871,000

- **Pastore Infrastructure:** The Governor proposes a \$120.8 million in RICAP funded capital budget projects throughout the Pastore Campus over the FY2023 to FY2027 period. 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. The capital budget proposes out-year appropriations of \$18.0 million in RICAP funds from FY2024 to FY2027.
- **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. The Budget also includes \$4.9 million from existing certificate of participation proceeds previously authorized and issued for the Hospital Reorganization.
- **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 capital budget includes out-year appropriations of \$4.0 million in RICAP funds from FY2024 to FY2027. The continued demolition of the vacant unusable structures provides space for future development at the state-owned facility.
- **Capitol Hill Campus Projects:** Includes \$6.5 million, an increase of \$1.7 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.

	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
Capital Hill Campus Projects					
RICAP - Williams Powers Building	\$1,800,000	\$2,329,937	\$529,937	\$2,700,000	\$900,000
RICAP - State House Renovations	1,478,000	1,158,000	(320,000)	1,928,000	450,000
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	100,000	-	100,000	-
RICAP - State Office Building	100,000	177,594	77,594	100,000	-
Total	\$4,778,000	\$5,564,209	\$786,209	\$6,478,000	\$1,700,000

- **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 \$1.9 million in RICAP funds for FY2023. This reflects an increase of \$450,000 from the previous fiscal year. The capital plan includes out-year funding of \$50.5 million from FY2024 to FY2027. 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 \$3.6 million in RICAP funds for continued asset protection, upgrades, renovations, and funding of the renewal and replacement bond covenant for the Dunkin Donuts Center. This is an increase of \$1.0 million from the previous year.

	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
RI Convention Center Authority Venues					
RICAP - Dunkin Donuts Center	\$2,300,000	\$0	(\$2,300,000)	\$1,100,000	(\$1,200,000)
RICAP - Veterans Auditorium	285,000	215,000	(70,000)	765,000	480,000
RICAP - Rhode Island Convention Center Authority	2,000,000	1,000,000	(1,000,000)	1,700,000	(300,000)
Total	\$4,585,000	\$1,215,000	(\$3,370,000)	\$3,565,000	(\$1,020,000)

- **Dunkin Donuts Center:** The Budget includes \$1.1 million in RICAP funds and \$7.3 million in ARPA SFRF federal funds in FY2023 for continued asset protection, upgrades and renovations for the Dunkin Donuts Center. This reflects a decrease of \$1.2 million in RICAP funds from the previous year. The capital budget includes out-year funding of \$10.5 million in RICAP funds and \$4.8 million in ARP SFRF federal funds from FY2024-FY2027.
- **Veterans Auditorium:** The Budget includes \$765,000 in RICAP funds and \$7.3 million in ARPA SFRF federal funds for HVAC system, stage lighting upgrades, and auditorium seating replacement for the Auditorium. The capital budget includes out-year funding of \$475,000 in RICAP funds from FY2024-FY2027.
- **Rhode Island Convention Center Authority:** The Budget includes \$1.7 million in RICAP funds and \$5.9 million in ARPA SFRF federal funds for continued asset protection, upgrades, and renovations to the Rhode Island Convention Center (RICC) in Providence. 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. The capital budget includes out-year funding of \$9.9 million in RICAP funds and \$16.2 million in ARP SFRF federal funds from FY2024-FY2027.

- **Miscellaneous Capital Projects:** The Budget includes \$15.5 million in RICAP funds for various major maintenance and repairs to 19 statewide projects or structures. This is an increase of \$5.1 million from the previous year.

Miscellaneous Capital Projects	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	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 - Community Facilities 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	1,250,000	450,000	2,300,000	1,500,000
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	\$14,626,893	\$4,254,393	\$15,507,000	\$5,134,500

- **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 study on the reuse of the structure. This is an increase of \$425,000 from the previous year.

Department of Business Regulation

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Central Management	\$3.3	\$3.2	\$3.5	\$0.2	6.8%	\$5.3	\$2.1	64.0%
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, Gaming & Athletics	1.8	1.9	2.1	0.1	6.8%	2.1	0.1	7.2%
Building, Design & Fire Professionals	8.5	8.8	9.6	0.8	9.3%	13.0	4.2	47.6%
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	1.2	0.1	4.7%	5.6	4.5	383%
Office of Health Insurance Commissioner	2.3	2.3	2.5	0.3	11.0%	3.2	0.9	38.8%
Securities Regulation	0.6	0.8	0.8	(0.0)	-2.5%	0.9	0.0	5.6%
Total	\$24.7	\$26.1	\$28.0	\$1.8	7.0%	\$38.5	\$12.4	47.3%

Expenditures By Source	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
General Revenue	\$15.2	\$19.2	\$20.8	\$1.6	8.1%	\$22.9	\$3.7	19.3%
Federal Funds	3.9	0.3	0.5	0.2	62.9%	3.2	2.9	942.9%
Restricted Receipts	5.5	6.5	6.6	0.1	1.3%	12.1	5.6	86%
Other Funds	0.1	0.1	0.1	0.0	4.8%	0.2	0.2	223.5%
Total	\$24.7	\$26.1	\$28.0	\$1.8	7.0%	\$38.5	\$12.4	47.3%

Authorized FTE Levels	161.0	162.0	162.0	-	-	176.0	14.00	8.6%
-----------------------	-------	-------	-------	---	---	-------	-------	------

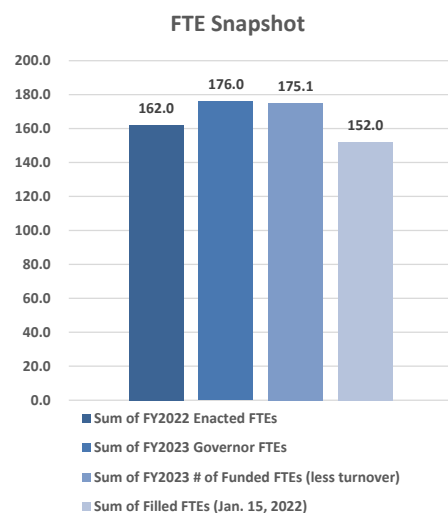
\$ in millions. Totals may vary due to rounding.

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 \$3.7 million general revenue increase and \$2.9 million 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.

Article 11 of the Budget establishes the Adult-Use of Marijuana Act and the Marijuana Regulation, Control, and Taxation Act to provide a framework for the legalization of adult-use marijuana, increasing restricted receipt expenditures by \$3.6 million. The Budget also includes an increase of 14.0 FTE positions, including 13.0 new FTEs for the proposed 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 COLA and Bonus	113,348
FY2023 Governor	\$3,801,190

Central management	Other Fund Changes
ARPA SFRF: Blockchain Digital Identity (federal funds)	\$1,500,000

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 COLA and Bonus **\$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.

ARPA SFRF: Blockchain Digital Identity (federal funds) **\$1.5 million**

The Budget adds \$1.5 million from the federal American Rescue Plan Act State Fiscal Recovery Fund in FY2023 and \$1.0 million in FY2024 to finance a blockchain digital identity pilot program that will establish multi-agency credential issuance and authentication, automated compliance, and to increase efficiency among state agencies and streamline services for citizens and businesses. The blockchain project would be one of the first production implementations of blockchain technology for any state government in the United States.

The funding would fully operationalize digital identity and professional licensing credentialing at DBR followed by introducing additional agencies transactions, ultimately making it easier to do business in the state. Blockchain digital identity would streamline interaction by creating a single user identity for individuals which can be used with all agencies and programs. The proposal would improve IT security through stronger encryption technology, more secure transaction verification, and streamlined reconciliation processes. This would allow standardized data and records across state agencies to facilitate review and enforcement of regulation and policy standards.

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:**

- **Population:** When citizens want to transact business, they don't want to spend a needless amount of time. Whether a person has access to a vehicle, a convenient bus route or bus pass or a computer/smartphone are all factors in how they do business. Now throw in a pandemic - the only safe way to transact business is online. While that may require a visit to town hall or the local library if you don't have access at home or from a friend- that is much easier than any other alternative. Online access also creates an equitable platform by making every applicant neutral- instead of facing any potential discrimination from an in person interaction.
- **Awareness:** It creates an equal and practical platform for all.
- **Access and Distribution:** Anyone with access to a computer or smartphone will be able to have access. Otherwise, that ability will be in each local municipality.
 - **Outcomes:** This project seeks to create a universal level of service.
 - **Performance Metrics:** Success for this project is achieved every step of the way as it becomes easier and easier to do business in the state. It is impossible to estimate targets or specific goals for non-DBR agencies but the below are operational measures that DBR uses to track productivity.

Metrics:

1. % online accessibility in a given agency which can be measured by: a. Quantity of transactions done electronically as compared to; b. Quantity of paper forms converted to electronic.
2. Amount of time it takes to perform a transaction which can be calculated by: a. Individuals forms (ex: it used to take 2 weeks to process this form, now it takes 20 minutes); and b. Each whole process (ex: it used to take 6 weeks on average to open a restaurant, now it takes approximately 5 days).
3. Filings completed vs. filings in process
4. Customer Satisfaction
5. Reduction in fraud and errors (may be possible for some functions)
6. Other metrics specific to the agency.

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	\$1,620,824
<i>Target and Other Adjustments</i>	<i>(6,001)</i>
Personnel Adjustments	179,651
Statewide COLA and Bonus	148,213
FY2023 Governor	\$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 COLA and Bonus

\$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>Target and Other Adjustments</i>	<i>(393)</i>
FY2023 Governor	\$5,490

COMMERCIAL LICENSING AND GAMING AND ATHLETICS LICENSING

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

Commercial Licensing and Gaming and Athletics Licensing	General Revenue
FY2022 Enacted	\$1,053,287
<i>Target and Other Adjustments</i>	<i>29,762</i>
Statewide COLA and Bonus	84,501
FY2023 Governor	\$1,167,550

Statewide COLA and Bonus

\$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>(24,104)</i>
E-Permitting Expansion	1,220,026
Bomb Squad Equipment	830,700
Statewide COLA and Bonus	272,119
FY2023 Governor	\$8,996,699

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 would 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 COLA and Bonus	324,319
Position Upgrades	44,903
Turnover	(25,625)
FY2023 Governor	\$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	Other Fund Changes
Adult-Use Marijuana (restricted receipts)	\$3,630,925
Medical Marijuana Program (restricted receipts)	827,224

Adult-Use Marijuana (restricted receipts) **\$3.6 million**

Article 11 of the Budget proposes legalizing the recreational, adult-use of marijuana, licensed and regulated by the Office of Cannabis Regulation (OCR), increasing restricted receipt expenditures within the Office of Cannabis Regulation by \$3.6 million, of which \$1.0 million is for the purchase of seed-to-sale software and \$800,000 is for the administrative costs of the market including record keeping, office-related expenses, and obtaining outside legal counsel.

The Budget includes a \$1.5 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 \$67,440 and an average total cost of \$117,532 per FTE.

Medical Marijuana Program (restricted receipts)**\$827,224**

The Budget adds \$827,224 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 75 licensed medical marijuana compassion centers, cultivators, and industrial hemp growers and handlers with one inspector. The Budget also adds \$700,000 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.

OFFICE OF HEALTH INSURANCE COMMISSIONER

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

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

Office of the Health Insurance Commissioner	General Revenue
FY2022 Enacted	\$1,659,713
<i>Target and Other Adjustments</i>	<i>11,704</i>
Statewide COLA and Bonus	81,030
FY2023 Governor	\$1,752,447

Office of the Health Insurance Commissioner	Other Fund Changes
ARP SFRF: Health Spending Accountability and Transparency Program (federal funds)	\$500,000

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.

ARPA SFRF: Health Spending Accountability and Transparency Program (federal funds)**\$500,000**

The Governor proposes to use \$500,000 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) 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 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 ARPA SFRF to continue the Health Care Cost Trend Project.

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:**
 - **Population:** Information has not been provided at this time.
 - **Awareness:** Information has not been provided at this time.
 - **Access and Distribution:** Information has not been provided at this time.
 - **Outcomes:** Information has not been provided at this time.
- **Performance Metrics:** Information has not been provided at this time.

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 COLA and Bonus	62,709
FY2023 Governor	\$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 including \$150,000 for a feasibility study to determine whether the campus' physical infrastructure can support the following projects: 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 Actuals	FY2022 Enacted	FY2022 Revised	Change from Enacted		FY2023 Governor	Change from Enacted	
Central Management	\$0.5	\$0.8	\$1.2	\$0.4	42.4%	\$1.4	\$0.6	72.2%
Income Support	2,542.6	903.6	816.1	(87.5)	-9.7%	485.6	(418.0)	-46.3%
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	26.9	7.1	35.6%	20.4	0.6	2.9%
Governor's Workforce Board	42.4	29.4	31.3	1.9	6.4%	34.5	5.1	17.2%
Workforce Regulation and Safety	3.1	3.5	4.0	0.5	13.5%	4.2	0.8	21.5%
Total	\$2,621.1	\$968.7	\$891.0	(\$77.8)	-8.0%	\$558.0	(\$410.8)	-42.4%
Expenditures By Source								
General Revenue	\$12.7	\$15.4	\$16.6	\$1.3	8.2%	\$16.4	\$1.0	6.4%
Federal Funds	2,021.4	435.8	414.2	(21.6)	-5.0%	117.2	(318.6)	-73.1%
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	\$891.0	(\$77.8)	-8.0%	\$558.0	(\$410.8)	-42.4%
Authorized FTE Levels	425.7	462.7	461.7	(1.0)	-	461.7	(1.0)	-0.2%

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

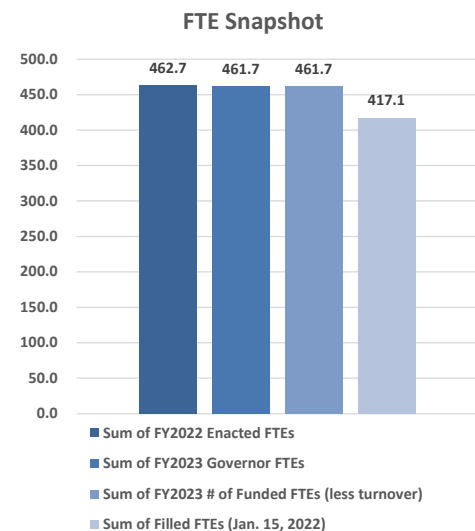
The Department of Labor and Training is charged with providing an array of employment and training services to Rhode Islanders and administering the laws pertaining to workforce regulation, safety and labor law enforcement. The Department consists of six divisions: Central Management, Income Support,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

MAJOR ISSUES AND TRENDS

The Budget includes \$558.0 million in total expenditures for FY2023, including \$16.4 million in general revenue, an increase of \$1.0 million over the FY2022 enacted level. The \$1.0 million increase in general revenue is mainly related to additional funding to support 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 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 are related to funding that was provided to support unemployment insurance during the COVID-19 pandemic. The Department experienced additional demand for unemployment benefits resulting in the need for additional funding.

The Budget authorizes 461.7 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
<i>Targets and Other Adjustments</i>	<i>42,095</i>
Centralized Service Charges	310,826
FY2023 Governor	\$1,065,747

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

The Budget includes \$952,183 in general revenue expenditures for Information Technology, Capital Assets 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 Governor	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 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>Targets and Other Adjustments</i>	-
FY2023 Governor	\$6,050,000

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

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

The Governor proposes to use \$40.0 million, including \$10.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in 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 each of 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 Governor's 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>Targets and Other Adjustments</i>	<i>32,810</i>
Police and Firefighters' Relief Fund	(189,500)
Unemployment Insurance Benefit Statistics	Informational
FY2023 Governor	\$3,644,977

Income Support	Other Funds
Unemployment Benefits (federal funds/other funds)	(\$461,707,966)
ARPA SFRF: Unemployment Insurance Trust Fund Contribution (federal funds)	\$30,000,000

Police and Firefighters' Relief Fund ***(\$189,500)***

The Budget includes a decrease of \$189,500 in general revenue for Police and Firefighters' annuity and tuition benefits, reflecting a decline in the need of services. This reflects a decrease of \$93,000 in annuity benefits and a decrease of \$96,500 in tuition benefits paid to the families of deceased or injured firefighters and police officers.

	FY2022	FY2023	
Police Officers' Relief Fund	Enacted	Governor	Change
Police Officer Annuities	\$707,000	\$684,000	(\$23,000)
Tuition Benefits	151,500	110,000	(41,500)
Supplemental Pension	-	-	-
Total	\$858,500	\$794,000	(\$64,500)
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	\$3,499,000	(\$189,500)

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 21 highest UI benefits paid nationally, and has the third highest average UI benefits paid in New England.

12 Months Ending 3rd Quarter 2021

Average UI Benefits Paid

State	Amount	New England	National
Massachusetts	\$9,936	1	5
Vermont	6,757	2	23
Connecticut	7,087	3	16
Maine	5,961	4	29
New Hampshire	5,290	5	35
Rhode Island	3,025	6	47

Source: US Dept. of Labor/UI Data Summary

12 Months Ending 3rd Quarter 2021

Average Weekly UI Benefits Paid

State	Amount	New England	National
Massachusetts	\$499.17	1	2
Vermont	386.55	2	15
Rhode Island	368.67	3	21
Connecticut	354.98	4	25
Maine	343.92	5	29
New Hampshire	293.42	6	37

Source: US Dept. of Labor/UI Data Summary

As of July 1, 2021

Maximum Weekly UI Benefit

State	Amount	New England	National
Massachusetts	\$855	1	2
Connecticut	667	2	6
Rhode Island	661	3	7
Vermont	583	4	14
Maine	511	5	21
New Hampshire	427	6	35

Source: US Dept. of Labor

As of July 1, 2021

Maximum Weekly UI Benefit with Dependents

State	Rate	New England	National
Massachusetts	\$1,282	1	1
Rhode Island	826	2	3
Connecticut	766	3	4
Maine	724	4	8
Vermont*	583	5	19
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 February 28, 2022, the Unemployment Insurance Trust Fund had a balance of \$207.4 million compared to \$524.3 million in March 2020. 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 as of February 28, 2022, the Department has paid \$416.1 million in UI benefits, including \$97.4 million from the UI trust fund and \$318.7 million from federal unemployment insurance funds.

	As of March 9, 2020	As of February 28, 2022	Difference
UI Trust Fund Balance	\$524,279,400	\$207,352,854	(\$316,926,546) -60.4%

Unemployment Benefits	FY2021	FY2022*
Amount Paid out of UI Trust Fund	\$369,906,729	\$97,443,711
Federal UI Benefits Paid	\$1,886,456,567	\$318,661,111
Total	\$2,256,363,296	\$416,104,822

* As of 2/28/22

ARPA SFRF: Unemployment Insurance Trust Fund Contribution (federal funds) \$30.0 million

The Governor proposes to use \$30.0 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. 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 WORKER 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>Targets and Other Adjustments</i>	<i>128,812</i>
Donley Center Operations (restricted receipts)	101,979
FY2023 Governor (restricted receipts)	\$11,403,127

Donley Center Operations (restricted receipts)**\$101,979**

The Budget includes an additional \$101,979 in restricted receipts for the Donley Center. The Center has begun in-person activities again resulting in an increase in operating costs as well as contract professional services.

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>Targets and Other Adjustments</i>	<i>\$391</i>
Statewide COLA and Bonus	25,067
Legal/Stenographic Services	20,000
FY2023 Governor	\$452,822

Statewide COLA 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>Targets and Other Adjustments</i>	<i>(1,793)</i>
FY2023 Governor	\$903,105

Workforce Development Services	
Federal Assistance and Grants (federal funds)	1,080,369

Federal Assistance and Grants (federal funds) \$1.1 million

The Budget includes \$7.7 million, an increase of \$1.1 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 enables workers to obtain good jobs by providing them with job search assistance and training opportunities. This grant is funded at \$1.5 million in FY2023, an increase of \$1.1 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 \$1.4 million in FY2023, an increase of \$417,659 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 \$669,245 in FY2023, an increase of \$108,172 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>Targets and Other Adjustments</i>	<i>(74,630)</i>
Personnel	496,232
Statewide COLA and Bonus	329,052
FY2023 Governor	\$4,240,619

Personnel \$496,232

The Budget includes an additional \$496,232, \$1.0 million total, in general revenue for personnel expenditures within the Misclassification Fraud Investigations and Fraud Efforts Division. The increase fully funds the Program's personnel through general revenues. In the past this program has been partially supported through Tardy and Interest funding restricted receipts.

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

Statewide COLA 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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Director of Revenue	\$47.9	\$1.8	\$2.0	\$0.2	13.3%	\$2.3	\$0.5	25.9%
Division of Collections	0.6	0.8	0.9	0.0	4.3%	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	(0.0)	0.0%	133.7	0.0	0.0%
Office of Revenue Analysis	0.7	0.9	1.0	0.1	8.1%	1.0	0.1	9.2%
Registry of Motor Vehicles	31.4	32.5	33.6	1.2	3.6%	38.5	6.0	18.6%
State Aid	197.2	200.6	187.5	(13.1)	(0.1)	226.5	25.8	12.9%
Taxation	31.5	35.0	38.6	3.6	10.3%	37.3	2.2	6.3%
Total	\$572.3	\$839.6	\$763.9	(\$75.6)	-9.0%	\$876.9	\$37.3	4.4%

Expenditures By Source

General Revenue	\$122.6	\$267.9	\$260.1	(\$7.7)	-2.9%	\$300.4	\$32.5	12.1%
Federal Funds	185.7	132.4	132.2	(0.2)	-0.1%	\$132.9	0.5	0.4%
Restricted Receipts	2.2	4.9	4.7	(0.2)	-3.9%	\$6.6	1.7	34.4%
Other Funds	261.7	434.4	366.8	(67.6)	-15.6%	\$437.0	2.6	0.6%
Total	\$572.3	\$839.6	\$763.9	(\$75.6)	-9.0%	\$876.9	\$37.3	4.4%

Authorized FTE Levels	602.5	570.5	570.5	-	-	575.5	5.0	0.9%
-----------------------	-------	-------	-------	---	---	-------	-----	------

\$ 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.

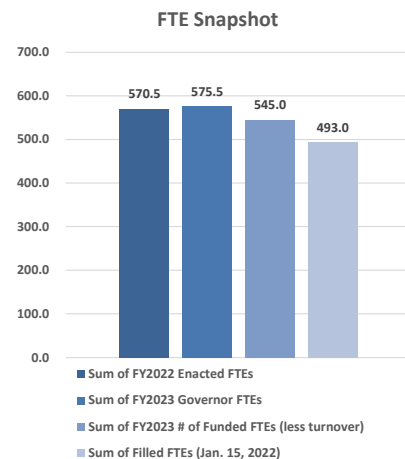
MAJOR ISSUES AND TRENDS

The Governor recommends \$876.9 million from all funds in FY2023 and \$763.9 million in the FY2022 Revised Budget, a 4.4 percent increase and 9.0 percent decrease, respectively. The FY2022 Supplemental proposal is \$75.6 million less than the enacted level (9.0 percent less) and \$191.6 million more than actual expenditures in FY2021.

The Budget also includes a net \$32.5 million increase in general revenue (\$37.3 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. For FY2023, the Budget includes \$156.6 million in total general revenue reimbursement funding for cities and towns, consistent with the current law. This is \$26.9 million above the FY2022 enacted level.



- **Distressed Communities Relief Fund:** The Governor recommends level funding the Distressed Community Relief Fund in FY2023 at \$12.4 million in general revenue.
- **Payment in Lieu of Taxes (PILOT):** The Governor also level funds the State PILOT program in FY2023 at \$46.1 million in general revenue. Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The Governor's recommendation for FY2023 represents a rate of 25.7 percent.

Division of Motor Vehicles

- **License Plate Reissuance:** The Governor recommends \$5.0 million in general revenue to fund statutorily required reissuance of motor vehicle license plates.

Taxation

- **Taxpayer Steward:** Article 8 establishes a new dedicated position within Taxation to assist taxpayers, coordinate the resolution of complaints and problems, and provide recommendations for changes that improve taxpayer education, reduce errors, and improve compliance. The Budget includes \$104,323 in general revenue personnel expenditures and 1.0 new FTE position to support this function in FY2023.
- **Adult-Use Marijuana Program:** Article 11 establishes a comprehensive new State Adult-Use Marijuana program that include various new tax provisions. The Budget provides \$424,552 in new restricted receipt funds to support the personnel costs of 4.0 new FTE positions that will oversee compliance.
- **SFRF-Taxation Modernization:** The Budget provides \$750,000 in federal State Fiscal Recovery Funds within Taxation to support upgrades to the State Tax Administration and Revenue (STAARS) information technology system. Total planned SFRF funding for this project is \$2.3 million. Over the next five years.

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 Governor	\$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 Governor	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>	<i>3,660</i>
Statewide COLA and Bonus	55,239
FY2023 Governor	\$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>	<i>54,154</i>
Statewide COLA and Bonus (other funds)	826,378
Commissions and Prize Payments (other funds)	605,770
Lottery Building Enhancements (other funds)	290,000
FY2023 Governor	\$835,992,155

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 November 2021 Revenue Estimating Conference (REC) estimates of VLT net terminal income and other lottery games. Net terminal income from VLTs is estimated to total \$485.9 million and net table game revenue (NTGR) is estimated to total \$126.2 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 Governor recommends \$290,000 from Lottery funds and \$850,000 from the Rhode Island Capital Plan Fund and 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 Governor	\$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 2021 and 2022. The county-level and non-entitlement unit level funds are disbursed in two tranches, with 50.0 percent, or \$132.0 million, having been made available in May 2021 and the balance to be disbursed in May 2022.

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 Governor	\$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	4,964,873
Information Technology Services	(1,801,816)
Statewide COLA and Bonus	1,620,273
FY2023 Governor	\$34,802,460
Division of Motor Vehicles	Other Funds
Real ID	Informational

License Plate Reissuance ***\$5.0 million***

The Governor recommends \$5.0 million in general revenue to fund statutorily required reissuance of motor vehicle license plates. This includes \$3.4 million for the production of the new plates and \$1.6 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.

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 Governor recommends shifting \$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 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.

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 October 1, 2021 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	26,938,234
Property Revaluation Program	(1,088,730)
FY2023 Governor	\$225,483,505

Motor Vehicle Excise Phase Out

\$26.9 million

The General Assembly enacted legislation in 2017 to phase out the motor vehicle excise tax by 2024. Municipalities are reimbursed annually for lost revenue. For FY2023, the Budget includes \$156.6 million in total general revenue reimbursement funding for cities and towns, consistent with the current law, and \$26.9 million more than the FY2022 enacted level.

Property Revaluation Program

(\$1.2 million)

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.

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
Centralized Services	(380,084)
Taxpayer Steward	104,323
FY2023 Governor	\$34,243,050
Division of Taxation	Other Funds
ARP SFRF: Tax Modernization/STAARS Cloud Migration and Other IT (federal funds)	\$750,000
Adult-use Marijuana Program (restricted receipts)	424,522

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.

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 Governor recommends \$104,323 in general revenue personnel expenditures and 1.0 new FTE position to support a new Taxpayer Steward initiative.

Article 8 of the Governor's proposed FY2023 Budget establishes a new dedicated position within Taxation 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.

ARP SFRF: Tax Modernization/STAARS Cloud Migration and Other IT (federal funds) **\$750,000**

The Governor proposes to use \$750,000 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 to support upgrades to the State Tax Administration and Revenue (STAARS) information technology system and invest in improved technology-supported business practices. An additional \$1.5 million in SFRF are proposed for FY2024, for total planned appropriations of \$2.3 million.

The proposal consists of three distinct technology infrastructure initiatives

Initiative	FY2023	FY2024	Total
	Governor	Planned	
STAARS Cloud Migration	\$677,500	\$1,500,000	\$2,177,500
Mail Tracking System	60,000	-	60,000
PCs/External Cameras	12,500	-	12,500
Total	\$750,000	\$1,500,000	\$2,250,000

- **STAARS Cloud Migration:** STAARS launched in 2017 and provides Rhode Island with a modern tax information technology system that centralizes all taxpayer information into one computer database. The system integrates the State's 58 tax categories that, previously, had been siloed on their own mainframes and legacy databases. The advent of this integrated system enabled Taxation to improve the way it is organized around staffing, auditing and discovery, and customer interaction to provide a more reliable, efficient and responsive operation. The Governor proposed spending \$677,500 in FY2023 and another \$1.5 million in FY2024.

According to Taxation, the infrastructure supporting the STAARS integrated tax system is aging and approaching the end of its lifecycle. The proposal includes working with Taxation's long time vendor Revenue Solutions, Inc. (RSI) to migrate the STAARS system to the Azure Government Cloud. According to Taxation, a cloud-based platform allows for scalability, monitoring, support, and security.

- **Mail Tracking System:** According to Taxation, the Division "processes over 3.5 million filings/payments each year and the physical mail received is received, opened, processed, and tracked manually." This labor intensive process can lead to inefficiencies and error. Taxation's goal is to be able to manage each piece of mail and be able to assess a taxpayer's return/ payment in real time.

The Governor proposes to procure and implement a state-of-the-art mail tracking system that will allow Taxation "to allocate necessary resources and track any issues on a real-time basis, which will expedite processing of returns, other filings, and payments, and enhance the ability to interact with individuals/businesses and other taxpayers more efficiently." The Governor proposes spending \$60,000 in total on the project, all in FY2023.

- **PCs/External Cameras:** According to Taxation, the Division has a limited ability to interact with taxpayers either in person, by mail/email, or by phone. The Division does a significant volume of work in-person with taxpayers. Providing efficient, safe, and satisfying customer service during the pandemic proved to be a challenge.

The Governor proposes to purchase 12 personal computers that have integrated external cameras and install them in a newly configured Taxpayer Service Center. The center has 12 confidential meeting places that can provide taxpayers a place to confidentially interact with staff through virtual meeting space. According to Taxation, the additional PCs with external cameras will facilitate a planned reservation/meeting process. The Governor proposes spending \$12,500 in total on the project, all in FY2023.

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

- **U.S. Treasury Eligibility Category:** Revenue replacement
- **Equity Components:**
 - **Population:** "Not applicable"
 - **Awareness:** "Not applicable"
 - **Access and Distribution:** "Not applicable"
 - **Outcomes:** "Not applicable"
- **Performance Metrics:**

- Cloud Migration
 - “There is a detailed project plan being managed and overseen by DoIT, the Division of Taxation, and its vendor, RSI.”
 - “Payments for work performed is based on actual deliverables being completed and independently verified.”
- PC with external cameras and a mail tracking system
 - “Division of Taxation will have to meet all procurement requirements and implement the hardware by collaborating and working with DoIT, on a similar project plan path with a timeline/deliverables/tracking/testing and confirmation of targets/deliverables achieved.”

Adult Use Marijuana Program (restricted receipts)

\$424,522

The Budget includes \$424,522 in new restricted receipt funding to support the personnel and other costs within Taxation associated with the Governor’s proposed Adult Use Marijuana program.

Article 11 of the Budget provides the detailed framework of the Governor’s proposed Adult Use Marijuana initiative. 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 article creates a new adult use marijuana program restricted receipt account, known as the Adult Use Marijuana Trust Fund. The account is established across several agencies, including the Department of Revenue. It is out of this fund that the \$424,522 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 \$50,000 in other unspecified contracted services associated with the program.

Legislature

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	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	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
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.

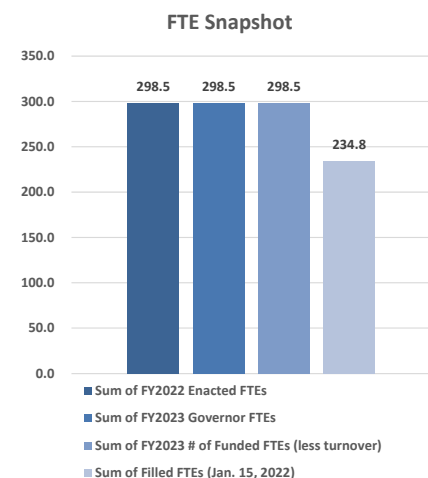
The Rhode Island General Assembly enacts laws, develops state policy, and evaluates programs through the appropriation process. The General Assembly consists of six programs which assist in executing its constitutional role:

- 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 Governor 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 \$7.3 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. The following table shows the increases, by program.

Program	All Funds		General Revenue	
	FY2022	FY2023	FY2022	FY2023
	Revised	Governor	Revised	Governor
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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Lieutenant Governor	\$1.0	\$1.2	\$1.3	\$0.1	6.1%	\$1.4	0.16	13.7%
Expenditures By Source								
General Revenue	\$1.0	\$1.2	\$1.3	\$0.1	6.1%	\$1.4	0.16	13.7%
Federal Funds	0.0	-	-	-	-	-	-	-
Authorized FTE Levels	8.0	8.0	8.0	-	-	8.0	-	-

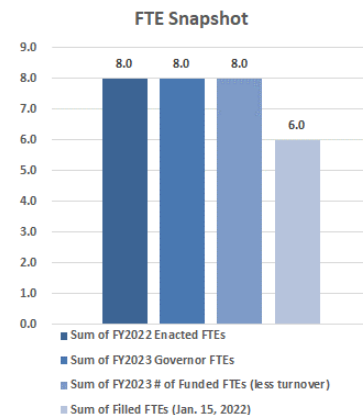
\$ in millions. Totals may vary due to rounding.

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 Supplemental Budget request includes an increase of \$64,193, of which \$45,416 reflects the cost-of-living adjustment (COLA) recently negotiated by the State. The Budget includes \$1.4 million for FY2023, 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
Target and Other Adjustments	4,261
Statewide COLA	62,561
Operating Expenses	50,000
Lt. Governor Salary Adjustment	15,606
Centralized Service Charges	11,979
Contracted Services	10,000
FY2023 Governor	\$1,353,568

Statewide COLA**\$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 use 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.

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 Governor	Change from Enacted		FY2023 Governor	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								
General Revenue	\$12.3	\$9.8	\$10.3	\$0.5	5.1%	\$11.7	\$1.9	19.4%
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	-	-	-	-	-	0.2	0.2	100.0%
Grand 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

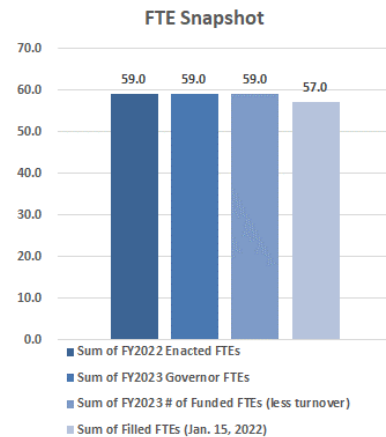
The FY2022 Revised Budget increases by \$489,639 in general revenue (\$860,198 all funds) from the FY2022 Budget as Enacted, primarily as a result of the statewide cost of living adjustment and retention bonus for state employees.

For FY2023, all fund expenditures increase by \$1.9 million, reflecting increases of \$1.9 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 COLA and Bonus	205,199
Secretary of State's Salary Adjustment	15,605
Centralized Services	8,613
FY2023 Governor	\$3,909,383

Statewide COLA **\$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.

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 COLA and Bonus	168,125
Operating Adjustments	100,100
Records Scanning Project	(36,000)
Legal Services	20,000
FY2023 Governor	\$2,687,784

Statewide COLA **\$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 to rebuild the Corporation Program's notary website. The notary public program currently operates as an all paper-based system and 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	FY2023 Governor	Change
Computer Supplies/Software and Equipment	\$2,500	\$70,000	\$67,500
Postage and Postal Services	55,500	70,000	14,500
Office Supplies and Equipment	11,200	17,500	6,300
Printing - Outside Vendors	10,000	15,000	5,000
All Other Adjustments	272,912	279,712	6,800
Total	\$352,112	\$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 Governor	\$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 revenue 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	FY2023 Governor	Change
Software Maintenance Agreements	\$33,700	\$44,796	\$11,096
CUF : Electricity	-	6,700	6,700
Printing - Outside Vendors	3,500	5,500	2,000
All Other Operating Adjustments	117,705	117,955	250
Total	\$154,905	\$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. At present, collections for FY2022 are \$388,000 for the first 8 months. The Office of the Secretary of State projected collections to reach \$570,000 in FY2022 based on real estate trends during the pandemic. The Office decreased the estimate to \$520,000 for FY2023, projecting a decrease in real estate transactions.

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Historic Records Trust	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Enacted	Governor
Collections	\$466,886	\$379,423	\$415,273	\$476,078	\$471,342	\$482,704	\$454,299	\$570,000	\$520,000
Expenditures	470,308	378,549	409,008	413,839	429,350	468,041	471,082	447,148	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
<i>Target and Other Adjustments</i>	<i>41,684</i>
Election Costs	1,238,163
Mail Ballot Equipment	50,000
Statewide COLA and Bonus	42,244
FY2023 Governor	\$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.

Election Costs	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Enacted	FY2022 Governor	FY2023 Governor	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, requests general revenue funding for the scanner and equipment needed to process mail ballots.

Statewide COLA

\$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 Governor	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>
Statewide COLA and Bonus	46,175
FY2023 Governor	\$825,475

Statewide COLA **\$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>
Operating Adjustments	92,025
Statewide COLA and Bonus	26,602
Contract Services	18,000
State House Tours	5,000
FY2023 Governor	\$686,260

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	FY2023 Governor	Change
Software Maintenance Agreements	\$0	\$65,000	\$65,000
RI Government Owner's Manual	4,000	25,000	21,000
All Other Operating Adjustments	126,955	132,980	6,025
Total	\$130,955	\$222,980	\$92,025

Statewide COLA **\$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	Governor	Change	Governor	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

CAPITAL PROJECTS

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

Office of the General Treasurer

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	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%	14.8	1.2	8.7%
Unclaimed Property	1.8	28.9	29.0	0.1	0.4%	29.0	0.1	0.5%
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	\$48.9	\$1.1	2.4%	\$49.4	\$1.6	3.3%

Expenditures By Source	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
General Revenue	\$3.4	\$3.2	\$3.4	\$0.2	5.6%	\$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	44.1	0.9	2.0%	44.4	1.2	2.7%
Other Funds	0.7	0.6	0.7	0.0	0.1	0.7	0.0	7.4%
Grand Total	\$17.5	\$47.8	\$48.9	\$1.1	2.4%	\$49.4	\$1.6	3.3%

Authorized FTE Levels	89.0	89.0	89.0	-	-	90.0	1.0	1.1%
-----------------------	------	------	------	---	---	------	-----	------

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

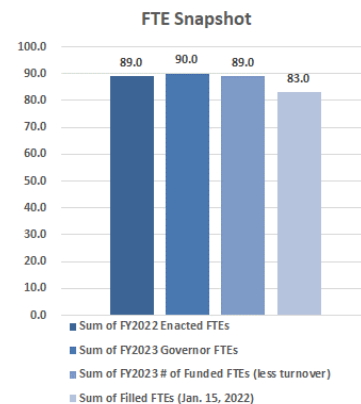
Note: Unclaimed Property restricted receipts were eliminated in FY2021 following GASB 84 rules.

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 \$48.9 million in FY2022, of which \$3.4 million (6.9 percent) is general revenue. This reflects an all fund increase of \$1.1 million from the FY2022 Budget as Enacted. The increase includes \$184,817 in general revenue, \$859,398 in restricted receipts, \$43,854 in federal funds, and \$46,119 in other funds.

The FY2023 Budget includes \$49.4 million, of which \$3.6 million (7.2 percent) is general revenue. This reflects an all funds increase of \$1.6 million from the FY2022 Budget as Enacted. The increase includes \$330,322 in general revenue, \$42,336 in federal funds, \$1.2 million in restricted receipts, and \$47,995 in other funds. The Budget provides 89.0 FTE positions in FY2022 and 90.0 FTE positions in FY2023, reflecting the addition of a 1.0 Retirement Aide in FY2023.



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 COLA and Bonus	132,647
Centralized Service Charges	66,876
General Treasurer Salary Adjustment	11,444
FY2023 Enacted	\$2,709,016

Statewide COLA and Bonus ***\$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 Secretary of State require that, "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 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 COLA and Bonus (restricted receipts)	\$559,285
Operating Adjustments (restricted receipts)	361,601
Contract Service Adjustments (restricted receipts)	(175,000)
Retirement Aide Position (restricted receipts)	78,365
Centralized Service Adjustment (restricted receipts)	56,953

Statewide COLA (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 outside rent 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 Governor	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 has revised the budget request and states that the additional \$100,000 for the rental of outside property is no longer needed for FY2023.

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 Governor	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)

Retirement Aide Position (restricted receipts)***\$78,365***

The Budget adds \$78,365 in restricted receipts for a new 1.0 Retirement aide position to administer the transfer of the Central Falls and West Warwick town retirement plans into the Municipal Employees Retirement System (MERs).

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
Statewide COLA and Bonus (restricted receipts)	\$112,356
Unclaimed Property (restricted receipts)	Informational

Statewide COLA and Bonus (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.

Unclaimed Property – (restricted receipts)***Informational***

The Budget includes restricted receipt expenditures in the Unclaimed Property program that would be removed pursuant to the Governor's Budget Amendments dated March 3, 2022, in 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.

The FY2023 Budget included the restricted receipts as reported by the Office of the General Treasurer, but the Budget only included the impact of GASB 84 in the FY2021 actual expenditures and left the restricted receipts in the FY2022 and FY2023 budgets.

The following table illustrates the expenditure change required implementing GASB 84 as compared to the Governor's proposed budgets.

	FY2021	FY2022	FY2022		FY2023	FY2023	
	Actual	Enacted	Governor		Governor	Governor	
Unclaimed Property			(GBA 2)	GBA Change	(GBA 3)	GBA Change	
Rate Reimbursement Charge	\$0	\$14,200,000	\$0	(\$14,200,000)	\$14,200,000	\$0	(\$14,200,000)
Refunds/Bad Debt	-	13,000,000	-	(13,000,000)	13,000,000	-	(13,000,000)
Unclaimed Property Change in Liability	-	(730,464)	-	730,464	(730,464)	-	730,464
Total	\$0	\$26,469,536	\$0	(\$26,469,536)	\$26,469,536	\$0	(\$26,469,536)

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 COLA and Bonus	36,962
FY2023 Governor	\$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 COLA and Bonus **\$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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Board of Elections	\$3.4	\$2.7	\$2.8	\$0.1	3.7%	\$6.1	\$3.4	125.9%
Expenditures By Source								
General Revenue	\$3.4	\$2.7	\$2.8	\$0.1	3.7%	\$6.1	\$3.4	125.9%
Federal Funds	0.0	-	-	-	-	-	-	-
Total	\$3.4	\$2.7	\$2.8	\$0.1	3.7%	\$6.1	\$3.4	125.9%
Authorized FTE Levels	13.0	13.0	13.0	-	-	13.0	-	-

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

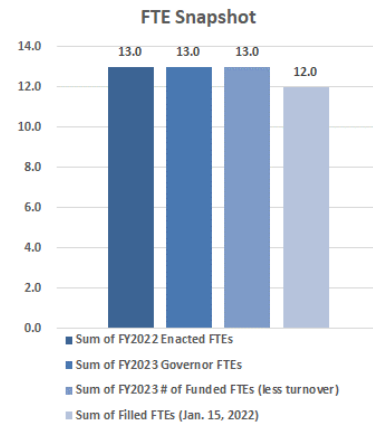
The Board of Elections supervises all elections and state and local referenda. The Board oversees voter registration and public education activities and provides all registration materials used in the State. The Board supervises and monitors the campaign finance activities of candidates, political action 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 \$6.1 million in general revenue, of which is \$3.4 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 COLA and Bonus	133,794
Centralized Services	(33,890)
FY2023 Governor	\$6,126,861

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.

Election Costs	FY2022 Enacted	FY2022 Governor	FY2023 Governor	Change
Public Finance of Elections	\$0	\$0	\$2,700,000	\$2,700,000
Seasonal Staff	21,000	28,000	382,939	361,939
Equipment Delivery	-	-	160,000	160,000
Printing	10,000	10,000	80,000	70,000
Miscellaneous Expenses	40,000	40,000	100,000	60,000
Telecommunication	40,000	40,000	65,000	25,000
Postage	20,000	20,000	30,000	10,000
Total	\$131,000	\$138,000	\$3,517,939	\$3,386,939

Statewide COLA 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.

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.

Ethics Commission

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
RI Ethics Commission	\$1.8	\$1.9	\$2.0	\$0.1	5.4%	\$2.0	0.2	8.6%
Expenditures By Source								
General Revenue	\$1.8	\$1.9	\$2.0	\$0.1	5.4%	\$2.0	0.2	8.6%
Authorized FTE Levels	12.0	12.0	12.0	-	-	12.0	-	-

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

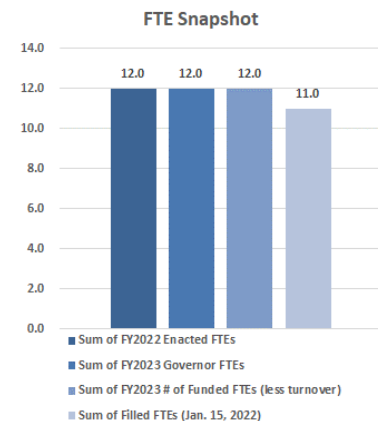
The Rhode Island Ethics Commission is responsible for adopting and disseminating the Rhode Island Code of Ethics, issuing advisory opinions to public officials and employees, enforcing financial disclosure policies and maintaining financial disclosure records, investigating and adjudicating complaints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

MAJOR ISSUES AND TRENDS

The revised budget includes \$2.0 million for FY2022. The revised budget 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 (8.7 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
<i>Target and Other Adjustments</i>	-
Statewide COLA	110,151
Personnel Adjustments	41,274
Centralized Services	10,369
FY2023 Governor	\$2,029,145

Statewide COLA **\$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***\$10,369***

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.

Office of the Governor

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	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	-	-

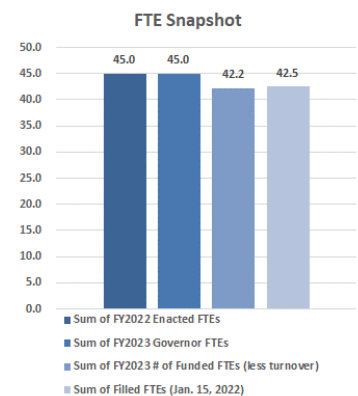
\$ in millions. Totals may vary due to rounding.

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 Revised 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)
Personnel Adjustments	451,060
Centralized Services	31,036
Governor Salary Adjustment	13,671
Contingency Fund	Informational
FY2023 Governor	\$7,152,280

Statewide COLA

\$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.

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. As of January 28, 2022, a total of \$25,919 is spent from the fund leaving a balance of \$124,081. 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	25,919	124,081
FY2023	<i>150,000</i>	-	<i>150,000</i>	-	<i>150,000</i>

Source: Budget Data Tables and RIFANs

FY2022 Expenditures as of January 28, 2022

Italics reflects requested amounts or non-finalized amounts

Rhode Island Commission for Human Rights

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Commission for Human Rights	\$1.7	\$1.9	\$2.0	\$0.1	4.4%	\$2.0	\$0.1	6.7%
Expenditures By Source								
General Revenue	\$1.3	\$1.5	\$1.6	\$0.1	6.8%	\$1.6	\$0.2	10.1%
Federal Funds	0.4	0.4	0.4	(0.0)	-4.0%	0.4	(0.0)	-5.2%
Total	\$1.7	\$1.9	\$2.0	\$0.1	4.4%	\$2.0	\$0.1	6.7%
Authorized FTE Levels	14.5	14.0	14.0	-	-	14.0	-	-
<i>\$ in millions. Totals may vary due to rounding.</i>								

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.

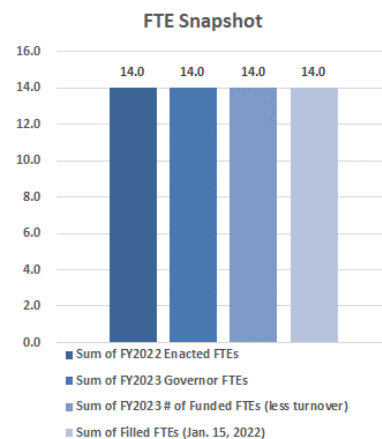
The Commission is reimbursed \$800 for each co-filed employment case processed pursuant to its work-sharing agreement with the federal Equal Employment Opportunities Commission (EEOC). The Commission also receives a reimbursement between \$1,400 and \$3,100 for each co-filed housing case processed pursuant 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 Revised 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 \$2.0 million in all funds, of which \$1.6 million is general revenue and \$408,411 is federal funds, reflecting an increase of \$146,323 in general revenue and a decrease of \$14,007 in federal funds.

The Budget includes 14.0 FTE positions in FY2022 and in FY2023, consistent with the enacted budget.



Commission for Human Rights	General Revenue
FY2022 Enacted	\$1,486,581
Target and Other Adjustments	23,417
Statewide COLA and Bonus	100,105
Centralized Services	22,801
FY2023 Governor	\$1,632,904

Statewide COLA 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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Public Utilities Commission	\$9.2	\$12.4	\$13.7	\$1.3	10.3%	\$13.3	\$0.9	7.1%
Expenditures By Source								
Federal Funds	\$0.2	\$0.5	\$0.5	\$0.0	0.0%	\$0.5	\$0.0	0.0%
Restricted Receipts	9.0	11.9	13.2	1.3	10.7%	12.8	0.9	7.4%
Grand Total	\$9.2	\$12.4	\$13.7	\$1.3	10.3%	\$13.3	\$0.9	7.1%
Authorized FTE Levels	52.0	54.0	54.0	-	-	54.0	-	-

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

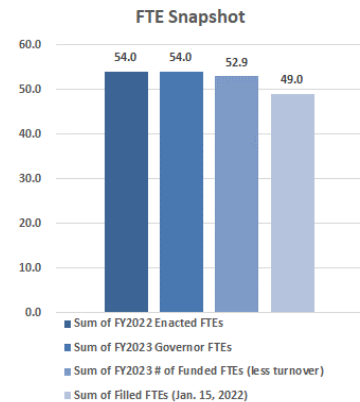
The Public Utilities Commission (PUC) regulates public utilities, Community Antenna Television, common carriers, and major energy facilities; regulates rates; ensures sufficient utility infrastructure to promote economic development; and, cooperates with other states and federal government agencies to 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 Revised Budget provides a total operating budget of \$13.8 million, including \$13.2 million in restricted receipts, and \$566,124 in federal funds. The recommendation represents an increase of \$1.3 million (10.5 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 \$13.3 million, including \$12.8 million in restricted receipts and \$582,689 in federal funds. The Budget reflects an all funds increase of \$953,419 (7.6 percent) compared to the FY2022 Budget as Enacted, and reflects an increase of \$910,983 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. 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
Statewide COLA and Bonus (restricted receipts)	\$564,444
Contracted Legal Services (restricted receipts)	250,000
Centralized Services (restricted receipts)	38,461
Contracted Financial Services (federal Funds)	130,000

Statewide COLA 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)**\$250,000**

The Budget adds \$250,000 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.

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 include \$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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Central Management	\$3.3	\$9.5	\$9.5	(\$0.0)	-0.4%	\$2.4	(\$7.2)	-75.2%
Commerce Programs	1.2	1.6	34.6	33.0	20.6	87.0	85.4	5339.6%
Economic Development Initiatives Fund	63.7	110.7	92.1	(18.5)	-16.7%	51.0	(59.7)	-54.0%
Housing and Community Development	32.9	49.8	99.1	49.3	98.9%	107.7	57.8	116.1%
Quasi-Public Appropriations	12.4	21.1	21.4	0.3	0.0	23.9	2.8	13.3%
Total	\$113.5	\$192.7	\$256.7	\$63.9	33.2%	\$271.9	\$79.2	41.1%

Expenditures By Source	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
General Revenue	\$59.7	\$98.8	\$98.5	(\$0.3)	-0.3%	\$38.1	(\$60.7)	-61.4%
Federal Funds	48.4	79.6	143.7	64.0	80.4%	222.2	142.6	179.1%
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	3.9	(2.7)	-40.6%
Total	\$113.5	\$192.7	\$256.7	\$63.9	33.2%	\$271.9	\$79.2	41.1%

Authorized FTE Levels 16.0 16.0 16.0 0.0 0.0% 21.0 5.0 31.3%

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

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

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

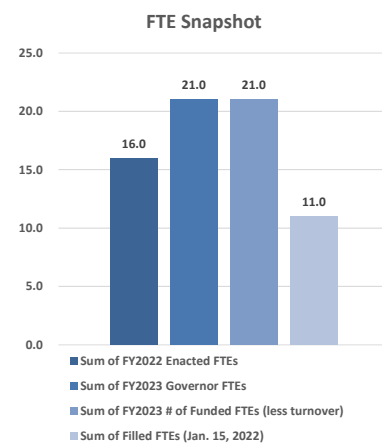
MAJOR ISSUES AND TRENDS

The Budget provides a total of \$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 21.0 in FY2023. As of January 15, 2022, EOC had 11.0 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



\$136.8 million prior to FY2021. The FY2021 Budget includes an additional \$25.1 million and the FY2022 Budget includes \$26.5 million. The following table shows the total appropriations, awards, and remaining balances for each of the incentives:

Incentive	Pre-FY2021	FY2021 Enacted	FY2021 Revised	FY2022 Appropriated To Governor	Appropriated To Date	Awarded to Date	Balance
Rebuild RI	\$82.2	\$22.5	\$52.5	\$13.5	\$134.7	\$207.9	(\$73.2)
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	1.2	1.6	2.4	10.1	4.0	6.1
Small Business Assistance Fund	6.0	-	0.7	0.7	6.6	4.8	1.8
Innovation Initiative	11.5	1.0	1.0	1.0	12.5	8.6	3.9
Main Street RI Streetscape Improvement Fund	3.0	-	-	-	3.0	3.0	-
Air Service Development Fund	2.5	-	-	2.3	2.5	2.5	-
P-Tech	2.5	-	-	-	2.5	1.6	0.9
Industry Cluster Fund	1.6	0.1	-	-	1.6	1.3	0.2
SupplyRI/Small Business Promotion	0.9	0.3	0.3	0.3	1.2	1.0	0.2
Qualified Jobs Tax Incentive	-	-	-	-	-	79.9	(79.9)
Tax Increment Financing	-	-	-	-	-	80.1	(80.1)
Tax Stabilization Agreement Incentive	-	-	-	-	-	0.4	(0.4)
Total	\$161.9	\$25.1	\$56.1	\$20.1	\$218.0	\$423.8	(\$205.8)

\$ in millions

The Governor recommends 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.
- **Rebuild RI Tax Credit Program Changes:** Raises the combined credit and sales tax exemption cap from \$210.0 million to \$225.0 million.
- **Wavemaker Fellowship Program:** Expands the Wavemaker Fellowship Program to explicitly include healthcare practitioners.

ARPA Initiatives

The Governor recommends \$185.4 million in federal American Rescue Plan Act Funds to be programmed and administered by the Executive Office of Commerce in FY2023, and \$579.0 million through FY2026. The following table summarizes the funding by is. sue area. The individual proposed initiatives are detailed within their respective programs analyses below

ARPA State Fiscal Relief Funds and Capital Project Funds							
Category	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Affordable Housing	\$29.0	\$82.0	\$83.0	\$53.5	\$2.5	-	\$250.0
Economic Development	-	20.0	55.0	29.0	1.0	-	105.0
Small Business Assistance	45.0	50.0	6.0	2.5	-	-	103.5
Infrastructure / Climate	-	18.0	42.4	27.0	7.6	-	95.0
Broadband	0.5	15.4	5.2	4.4	-	-	25.5
Total	\$74.5	\$185.4	\$191.5	\$116.4	\$11.1	-	\$579.0

\$ 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 COLA and Bonus	75,708
Centralized Services	40,713
FY2023 Governor	\$2,356,175

Statewide COLA and Bonus **\$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	Governor	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

COMMERCE PROGRAMS

The Budget includes \$4.7 million from general revenues in FY2023 to support Commerce Programs, \$3.1 million more than the FY2022 Enacted level. The Governor recommends \$82.4 million in federal American Rescue Plan Act funds for small business assistance, economic development, and infrastructure initiatives.

Commerce Programs	General Revenue
FY2022 Enacted	\$1,600,000

<i>Target and Other Adjustments</i>	-
Air Service Development Fund	2,250,000
Wavemaker Fellowship	800,000
FY2023 Governor	\$4,650,000

Central Management	Other Fund Changes
ARPA SFRF Initiatives (federal funds)	\$67,000,000
ARPA CPF Broadband (federal funds)	15,383,000

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

The Governor recommends \$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 by airlines for expanding service and that recapitalizing the ASDF will help Rhode Island compete with other regional airports.

Recipient	Date Approved	Incentive Parameters	Funds Disbursed to		Number of New Routes
			Date	Use	
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**\$800,000**

The Governor recommends \$2.4 million in FY2023 for the Stay Invested in Rhode Island Wavemaker Fellowship Fund (Wavemaker), an increase of \$800,000 over 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 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.

Article 9 of the Governor's proposed budget expands the Wavemaker program to include healthcare professionals. According to the Executive Office of Commerce, the expansion is recommended as a strategy to attract and retain healthcare workers at a time when the industry is experiencing significant staffing shortages. The Governor recommends \$800,000 in general revenue in FY2023 for the Healthcare Stay Invested in RI Wavemaker Fellowship Fund. This is to support a planned cohort of 100 healthcare fellows in FY2023. The Governor also recommends \$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)

\$67.0 million

The Governor recommends \$67.0 million in federal SFRF funds to support various small business assistance initiatives in FY2023 and \$217.0 million in total through FY2027.

Initiative	SFRF - Commerce Programs						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
ARPA SFRF: SBA Loan Interest Subsidy	-	\$20.0	-	-	-	-	\$20.0
ARPA SFRF: Small Business Financial and Technical Assistance	32.0	13.0	-	-	-	-	45.0
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: Main Streets Revitalization	-	5.0	-	-	-	-	5.0
ARPA SFRF: Minority Business Accelerator	-	1.5	6.0	2.5	-	-	10.0
ARPA SFRF: Predevelopment and Capacity Building (OHCD)	0.5	0.5	0.5	-	-	-	1.5
ARPA SFRF: Statewide Broadband Planning and Mapping	0.5	-	-	-	-	-	0.5
Total	\$33.0	\$67.0	\$84.5	\$31.5	\$1.0	\$0.0	\$217.0

\$ in millions

ARPA SFRF: SBA Loan Interest Subsidy

The Governor recommends \$20.0 million in federal ARPA State Fiscal Relief Funds in FY2023 to assist small businesses in accessing capital. According to the EOC, small businesses and entrepreneurs face many barriers in accessing capital. Bank underwriting requirements, loan size limitations, and the need for significant collateral often put mainstream lending sources out of reach.

Source	SBA Loan Interest Subsidy						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
ARPA SFRF	-	\$20.0	-	-	-	-	\$20.0
Total	-	\$20.0	-	-	-	-	\$20.0

\$ in millions

■ **Existing Small Business Capital Programming**

Rhode Island has a handful of long-standing programs designed to address these barriers. The Commerce Corporation's Small Business Assistance Program partners with community lenders that service loans to some of the State's smallest businesses. The Corporation's Small Business Loan Fund provides loans for working capital and the acquisition of land and equipment. A more recent program authorized by the General Assembly in 2019, is the Small Business Development Fund which involves the creation of multiple private capital funds for the purpose of investing in small, Rhode Island-based businesses.

In addition to these State specific programs, Rhode Island small businesses have always been able to avail themselves of “access to capital” services of the U.S. Small Business Administration (SBA). The most common SBA lending program is known as the 7(a) program (named after the authorizing section of the federal Small Business Act of 1953). Under this program the SBA does not directly lend money to small businesses, but rather partners with an SBA-approved lender. Business owner’s first connect with an SBA-approved lender and then initiate the 7(a) loan process. Most SBA 7(a) loans allow businesses to borrow up to \$5.0 million. The SBA will guarantee 85.0 percent of loans up to \$150,000 and 75.0 percent of loans greater than \$150,000. Interest rates on the loans are based on the prime rate, the size of the loan, and the maturity of the loan. The maximum length of the loan is 25 years for real estate and seven years for working capital.

▪ **Pandemic-Related Small Business Support**

The governmental response to the devastating impact that the pandemic has had on Rhode Island’s businesses has been significant. Congress enacted six separate pieces of federal legislation with sweeping relief programming and funds, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Paycheck Protection Program and Healthcare Enhancement Act in 2020, and the American Rescue Plan Act in 2021. Nearly \$4.6 billion in various business supports have been made available in FY2021 and FY2022. In FY2022, the General Assembly appropriated \$6.8 million in federal ARPA funds 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. The General Assembly also appropriated \$56.2 million in federal ARPA funding from the U.S. Treasury’s State Small Business Credit Initiative (SSBCI) grant. The program provides small businesses credit and investment support. SSBCI funds may be used to support include capital access programs, loan participation, loan guarantee, collateral support, and venture equity programs. The following table summarizes the pandemic-related small business support.

Relief Program	Lead Agency	FY2021	FY2022
Paycheck Protection Program	SBA	\$2,906.1	-
Economic Injury Disaster Loan	SBA	1,332.2	-
Restaurant Revitalization Fund	SBA	106.4	-
Shuttered Venue Program	SBA	30.4	-
Restore RI/HArT/SBG	CommerceRI	112.1	-
State Small Business Credit Initiative	CommerceRI	-	57.5
Business Interruption Grants Program	CommerceRI	45.4	-
Economic Adjustment Assistance	CommerceRI	-	6.8
Total		\$4,532.6	\$64.3

\$ in millions

▪ **State Fiscal Relief Fund Proposal**

The Governor recommends ARPA SFRF funding to provide small businesses low-cost capital financing and working capital. According to the EOC, funds would be made available through grants or loans to support direct payments, lines of credit, loan insurance, and other lending supports.

Analyst Note: According to the proposal documentation from EOC, “Resources deployed as loans would be reviewed after 18 months, at which time Commerce would make a determination as to whether loans would be converted to grants or “redeployed towards another SFRF eligible use”. EOC suggests that the criteria for such a determination might be related to agreed upon benchmarks being met.

The proposed program would primarily work in conjunction with the SBA 7a program thereby maximizing the use of multiple resources. As noted above, SBA’s 7a program works by guaranteeing 75.0 percent to 85.0 percent of a loan, depending on its size. Under the proposed program, ARPA funds would be used to cover the remaining 15.0 to 25.0 percent. According to Commerce, this program

would “help stretch our lending partners’ capital so they can make more loans while also reducing the lender’s risk and mitigating the need for increased collateral.”

Assuming 25.0 percent of loan capital would be contributed from this program, EOC anticipates that approximately 250 loans could be made from the \$20.0 million program if the average loan size were \$310,000 (the average SBA 7a loan size between 2018 and 2021).

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “Rhode Island’s small business community has been significantly impacted by the global pandemic. According to the U.S. Census Bureau’s Small Business Pulse Survey, 71.6 percent of Rhode Island small businesses experienced either a moderate or large negative effect from COVID-19 for the week ending December 26, 2021 (link). There is also considerable research showing that minority-owned businesses were disproportionately impacted by the global pandemic. As the Federal Reserve Bank of Cleveland noted in an October 2020 study, “minority-owned small businesses have been disproportionately impacted by the pandemic, facing higher rates of closures and sharper declines in cash balances as compared to nonminority-owned small businesses” (link). This initiative will have strategic approach to engaging minority-owned small businesses in Rhode Island to ensure that they sufficient access to the services provided through this program.”
 - **Awareness:** “Commerce will direct sufficient resources to raise awareness of this initiative and other programming, with an emphasis on engaging Rhode Island’s minority-owned business community through intermediaries and other strategies.”
 - **Access and Distribution:** “In addition to its outreach efforts, Commerce will structure this programming in a manner that reduces barriers to access these financial, technical, and other forms of assistance.”
 - **Outcomes:** “This initiative will place a strong emphasis on providing financial, technical, and other forms of assistance to minority-owned businesses—particularly given the disproportionate impacts these businesses have faced throughout the COVID-19 economic downturn. Commerce will evaluate this initiative’s success using several metrics, which will include the number of minority-owned businesses supported.”
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects.

“Performance metrics for this program may include the following:

 - “Federal dollars disbursed (statewide and by municipality)”
 - “Number of projects funded (statewide, by municipality, by type, by sector)”
 - “Number of municipalities engaged in this initiative”
 - “Number of jobs created or retained (as available)”
 - “Number of Rhode Island businesses (including the number and percent of women- and minority-owned businesses) supported or assisted.”
 - “This initiative will be evaluated annually at a minimum”

ARPA SFRF: Small Business Financial and Technical Assistance

The Governor's budget amendment recommends \$13.0 million of federal SFRF to provide assistance to small businesses and impacted industries through direct grants and technical assistance.

Small Business Financial and Technical Assistance							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	32.0	\$13.0	-	-	-	-	\$45.0
Total	\$32.0	\$13.0	-	-	-	-	\$45.0

\$ in millions

The governmental response to the devastating impact that the pandemic has had on Rhode Island's businesses has been significant. Congress enacted six separate pieces of federal legislation with sweeping relief programming and funds, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Paycheck Protection Program and Healthcare Enhancement Act in 2020, and the American Rescue Plan Act (ARPA) in 2021. Nearly \$4.6 billion in various business supports had been made available in FY2021 and FY2022.

Relief Program	Lead Agency	FY2021	FY2022
Paycheck Protection Program	SBA	\$2,906.1	-
Economic Injury Disaster Loan	SBA	1,332.2	-
Restaurant Revitalization Fund	SBA	106.4	-
Shuttered Venue Program	SBA	30.4	-
Restore RI/HArT/SBG	CommerceRI	112.1	-
State Small Business Credit Initiative	CommerceRI	-	57.5
Business Interruption Grants Program	CommerceRI	45.4	-
Economic Adjustment Assistance	CommerceRI	-	6.8
Total		\$4,532.6	\$64.3

\$ in millions

▪ Small Business Administration (SBA) Programming

- **Paycheck Protection Program:** The Paycheck Protection Program (PPP) was a small business loan program created by Congress in the CARES Act in March 2020. Small businesses could receive loans equal to their monthly average payroll cost in the year before the pandemic, multiplied by 2.5, up to a maximum of \$2.0 million. At least 60.0 percent of a PPP loan had to be used to fund payroll and employee benefits costs and under certain conditions loans could be forgiven. Rhode Island businesses received \$2.9 billion in PPP loans.
- **Economic Injury Disaster Loan Program:** The Economic Injury Disaster Loan Program (EIDL) is the SBA's standing program to provide relief to businesses affected by an officially-designated disaster. The program provides up to \$2.0 million in assistance for eligible businesses. Repayment terms determined are based on the businesses ability to repay. Rates cannot exceed 4.0 percent and length cannot exceed 30 years. Rhode Island businesses have received \$1.3 billion in EIDL loans.
- **Restaurant Revitalization Fund:** ARPA established the Restaurant Revitalization Fund (RRF) to provide funding to help restaurants and other eligible businesses keep their doors open. The program provides restaurants with funding equal to their pandemic-related revenue loss up to \$10.0 million per business and no more than \$5.0 million per physical location. Rhode Island businesses received \$106.4 million from the RRF.
- **Shuttered Venue Program:** The Shuttered Venue Program (SVP) was an SBA program that provided grants for venue operators, promoters, live-events producers, and museums that were sidelined by the pandemic. Rhode Island businesses received \$30.4 million from the program.

▪ Commerce RI Programming

- **Restore RI /HArT/SBG:** In FY2021, the EOC and the Rhode Island Commerce Corporation (Commerce RI) administered the CARES Act funded Restore RI, the Hospitality, Arts, and Tourism Grant (HArT), and the Small Business Grants (SBG) programs. Restore RI provided grants up to \$30,000 to assist small businesses with repositioning efforts in a pandemic business climate, financial planning assistance, receivership assistance, training and technical assistance, remote work capabilities, and other non-profit relief. The HArT program provided grants to prevent preventing the closure of arts, culture, hospitality and tourism businesses and institutions. The SBG was a Governor’s initiative to provide grants businesses with less than \$1.0 million in revenues. Total funding for the programs in FY2021 was \$112.1 million.
- **Small Business Credit Initiative:** The ARPA provided the State with \$57.5 million in federal in FY2022 from the U.S. Treasury’s State Small Business Credit Initiative (SSBCI) grant. The grant provides small business credit support and investment programs, which the Executive Office of Commerce will administer.
- **Business Interruption and Relief Grants:** Business Interruption grants, funded with \$45.4 million in CARES Act fund, provided grants of up to \$30,000 to assist firms in covering expenses necessary for reopening and operating in a business environment changed by the pandemic, including personal protective equipment and physical alterations.
- **EAA Revolving Loan Fund:** The Budget includes \$6.8 million in federal 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.
- **State Fiscal Relief Fund Proposal**

The Governor recommends \$13.0 million in federal SRRF funding in FY2023 to assist small businesses recover from the pandemic. This is in addition to the \$32.0 million appropriated by the General Assembly in December 2021, for FY2022, for a total of \$45.0 million.

According to EOC, the component programs are all based on previous business relief programs during the pandemic. These include Small Business Relief Grant Program and Restore RI (Business Interruption and Relief grants) and other direct financial assistance programs; the Take It Outside initiative that funded public health adaptations for businesses; and the technical assistance supports that have been built into these prior programs.

The programs will be administered by the Commerce Corporation and will follow the processes of the previous programs.

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
- **Population:** “Rhode Island’s small business community has been significantly impacted by the global pandemic. According to the U.S. Census Bureau’s Small Business Pulse Survey, 71.6 percent of Rhode Island small businesses experienced either a moderate or large negative effect from COVID-19 for the week ending December 26, 2021 (link). There is also considerable research showing that minority-owned businesses were disproportionately impacted by the global pandemic. As the Federal Reserve Bank of Cleveland noted in an October 2020 study, “minority-owned small businesses have been disproportionately impacted by the pandemic, facing higher rates of closures and sharper declines in cash balances as compared to nonminority-owned small businesses” (link). This initiative will have a strategic approach to engaging minority-owned small businesses in

Rhode Island to ensure that they have sufficient access to the supports provided through this program.”

- **Awareness:** “Commerce will direct sufficient resources to raise awareness of this initiative and other programming, with an emphasis on engaging Rhode Island’s minority-owned business community through intermediaries and other strategies.”
- **Access and Distribution:** “In addition to its outreach efforts, Commerce will structure this programming in a manner that reduces barriers to access these financial, technical, and other forms of assistance.”
- **Outcomes:** “This initiative will place a strong emphasis on providing financial, technical, and other forms of assistance to minority-owned businesses—particularly given the disproportionate impacts these businesses have faced throughout the COVID-19 economic downturn. Commerce will evaluate this initiative’s success using several metrics, which will include the number of minority-owned businesses supported.”
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects.

“Performance metrics for this program may include the following:”

 - “Federal dollars disbursed (statewide and by municipality)”
 - “Number of projects funded (statewide, by municipality, by type, by sector)”
 - “Number of Rhode Island businesses (including the number and percent of women- and minority-owned businesses) supported or assisted.”
 - “This initiative will be evaluated annually at a minimum.”

ARPA SFRF: South Quay Marine Terminal

The Governor recommends \$12.0 million in federal ARPA State Fiscal Relief Funds in FY2023, and \$35.0 million in total through FY2026, 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 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.”

- **State Fiscal Relief Fund Proposal**

The Governor recommends ARPA SFRF funding 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 Governor recommends \$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 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.

	South Quay						
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
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.

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:**
 - **Population:** SQMT’s personnel policies and practices are designed to provide equal opportunity for all persons. A policy of non-discrimination by itself, however, is not sufficient to erase the effects of the past. The goal is to achieve the equitable participation of Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, non-binary and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.

SQMT celebrates the diversity of our community and remains dedicated to affirmative actions, policies, procedure, and attitudes necessary to continue to build and retain a workforce that is reflective of the community that we are here to serve.

In addition, SQMT has made a commitment to help fund education and training programs specifically for people adversely affected by persistent poverty and inequality. In our comprehensive approach, we are planning to advance equity for all people of color and others who have been underserved and marginalized.

One such program that we have helped fund is Community Boating Center (CBC) a 501(c)3 non-profit founded in 1994 and gaining national attention in youth and young adult STEM (Science, Technology, Engineering, Math) initiatives. CBC, adjacent to SQMT, integrates sailing and paddling initiatives in the Providence Harbor for at-risk, public and charter school students with environmental stewardship and STEM lessons to supplement education gaps in the Providence and East Providence area. SQMT contributes directly to CBC’s “Sailorship” scholarship program which allows low to moderate-income students from different cultures and backgrounds to attend sailing and paddling lessons at CBC.

CBC strives to inform students about global climate change issues impacting local waters. Since all CBC STEM learning is done on the water, adjacent to SQMT, a perfect opportunity evolved to support CBC efforts to experientially teach their diverse student population about related environmental issues; from climate change to wind power. In partnership with CBC, students can paddle to SQMT for site visits and learn directly from offshore wind project managers and port managers about careers in the new booming US industry of offshore wind.

CBC’s programs help prevent summer learning loss, extend the learning day with supplemental education, and equip students with STEM and environmental learning competencies vital to educational and career success. For example, in session 1, students define wind scientifically and construct anemometers to measure wind speed, collect data, and compare wind velocity in different locations. A dedicated “Wind Power” learning module also helps to inspire environmental stewardship and foster clean energy education.

We are planning to build a solid foundation for synergistic future success in community engagement. Additionally, CBC’s nationally recognized work in STEM and environmental programming touches thousands of public and charter school students providing future

opportunities for site visits, education and engaged activity outreach to a wide network of well-established partners.

- **Awareness:** While there are not specific services provided under this project, as noted otherwise herein, the SQMT will create well-paying jobs and utilize the local skilled workforce.
- **Access and Distribution:** While the construction and implementation of the SQMT will benefit and utilize the local skilled labor force, once the port is operational the benefits will be accessed by the entire local community as well as a large part of the regional community. These benefits will be realized by revenue generation provided to the City as part of Operations which can be reinvested in the community. Another significant benefit comes from the support of developing clean, renewable energy through offshore wind. This will benefit all electricity users by providing reliable, non-fossil fuel based power, which will also help to counteract climate change, which disproportionately affects those of lower income.
- **Outcomes:** The SQMT commits to providing access and priority to involving the local community in the development of the project. There will be local workforce participation and apprenticeship programs developed in partnerships with the contractors and trade unions.
- **Performance Metrics:** These projects activity will be tracked with the following metrics
 - Project Delivery – Tracking schedule and timeline for finishing the project
 - Project Budget – Tracking expenditures against projected budgeted
 - Workforce Participation – Logging use of local working and talent
 - Project Operations - Tracking project revenues versus projections for port operations

ARPA SFRF: Blue Economy Investments

The Governor recommends \$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. These funds are envisioned to be matching funds for future federal funding under the Build Back Better Regional Challenge Program.

Source	Blue Economy Investments						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
ARPA SFRF	-	\$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, the 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.

▪ **State Fiscal Recovery Fund Proposal**

The Governor recommends investing \$70.0 million SFRF funds over the next three years into the following projects:

Analyst Note: A financial breakdown by project has been requested of EOC, but not yet received.

- **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 Governor recommends 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 Governor recommends new investments in Real Jobs RI to scale 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 Governor recommends two projects that support 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. The latter project is an extension of the South Quay Marine Terminal which the Governor separately recommends \$35.0 million of SFRF funds.
- **Aquaculture, Fisheries, and Seafood Technology:** The Governor recommends using SFRF funds to 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.
- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “This Blue Economy proposal would benefit a broad range of individuals, businesses, and communities. As examples, (1) the creation of new jobs will create employment opportunities for COVID-impacted workers, especially those from disadvantaged communities and in traditionally low-wage jobs in the tourism and recreation industries; and (2) major infrastructure projects will create procurement and other business opportunities for COVID-impacted businesses, including small businesses and minority-owned businesses. Black and

- Hispanic Rhode Islanders disproportionately reside in urban centers, which are frequently located alongside bodies of water (once fueling the industrial revolution), but access to opportunities associated with the water remains limited. In addition, the State boasts one of the largest communities of Cape Verdeans and Portuguese Americans in the US, who live in areas that are water-adjacent but have also been historically excluded from the benefits of Rhode Island's Blue Economy. We plan to collaborate with communities, nonprofits, higher education institutions, and local governments to craft strategic equity strategies. We will measure success based on significantly increased access to economic opportunity and wealth creation in these communities.”
- **Awareness:** “This initiative will prioritize raising awareness throughout Rhode Island—especially among underserved groups and underrepresented communities. As an example, SupplyRI can serve as an intermediary to connect small businesses with procurement opportunities.”
 - **Access and Distribution:** “This proposal aims to create high-paying jobs across the advanced sub-industries of the Blue Economy, which have historically been less accessible to racial minorities and women, building on RI’s existing unique workforce programs. This proposal also aims to create a range of business opportunities through major infrastructure investments. Outreach and technical assistance will play a central role in expanding access to job and business opportunities.”
 - **Outcomes:** “The intended equity-related outcomes are: (1) to increase access to and the number of jobs in higher paying occupations and resilient industries, especially for members of underserved communities; (2) to increase procurement and other business opportunities for women- and minority-owned businesses; and (3) to direct infrastructure and other investments in underserved communities that will benefit from these transformative economic development initiatives.”
 - **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects

“Commerce will continue to report on our targeted state metrics annually, ensuring continuity of success tracking over time. Success metrics may include: “

 - “Federal, state, local, and private dollars disbursed (statewide and by municipality)”
 - “Amount of additional public and private funds leveraged”
 - “Pace of funds disbursement”
 - “Number of projects funded (statewide, by municipality, by type, by sector)”
 - “Number of municipalities engaged in this initiative”
 - “Number of jobs created (both direct and indirect)”
 - “Number of Rhode Island businesses (including small and minority-owned businesses) assisted or hired to support these infrastructure investments”
 - “Quantity and quality of stakeholder engagement (e.g., selection process, municipal/industry/stakeholder surveys)”
 - “Administrative costs as a percent of total program costs”

ARPA SFRF: Bioscience Investments

The Governor recommends \$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.

Source	Bioscience Investment						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
ARPA SFRF	-	\$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:** The Governor recommends up to \$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:** The Governor recommends up to \$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:** The Governor recommends up to \$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:** The Governor recommends \$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.

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “A life sciences initiative would benefit a broad range of individuals, businesses, and communities. As examples, (1) the creation of new jobs will create employment opportunities for COVID-impacted workers; (2) major infrastructure/construction projects will create procurement and other business opportunities for COVID-impacted businesses, including small businesses and minority-owned businesses; and (3) COVID-impacted communities will benefit from the increased economic activity associated with these major investments.”
 - **Awareness:** “This initiative will prioritize raising awareness throughout Rhode Island—especially among underserved groups and underrepresented communities. As an example, SupplyRI can serve as an intermediary to connect small businesses with procurement opportunities associated with these major investments. “
 - **Access and Distribution:** “This proposal also aims to create a range of business opportunities through major investments in the life sciences sector. Outreach and technical assistance will play a central role in expanding access to job and business opportunities associated with these investments.”

- **Outcomes:** “This initiative will be structured and will be evaluated with a key goal of having equitable outcomes— particularly as it relates to job creation, procurement opportunities, and the communities in which these investments are made.”
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects
 - “Commerce will report on targeted state metrics annually, ensuring continuity of success tracking over time. Success metrics may include:”
 - “Federal, state, local, and private dollars disbursed (statewide and by municipality)”
 - “Amount of additional public and private funds leveraged”
 - “Pace of funds disbursement”
 - “Number of projects funded (statewide, by municipality, by type, by sector)”
 - “Number of municipalities engaged in this initiative”
 - “Number of jobs created (both direct and indirect)”
 - “Number of life sciences businesses formed”
 - “Number of Rhode Island businesses (including small and minority-owned businesses) assisted or hired to support these infrastructure investments”
 - “Quantity and quality of stakeholder engagement (e.g., selection process, municipal/industry/stakeholder surveys)”
 - “Administrative costs as a percent of total program costs”

ARPA SFRF: Main Street Revitalization

The Governor recommends a total of \$5.0 million of federal SFRF funds in FY2023 to support State’s Main Street RI Streetscape Program. The program was established by the General Assembly in FY2016 to provide 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. Between 2016 and 2018, 24 awards across 17 municipalities were made totaling \$2.8 million (combined projects costs totaled \$6.9 million). The program has not received additional appropriations since FY2019.

In FY2022, the General Assembly appropriated \$3.0 million in ARPA SFRF to support similar investments in main street improvements; maintenance and improvements to public parks, plazas, and recreational areas; public art installations; and improved event venues. This new programming was implemented in response to the pandemic and emphasizes “placemaking” activities. According to EOC, COVID-Safe programming includes support for existing “catalytic” events (such as local outdoor festivals) and new events (such as outdoor performances, online programming, and outdoor food festivals).

▪ **State Fiscal Relief Fund Proposal**

According to the EOC, \$4.5 million of the 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.

- **Funding:** The Governor recommends a total of \$5.0 million in federal SFRF funding in FY2023 for the Main Streets Revitalization program.

Main Street Streetscapes Revitalization							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	-	\$5.0	-	-	-	-	\$5.0
Total	-	\$5.0	-	-	-	-	\$5.0

\$ in millions

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “Rhode Island’s small business community has been significantly impacted by the global pandemic. According to the U.S. Census Bureau’s Small Business Pulse Survey, 71.6 percent of Rhode Island small businesses experienced either a moderate or large negative effect from COVID-19 for the week ending December 26, 2021 (link). There is also considerable research showing that minority-owned businesses were disproportionately impacted by the global pandemic. As the Federal Reserve Bank of Cleveland noted in an October 2020 study, “minority-owned small businesses have been disproportionately impacted by the pandemic, facing higher rates of closures and sharper declines in cash balances as compared to nonminority-owned small businesses” (link). This initiative will support these small and minority-owned businesses as well as downtown districts that have been disproportionately impacted by the pandemic. In selecting municipalities for this program, Commerce will focus on ensuring that communities with a high minority and low-income population receive strong consideration for funding.”
 - **Awareness:** “Commerce will raise awareness of this initiative and other programming, with an emphasis on engaging Rhode Island’s municipalities that have high minority and low-income populations through intermediaries and other strategies.”
 - **Access and Distribution:** “In addition to its outreach efforts, Commerce will structure this programming in a manner that reduces barriers to access. For instance, Commerce will consider reducing match requirements for projects in lower income communities.”
 - **Outcomes:** “This initiative will place a strong emphasis on providing funding to projects in communities with high minority populations —particularly given the disproportionate impacts businesses in these communities have faced throughout the COVID-19 economic downturn. Commerce will evaluate this initiative’s success using several metrics, which will include the number of low-income and disadvantaged communities supported.”
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects
 - “Performance metrics for this program may include the following:”
 - “Federal dollars disbursed (statewide and by municipality)”
 - “Number of projects funded (statewide, by municipality, by type, by sector)”
 - “Number of Rhode Island businesses (including the number and percent of women- and minority-owned businesses) supported or assisted.”
 - “This initiative will be evaluated annually at a minimum.”

ARPA SFRF: Minority Business Accelerator

The Governor recommends \$1.5 million of federal SFRF funds in FY2023, and \$10.0 million in total through FY2025 to advance minority businesses across the state.

Minority Business Accelerator							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	-	\$1.5	\$6.0	\$2.5	-	-	\$10.0
Total	-	\$1.5	\$6.0	\$2.5	-	-	\$10.0

\$ 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. These recommendations informed the Governor's SFRF Minority Business Accelerator proposal.

▪ **State Fiscal Relief Fund Proposal**

The initiative includes a \$4.5 million for technical and grant assistance, \$3.5 million investment to build out physical space for a minority business support center and the provision of other infrastructure for minority entrepreneurs. \$1.0 million in loan assistance, \$500,000 for administration, and \$500,000 for 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".

Minority Business Accelerator Elements	
Technical and Direct Assistance	\$4.5
Physical Space	3.5
Loan Capital	1.0
Program implementation and compliance	0.5
Planning and capacity building	0.5
Total	\$10.0

\$ in millions

Specifically, the program components include:

▪ **Technical and Direct Assistance:**

- Provide no-cost management, accounting, and other financial assistance for entrepreneurs and small businesses in partnership with intermediaries.
- Provide entrepreneurship training in collaboration with CCRI, RIC, other credentialing entities
- Provide technology and business solutions (e.g., point of sale systems) to increase the capacity of minority-owned businesses.

- Provide COVID-impacted MBEs with grants to implement adaptation business strategies.
- Outreach, translation, and implementation support for technical and direct assistance efforts.
- Investment in coalitions, alliances, and intermediaries that support MBEs.
- **Physical Space:** Pay for the securing and build-out of a physical space to host these MBE efforts.
- **Loan Capital:** Improve MBE access to capital by providing low-interest loans
- **Program implementation and compliance:** Provide for administration costs including \$250,000 to support 1.0 FTE position to implement the program over 2.5 years and another \$250,000 for additional costs.
- **Planning and capacity building:** Pay for costs associated with program development, capacity building, and facility planning.

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

- **U.S. Treasury Eligibility Category:** Negative Economic Impact
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “The primary focus and objective of this initiative is to address historical and current inequities in business ownership in Rhode Island. There is ample data to support the finding that minority-owned businesses and communities of color are historically underserved, marginalized, and adversely affected by economic downturns. As examples:”
 - “Whereas Rhode Island’s Black or African American residents comprise 5.0 percent of the population, Black- or African American-owned firms represent a mere 1.3 percent of all firms in the state. Similarly, while Hispanic residents comprise 16.6 percent of Rhode Island’s population, Hispanic-owned firms represent only 2.4 percent of all firms. (Source: US Census data for 2012 and 2019).”
 - “The Rhode Island Office of Diversity, Equity, and Opportunity’s recent Disparity Study underscores the unequal access that minority-owned businesses have to procurement opportunities with the state (link), highlighting the substantial progress Rhode Island needs to make in advancing a more inclusive and equitable landscape for business ownership. A number of recent reports make clear that minority-owned businesses were disproportionately impacted by the global pandemic.”
 - “As the Federal Reserve Bank of Cleveland concluded in an October 2020 report, ‘data suggest that minority-owned small businesses have been disproportionately impacted by the pandemic, facing higher rates of closures and sharper declines in cash balances as compared to nonminority-owned small businesses’ (link).”
 - **Awareness:** “A successful minority business support initiative relies upon ongoing and extensive outreach to historically underserved, marginalized, and adversely affected individuals and communities. Outreach and strategic partnerships with existing intermediaries will play a central role throughout this initiative.”
 - **Access and Distribution:** “A successful minority business support initiative relies upon ongoing and extensive outreach to historically underserved, marginalized, and adversely affected individuals and communities. Outreach and strategic partnerships with existing intermediaries will play a central role throughout this initiative. Additionally, programs will be designed to reduce barriers to accessing supports.”

- **Outcomes:** “Yes. The primary goals and outcomes of this initiative center around reducing barriers, expanding access, and closing historical gaps in business ownership across Rhode Island. Commerce will closely evaluate: (1) the programmatic accomplishments directly related to achieving these equity-related goals and (2) the overarching success in increasing minority-business ownership across Rhode Island (as further detailed in the Performance Metrics section).”
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects

“The following metrics will be used to measure the program’s success in advancing a more inclusive, dynamic, and equitable economy that provides entrepreneurial, business ownership, and wealth building opportunities to a broader range of Rhode Islanders.”

- “Number of minority-owned businesses and entrepreneurs served through this programming”
- “Amount of funds directed to minority-owned businesses and entrepreneurs served through this programming”
- “Number of minority-owned businesses in Rhode Island”
- “Percent of Rhode Island businesses that are minority-owned”
- “Number of employees employed by minority-owned businesses in Rhode Island”
- “Percent of employees employed by minority-owned businesses in Rhode Island”
- “Number of state procurement contracts and amount of procurement dollars secured by minority-owned businesses”
- “Percent of state procurement contracts and procurement dollars secured by minority-owned businesses”

ARPA SFRF: Predevelopment and Capacity Building (OHCD)

The Governor recommends a total of \$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	Total
ARPA SFRF	0.5	\$0.5	0.5	-	-	-	\$1.5
Total	\$0.5	\$0.5	\$0.5	-	-	-	\$1.5

\$ in millions

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 to 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.

▪ **State Fiscal Relief Fund Proposal**

The Governor recommends \$500,000 in federal SFRF in FY2022 to initially fund 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.”

The Governor further recommends using the funds 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.

According to the EOC, “this work will transition to 5 new designated FTEs, contingent on General Assembly approval. Such FTEs are not expected to be contracted until Q2-3 of FY23 as the hiring process and onboarding will take 2-6 months depending on the job market and the specialization of each position”.

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “N/A”
 - **Awareness:** “N/A”
 - **Access and Distribution:** “N/A”
 - **Outcomes:** “N/A”
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects

“The metrics for this initiative are directly tied to the success of the other SFRF programs. There is no baseline as the programs proposed under SFRF have not been implemented. “

ARPA SFRF: Statewide Broadband Planning and Mapping

The proposed FY2022 Revised Budget retains the \$500,000 in federal State Fiscal Recovery Funds (SFRF) that the General Assembly appropriated in December 2021 to support the planning and development of broadband infrastructure across the State.

Statewide Broadband Planning and Mapping							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	\$0.5	-	-	-	-	-	\$0.5
Total	\$0.5	-	-	-	-	-	\$0.5

\$ in millions

According to the EOC, it is currently estimated that 45.0 percent of Rhode Islanders live in areas that do not have access to internet infrastructure that meets the federal standard for download and upload speeds. However, additional detail and work is needed to ensure that the State has accurate maps that provide the depth of analysis (down to the individual street level) to refine the State's understanding of infrastructure gaps.

▪ **State Fiscal Relief Fund Proposal**

According to the EOC, the Governor’s proposal to support broadband infrastructure in Rhode Island would accomplish several important objectives,

- **Mapping:** A portion of the funding request would enable the State to complete additional and targeted broadband mapping needed to develop strategic implementation plans.
- **Planning:** The proposal would fund the development of the strategic implementation plans broadband strategic plans, which are needed to best deploy anticipated federal funds.
- **Staff:** The funding would also provide personnel costs to support one additional staff member within the EOC to lead statewide broadband coordination.

According to the EOC, the proposal is primarily targeted for up-front planning, which is a one-time cost, additional out-year spending will be needed to engage in last-mile infrastructure projects and ensure reliable, high-speed internet for more people in Rhode Island. Statewide broadband coordination costs of approximately \$200,000 annually are expected to continue.

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “According to the EOC, the State plans to work to identify the specific areas in the state without sufficient internet access and strategize efficient, affordable, and future-proof mechanisms to ensuring that access. According to EOC, preliminary data show that those who lack access presently are a) our smallest businesses and lower-income residents, for whom internet is often cost-prohibitive and b) those who live in areas of the state that have historically not had access to reliable, high-speed internet. The proposal suggests that additional funding beyond FY2023 could target infrastructure projects that serve these historically underserved groups. These efforts will be targeted and based on broadband speed test data showing speeds less than the federal minimum requirement as well as American Community Survey and other survey data on households reporting lack of access to devices or connectivity.”
 - **Awareness:** “The State plans to work with those who represent publicly assisted housing, older adults, school districts, libraries, small and micro businesses, and others who support various resident and business stakeholders to ensure the widest input on perceived needs around broadband in the state.”
 - **Access and Distribution:** “Federal guidance requires efforts to target those who are not reliably served by minimum thresholds of broadband internet access and also sets minimum thresholds for any funded infrastructure project. The State plans to work to ensure that those areas identified for targeted interventions have low barriers to entry for utilization of improved network speeds”
 - **Outcomes:** “The proposal does not include specific equity outcomes but the EOC indicates that the program plans to target the infrastructure to Rhode Islanders who are either unconnected or under-connected (e.g., only have access through a smartphone data plan). Based on current research and available data, these priority populations and geographies are: 1) residents in our urban core across all ages; 2) residents in Aquidneck; 3) residents in public housing; 4) K-12 students; and 5) older adults. “
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects

“The Governor does not provide specific goals, targets, or outcome measures for this proposal. The EOC indicates that it plans to leverage the broadband maps to track usage and internet reliability throughout the life cycle of this initiative. These maps layer: 1) Available fiber, 2) Demographics, 3) Business usage as well as projected usage requirements, 4) Topography, 5) Access rates, and 6) Speed (average, peak) and latency.

EOC notes that if additional funding is allocated beyond this proposal and the state is able to engage in infrastructure projects, it plans to track the following metrics: (1) Average and peak-time speeds and latency of networks, ensuring a minimum 100/50mbps and goal of 200/200mbps for residential projects and 1/1g for commercial and municipal projects. Commerce will also track the rate of shift in these speeds over time and for each local last-mile project. (2) Cost to install amortized against operating cost: Will these projects be “net less” than current state within ten years of build out? (3) Cost to consumer, seeking to establish best-in-New England rates for both residents and businesses. (4) Number of residents, households, and businesses are accessing internet in-home/at-work due to these last-mile projects.”

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 Governor recommends \$15.5 million in federal American Rescue Plan Act funds to support tourism and hospitality.

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

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

The Governor recommends \$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 Governor's FY2023 proposed Budget increases the total cap to \$225.0 million and 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 Governor 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 enacted of the FY2022 Budget.

ARPA SFRF: Aid to Tourism, Hospitality, and Events Industries (federal funds) \$15.5 million

The Governor recommends \$15.5 million of federal SFRF funds for aid to tourism, hospitality, and event industries in FY2023. This is in addition to the \$13.0 million that the General Assembly appropriated in December 2021, for FY2022. Total recommended SFRF fund for this aid is \$28.5 million.

Aid to Tourism, Hospitality, and Events Industries							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	\$13.0	\$15.5	-	-	-	-	\$28.5
Total	\$13.0	\$15.5	-	-	-	-	\$28.5

\$ in millions

According to EOC, the tourism, hospitality, and events industries were the first to close due to the pandemic, most severely impacted, and are expected to be the last to fully return. Citing industry expert Tourism Economics, EOC notes that number of visitors to Rhode Island in 2020 was more than five million below 2019 levels.

Significant aid has been provided to the industries in the state. In FY2021, the EOC and the Rhode Island Commerce Corporation (Commerce RI) administered the CARES Act funded Restore RI, the Hospitality, Arts, and Tourism Grant (HArT), and the Small Business Grants (SBG) programs. Restore RI provided grants up to \$30,000 to assist small businesses with repositioning efforts in a pandemic business climate, financial planning assistance, receivership assistance, training and technical assistance, remote work

capabilities, and other non-profit relief. The HArT program provided grants to prevent the closure of arts, culture, hospitality and tourism businesses and institutions. The SBG was a Governor's initiative to provide grants businesses with less than \$1.0 million in revenues. Total funding for the programs in FY2021 was \$112.1 million.

▪ **State Fiscal Relief Fund Proposal**

The Governor recommends a total \$28.5 million to continue to aid businesses and organizations within the tourism, hospitality, and events industries. According to EOC the component programs in this proposal are based off of prior pandemic relief programs, particularly the HArT and SBG programs, and include:

- Direct grants
- Placemaking, attraction development, and event programming
- Tourism marketing.

The program will continue to be administered by the Commerce Corporation.

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

- **U.S. Treasury Eligibility Category:** Negative Economic Impact
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** "N/A"
 - **Awareness:** "N/A"
 - **Access and Distribution:** "N/A"
 - **Outcomes:** "N/A"
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects

"The metrics for this initiative are directly tied to the success of the other SFRF programs. There is no baseline as the programs proposed under SFRF have not been implemented. "

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	709,476
Centralized Services Charges	(113,634)
FY2023 Governor	\$1,642,433
Housing and Community Development	Other Fund Changes
ARPA SFRF Initiatives (federal funds)	81,500,000
Federal Grants (federal funds)	782,713

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 Governor’s FY2023 proposed budget does not include a similar investment and general revenue is reduced by \$25.0 million accordingly.

Personnel**\$709,476**

The Governor recommends \$2.3 million (all funds) in total salary and benefit expenditures for OHCD in FY2023. This is a net 709,476 increase (\$847,984 all funds) as compared to the FY2022 Budget as Enacted.

Personnel Change	General		Restricted	
	Revenue	Federal	Receipts	All Funds
Staff Capacity Increase	\$586,350	\$38,122	-	\$624,472
Existing Personnel Expenditure Changes	\$123,126	\$135,120	(34,734)	223,512
Total	\$709,476	\$173,242	(\$34,734)	\$847,984

The net increase consists of the following:

- **Staff Capacity Increase:** The Budget 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 Data Analyst FTE position to data and research analysis, a Principal Planner (to serve as a project manager), and a 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.
- **Existing Personnel Expenditure Changes:** The Budget includes a \$123,126 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 a \$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.

	FY2022	FY2023	
Centralized Service	Enacted	Governor	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 Initiatives (federal funds)**\$81.5 million**

The Governor recommends \$81.5 million in federal SFRF funds to support various affordable housing and homelessness initiatives in FY2023 and \$248.5 million in total through FY2027.

SFRF - Affordable Housing							
Initiative	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Development of Affordable Housing	\$15.0	\$20.0	\$30.0	\$25.0	-	-	\$90.0
Down Payment Assistance in Hard Hit Neighborhoods	-	15.0	20.0	15.0	-	-	50.0
Community Revitalization	-	15.0	10.0	-	-	-	25.0
Workforce Housing	-	12.0	8.0	-	-	-	20.0
Housing Stability	1.5	7.0	7.0	6.0	-	-	21.5
Homelessness Infrastructure	-	5.0	-	-	-	-	5.0
Site Acquisition	12.0	3.0	5.0	5.0	-	-	25.0
Affordable Housing Predevelopment Program	-	2.5	2.5	2.5	2.5	-	10.0
Statewide Housing Plan	-	2.0	-	-	-	-	2.0
Total	\$28.5	\$81.5	\$82.5	\$53.5	\$2.5	\$0.0	\$248.5

\$ in millions

ARPA SFRF: Development of Affordable Housing

The Governor recommends \$20.0 million of federal State Fiscal Recovery Funds (SFRF) in FY2023, and \$90.0 million in total through 2027, 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. The proposal supports 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 would be appropriated to the Executive Office of Commerce (EOC) and be administered by RIHousing.

Development of Affordable Housing							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	15.0	\$20.0	30.0	25.0	-	-	\$90.0
Total	\$15.0	\$20.0	\$30.0	\$25.0	-	-	\$90.0

\$ 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.

- **Existing State-level Affordable Housing Development Programming**

Rhode Island currently supports the development of affordable housing through several initiatives.

- **Low Income Housing Tax Credit (LIHTC)** – The federal LIHTC subsidizes the acquisition, construction, and rehabilitation of affordable rental housing. The US Housing and Urban

Development Agency (HUD) issues tax credits to RIHousing who then awards them to affordable housing developers through a competitive process.

- **Building Homes RI** - Over the past 15 years Rhode Island has authorized bonds to support affordable housing production. Voters approved \$50.0 million in 2006, \$25.0 million in 2012, and \$40.0 million in 2016. This funding, administered by the OHCD and RIHousing, is used to provide gap-financing to developers seeking to build affordable housing. The funds are awarded through a competitive process Building Homes RI has supported 215 projects and the production of approximately 3,000 homes.

Since then the General Assembly has authorized and funded several key affordable housing initiatives:

- **Housing Bond 2021:** In December 2020, the General Assembly authorized a \$65.0 million bond referenda to support affordable housing development. The voters approved the bond in March 2021. An initial solicitation of applications for up to \$50.0 million of these funds was subsequently made, with \$54.0 million in total requests submitted.
- **Housing Production Fund Capitalization:** The FY2022 Budget as Enacted established a new restricted receipt account dedicated to the production of affordable housing. The General Assembly also appropriated \$25.0 million in general revenue to capitalize the fund.
- **Dedicated Funding for Housing Development:** The General Assembly established a dedicated funding stream for affordable housing by increasing 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 Housing Production Fund. This change is estimated to generate \$1.9 million in FY2022 and \$3.8 million in FY2023.
- **Housing Incentives for Municipalities (HIM):** The General Assembly also sought to mitigate some of the barriers to affordable housing at the local level by creating a new incentive for municipalities to support and develop housing by making school impact offset payments through RIHousing.
- **State Fiscal Relief Fund Proposal**
The Governor proposes to use \$15.0 million in FY2022, \$20.0 million in FY2023, and \$90.0 million in total through FY2027 to fund 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.

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

- **U.S. Treasury Eligibility Category:** Services to Disproportionally Impacted Communities
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “According to the National Low Income Housing Coalition, Black, Native American, and Hispanic households are more likely than white households to be extremely low-income renters ([link](#)). In Rhode Island, a majority of affordable rental units are occupied by households of color. For example, across the 2,651 RIHousing administered HOME units

for which race and ethnicity information was available, 83.4% of occupants identified as racial or ethnic minorities, with 46.2% of occupants identifying as Hispanic. Similarly, 94.1% of the 7,001 households residing in LIHTC-financed developments for which demographic data was available identified as racial or ethnic minorities and 36.8% identified as Hispanic. More than half of all households residing in LIHTC-financed housing units were Black, or African American (54.7%). By increasing Rhode Island's affordable housing, this proposal would help those low-income renters from historically underserved and marginalized communities to access housing."

- **Awareness:** "RIHousing has a long history of financing development activity in communities that have been hardest hit by the pandemic. RIHousing also has the municipal partnerships and relationships with the development community to bring everyone to the table in service of good projects, and a long history of closing real estate and community development transactions throughout the state."
- **Access and Distribution:** "RI Housing will work with developers and property managers to ensure that minority populations and other members of protected classes are made aware of and have access to the affordable housing created as a result of this program."
- **Outcomes:** "By supporting the development of affordable and supportive housing options, these programs will address existing inequities and close gaps for communities that are disproportionately affected by homelessness and housing stability, including low-income Rhode Islanders and households of color."
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects.
 "Based on our experience with the BHRI program, we anticipate that \$90 million will support the development or preservation of approximately 600 affordable units. The actual number of units created and preserved will vary based on the proposals that are submitted. Success would be measured in several ways."
 - "affordable housing units built or preserved"
 - "private investment leveraged"
 - "jobs created"

ARPA SFRF: Down Payment Assistance in Hard Hit Neighborhoods

The Governor recommends \$15.0 million of federal State Fiscal Recovery Funds in FY2023, and \$50.0 million in total through 2027, to provide down payment assistance qualifying homebuyers, through RIHousing.

Down Payment Assistance in Hard Hit Neighborhoods							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	-	\$15.0	20.0	15.0	-	-	\$50.0
Total	\$0.0	\$15.0	\$20.0	\$15.0	-	-	\$50.0

\$ 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, 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 are subject to income limits and credit scores of at least 660.

▪ **State Fiscal Relief Fund Proposal**

The Governor proposes to invest \$50.0 million in SFRF funds through FY2025 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 2,500 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)

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

- **U.S. Treasury Eligibility Category:** Revenue replacement.
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** "This program will serve households that have not owned a home in at least 3 years and meet Mortgage Revenue Bond income limits (currently \$99,730 for a 1-2 person household or \$114,689 for a 3+ person household)."
 - **Awareness:** "RI Housing will work with our participating lenders and community-based organizations to raise awareness about this program. We will also promote the program through a variety of forms of paid and earned media in English and Spanish."
 - **Access and Distribution:** "Every effort will be made to ensure equitable access to this program. RIHousing staff in our loan center can assist borrowers who need extra help applying for down payment assistance and securing a mortgage. Program participants must also take a homebuyer training class (available in-person or online through RIHousing in English and Spanish)"
 - **Outcomes:** "As mentioned previously, down payment assistance programs work to close the racial wealth gap and open the opportunity for homeownership by helping low- and moderate income borrowers with down payment costs. By breaking down these barriers, this program would help to make homeownership a more universally achievable goal."
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects.

“RI Housing will track the income and demographics of all borrowers participating in the program. RIHousing anticipates being able to provide \$17,500 down payment and closing cost assistance to 2,500 first-time homebuyers.”

ARPA SFRF: Community Revitalization

The Governor recommends \$15.0 million of federal State Fiscal Recovery Funds in FY2023, and \$25.0 million in total through FY2027, to provide additional resources to remediate blighted real estate and make needed repairs to homes.

Source	Community Revitalization						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
	-	\$15.0	10.0	-	-	-	\$25.0
Total	\$0.0	\$15.0	\$10.0	\$0.0	-	-	\$25.0

\$ in millions

According to RIHousing blight refers to abandoned buildings, vacant lots, and houses 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.

▪ State Fiscal Relief Fund Proposal

The Governor proposes to provide the existing Acquisition and Revitalization Program with an infusion of \$25.0 million in federal SFRF funds over the next two fiscal years (through FY2024). 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, commercial or community uses on vacant/abandoned/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.

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

- **U.S. Treasury Eligibility Category:** Services to disproportionately impacted communities
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.

- **Population:** “This program will be targeted for the creation of housing affordable to households earning no more than 80% AMI and to commercial and community spaces benefitting all residents in a particular area, where at least 51 percent of the residents are low- and moderate-income persons. By targeting these populations and areas, we hope to create economic opportunity and develop commercial possibilities which will bring community investment and employment.”
- **Awareness:** “RIHousing has a long history of financing development activity in communities that have been hardest hit by the pandemic. RIHousing also has the municipal partnerships and relationships with the development community to bring everyone to the table in service of good projects, and a long history of closing real estate and community development transactions throughout the state.”
- **Access and Distribution:** “Equity and access will be a factor in determining how to allocate funding within this proposal. All necessary measures will be taken during the application and approval process to ensure that disparities in ability to complete applications and meet eligibility criteria are eliminated.”
- **Outcomes:** “By investing in infrastructure in areas that have historically been left behind, this proposal will close gaps and make Rhode Island a more equitable place to live and work.”
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects.
 “Based on RIHousing’s experience implementing the housing bond funded ARP program, we would anticipate financing the redevelopment of over 380 residential units and 55 community or commercial spaces with \$20 million in financing. Success would be measured in several ways: affordable housing units built or preserved; community facilities developed; commercial opportunities developed; private investment leveraged”

ARPA SFRF: Workforce Housing

The Governor recommends \$12.0 million of federal State Fiscal Recovery Funds in FY2023, and \$20.0 million in total through FY2027, 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	\$0.0	\$12.0	\$8.0	\$0.0	-	-	\$20.0
<i>\$ in millions</i>							

\$ 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	1 Person	Mortgage/Rent Mo. Pmt.	4 Person	Mortgage/Rent 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 producing housing for earners making 100.0 to 120.0 percent of AMI and that low-income development 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.

- **State Fiscal Relief Fund Proposal**

The Governor proposes to invest \$20.0 million in SFRF funds through FY2024 to augment the Workforce Housing Innovation Challenge Loan Program. 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 that the funds would be obligated over the next two fiscal years and expended through 2026.

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

- **U.S. Treasury Eligibility Category:** Revenue replacement.
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “This program will benefit both the middle income households income qualified to live in workforce housing units, and lower income tenants who can move into the more affordable units vacated by those households. Renters earning less than 100% AMI are more racially and ethnically diverse than the population as a whole. The renters earning less than 80% AMI who could benefit from the units vacated by middle income renters are even more diverse.”
 - **Awareness:** “RIHousing has the municipal partnerships and relationships with the development community to bring everyone to the table in service of good projects, and a long history of closing real estate and community development transactions throughout the state.”
 - **Access and Distribution:** “RI Housing will work with developers and property managers to ensure that minority populations and other members of protected classes are made aware of and have access to the workforce housing created as a result of this program.”
 - **Outcomes:** “There is an inadequate supply of housing across the income spectrum in Rhode Island. This program will address another segment of that market, increasing the supply of housing for tenants earning up to 100% AMI but also freeing up more affordable housing opportunities for lower-income tenants to occupy.”
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects.

“A \$20 million program could be expected to produce approximately 250 units of workforce housing. Success would be measured in several ways”

 - “Workforce housing units built”
 - “private investment leveraged”
 - “jobs supported”

ARPA SFRF: Housing Stability

The Governor recommends \$7.0 million of federal State Fiscal Recovery Funds in FY2023, and \$21.5 million in total through FY2027, to provide expanded housing navigation, stabilization, and mental health services to families and individuals experiencing homelessness.

Source	Housing Stability						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
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.
- **State Fiscal Relief Fund Proposal**

According to the EOC, the current homelessness provider network is strained and expansion of services is needed. The Governor proposes to use \$21.5 million in SFRF funds to expand housing navigation, stabilization, and mental health services to families and individuals and to improve homelessness coordination systems. The Governor's housing stability SFRF proposal includes 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 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.

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

- **U.S. Treasury Eligibility Category:** Services to disproportionately impacted communities
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “Programs to prevent homelessness and provide housing navigation, stabilization, and mental health services provide an immediate benefit to low-income Rhode Islanders as well as Rhode Islanders of color. The U.S. Department of Housing and Urban Development’s 2020 Annual Homeless Assessment Report (AHAR) to Congress found that people identifying as Black or African American comprise 12% of the total U.S. population but account for 39% of all people experiencing homelessness. As a result, programs preventing homelessness and housing instability would disproportionately benefit Rhode Islanders of color.”
 - **Awareness:** “In order to ensure that targeted groups are aware of the services provided by these programs, the team will partner with intermediaries that have extensive outreach experience with these communities. Commerce will also offer translation services.”
 - **Access and Distribution:** “In order to enhance access to benefits and services across targeted groups as well as ensure distribution to as many individuals as possible, the team will partner with intermediaries and other technical assistance partners that have professional experience in working with these communities.”
 - **Outcomes:** “By preventing homelessness and providing housing navigation, stabilization, and mental service services, these programs will address existing inequities and close gaps for communities that are disproportionately affected by homelessness and housing instability, including low-income Rhode Islanders and Rhode Islanders of color. The team will work to collect data on outcomes to measure impact across communities for additional input in future programing.”

- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects.

“Transitional/Step-Up: Number of persons served. Cost savings to other systems (healthcare/etc.) may also be tracked. Infrastructure: Number of persons served, particularly those living in places not meant for human habitation. Operating-Rental-Service Subsidy: Number of people served, placed in permanent housing opportunities. System Investments: Efficient referral and data collection (timing of referrals/placements)”

ARPA SFRF: Homelessness Infrastructure

The Governor recommends \$5.0 million of federal State Fiscal Recovery Funds in FY2023 to provide additional, flexible capacity to respond to changing homelessness needs, particularly during the winter.

Source	Homelessness Infrastructure						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
ARPA SFRF	-	\$5.0	-	-	-	-	\$5.0
Total	-	\$5.0	-	-	-	-	\$5.0

\$ 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. Every 14 days there are at least 327 Rhode Islanders without shelter. OHCD also notes that there less than 2.0 percent vacancy rate for rental property and little affordable housing statewide. The pandemic put even more strain on this system.

▪ State Fiscal Relief Fund Proposal

The Governor proposes to use \$5.0 million of SFRF funds “ 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”

The proposal explicitly identifies shelter, housing acquisition, and wraparound services as eligible program expenditures and it indicates that it 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. It is silent on other eligible uses, who may receive awards, and the form and terms of assistance.

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

- **U.S. Treasury Eligibility Category:** Services to disproportionately impacted communities
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “The U.S. Department of Housing and Urban Development’s 2020 Annual Homeless Assessment Report (AHAR) (available here) to Congress found that people identifying as Black or African American comprise 12% of the total U.S. population but account for 39% of all people experiencing homelessness. As a result, The U.S. Department of Housing and Urban Development’s 2020 Annual Homeless Assessment Report (AHAR) (available here) to Congress found that people identifying as Black or African American comprise 12% of the total U.S. population but account for 39% of all people experiencing homelessness. As a result, programs preventing homelessness and housing instability would disproportionately benefit Rhode Islanders of color.”

- **Awareness:** “In order to ensure that targeted groups are aware of the services provided by these programs, OHCD and the COC will partner with intermediaries that have extensive outreach experience with these communities.”
- **Access and Distribution:** “In order to enhance access to benefits and services across targeted groups as well as ensure distribution to as many individuals as possible, OHCD and the COC will partner with intermediaries and other technical assistance partners that have professional experience in working with these communities.”
- **Outcomes:** “By more proactively strategizing seasonal shelter expansion/reduction with the aim of preventing homelessness and providing housing navigation/stabilization, these programs will address existing inequities and close gaps for communities that are disproportionately affected by homelessness and housing instability, including low-income Rhode Islanders and Rhode Islanders of color. Rather than focusing on expanding shelter as need increases, focusing on preventing homelessness and transition to permanent housing, we hope to better serve our constituents. OHCD and the COC will work to collect data on outcomes to measure impact across communities for additional input in future programing.”
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects.
 - “- # of individuals/households sheltered
 - [reduction in] # of individuals who are unsheltered/living in a place unfit for human habitation
 - # of individuals/households placed in housing
 - # of temporary shelter beds created

ARPA SFRF: Site Acquisition

The Governor recommends \$3.0 million of federal State Fiscal Recovery Funds in FY2023, and \$25.0 million in total through FY2027, for the purpose funding a new real estate acquisition grant program that would identify and procure sites for the development of affordable, supportive, and emergency shelter housing. to provide additional resources to acquire property for development or remediation into affordable 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 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 of 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.

- **State Fiscal Relief Fund Proposal**

The Governor recommends using \$3.0 million in SFRF funds to support the acquisition of real estate for the development of affordable housing and \$25.0 million in total from FY2022 through FY2027. Funds are to be appropriated to the EOC and administered in partnership with RIHousing. 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 the 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.

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

- **U.S. Treasury Eligibility Category:** Services to disproportionately impacted communities
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “This program will provide targeted assistance to low-income households and those experiencing homelessness. In Rhode Island racial and ethnic minorities represent 22% of the overall population, but 30% of households earning less than 80%AMI. The U.S. Department of Housing and Urban Development’s 2020 Annual Homeless Assessment Report (AHAR) to Congress found that people identifying as Black or African American comprise twelve percent of the total U.S. population but account for thirty nine percent of all people experiencing homelessness. As a result, programs expanding affordable and supportive housing would disproportionately benefit Rhode Islanders of color.”
 - **Awareness:** “RIHousing has the municipal partnerships and relationships with the development community to bring everyone to the table in service of good projects, and a long history of closing real estate and community development transactions throughout the state.”
 - **Access and Distribution:** “RI Housing will work with developers and property managers to ensure that minority populations and other members of protected classes are made aware of and have access to the affordable housing created as a result of this program.”
 - **Outcomes:** “By supporting the development of affordable and supportive housing options, these programs will address existing inequities and close gaps for communities that are disproportionately affected by homelessness and housing instability, including low-income Rhode Islanders and Rhode Islanders of color.”
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects.

“Key success metrics for this initiative includes the number of properties acquired, the number of affordable homes created and the number of units of permanent supportive housing created.”

ARPA SFRF: Affordable Housing Predevelopment Program

The Governor recommends \$2.5 million of federal State Fiscal Recovery Funds in FY2023, and \$10.0 million in total through FY2027, 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

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.

▪ State Fiscal Relief Fund Proposal

The Governor recommends \$10.0 million over the next four fiscal years to support predevelopment activities. The proposal identifies RIHousing as the program administrator. Funding will be used to subsidize environmental testing, architectural design, legal, and other predevelopment work. Funds will be made available on rolling basis. The proposal suggests a \$500,000 maximum award and anticipates an average award between \$200,000 and \$400,000.

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

- **U.S. Treasury Eligibility Category:** Services to disproportionately impacted communities
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “According to the National Low Income Housing Coalition, Black, Native American, and Hispanic households are more likely than white households to be extremely low-income renters (link). In Rhode Island, a majority of affordable rental units are occupied by households of color. For example, across the 2,651 RIHousing administered HOME units for which race and ethnicity information was available, 83.4% of occupants identified as racial or ethnic minorities, with 46.2% of occupants identifying as Hispanic. Similarly, 94.1% of the 7,001 households residing in LIHTC-financed developments for which demographic data was available identified as racial or ethnic minorities and 36.8% identified as Hispanic. More than half of all households residing in LIHTC-financed housing units were Black, or African American (54.7%).”
 - **Awareness:** “RIHousing has a long history of financing development activity in communities that have been hardest hit by the pandemic. RIHousing also has the municipal partnerships and relationships with the development community to bring everyone to the table in service of good projects, and a long history of closing real estate and community development transactions throughout the state.”

- **Access and Distribution:** “RI Housing will work with developers and property managers to ensure that minority populations and other members of protected classes are made aware of and have access to the affordable housing created as a result of this program.”
- **Outcomes:** “By supporting the development of affordable housing options, this program will address existing inequities and close gaps for communities that are disproportionately affected by homelessness and housing stability, including low-income Rhode Islanders and households of color.”
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects.
 “Key success metrics for this initiative includes the number and percent of assisted projects that successfully move forward to development, the number of affordable homes created and growth of the development pipeline for participating developers.”

ARPA SFRF: Statewide Housing Plan

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

Sttatewide 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.

▪ State Fiscal Relief Fund Proposal

The Governor recommends that \$2.0 million 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.

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

- **U.S. Treasury Eligibility Category:** Services to disproportionately impacted communities

- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** “N/A”
 - **Awareness:** “N/A”
 - **Access and Distribution:** “N/A”
 - **Outcomes:** “N/A”
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects.

“Metrics include how many municipalities make changes to their codes or plans as a result of the municipal assistance.”

Federal Grants (federal funds)**\$782,713**

The Budget includes a net \$782,713 increase in non-ARPA federal funds within the Housing and Community Development program in FY2022.

Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
CDBG Program	4,555,756	9,432,714	9,291,963	(140,751)	9,981,449	548,735
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	12,068,042	6,676,745	5,636,600	245,303
Total	\$9,211,409	\$16,066,986	22,617,743	\$6,550,757	\$16,849,699	\$782,713

- **CDBG Program:** The Governor recommends a net \$140,751 reduction in standard (as opposed to CARES Act authorized) CDBG funds in the FY2022 Revised Budget and a \$548,735 net increase in FY2023. The net changes reflect a combination of additional new formula funding, the expiration of previous year allocations, and updated project funding needs.
- **Housing Opportunities for Persons with AIDS:** The Budget provides \$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 \$12.3 million from general revenues to support the Rhode Island Commerce Corporation and several pass-through appropriations to fund specific economic programs. There are no FTE positions allocated to this program.

Quasi-Public Appropriations	General Revenue
FY2022 Enacted	\$14,546,801
<i>Target and Other Adjustments</i>	-
Municipal Infrastructure Grant Match	(1,000,000)
CommerceRI Base Appropriation	288,213
I-195 Commission	200,000
FY2023 Governor	\$14,035,014
Quasi-Public Appropriations	Other Fund Changes
ARPA CPF - Broadband (federal funds)	15,383,000
ARPA SFRF - Port of Davisville (federal funds)	6,000,000

Municipal Infrastructure Grant Match ***(\$1.0 million)***

The State's Municipal Infrastructure Grant program (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, curbs, 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. The Governor does not recommend additional funding and the FY2023 budget is reduced by \$1.0 million accordingly.

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 Governor recommends 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.

ARPA CPF: Broadband (federal funds)**\$15.4 million**

The Governor recommends \$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.

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

\$ in millions

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. 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.

Broadband internet infrastructure is often described as having three segments – backbone, middle mile, and last mile. The last mile segment 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.

Rhode Island's broadband infrastructure, its citizens' access to it, and its strategic management have evolved over time. 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).

Recent federal legislation including American Rescue Plan Act (ARPA) and the Digital Equity Act (included in the Infrastructure Investment and Jobs Act (IIJA)) are providing funding to states to address digital access and equity.

▪ **ARPA Capital Fund Proposal**

The Governor recommends \$25.0 million in federal ARPA Capital Funds primarily to leverage additional federal funding being made available by Congress through the recently enacted Infrastructure Investment and Jobs Act. Specifically the proposal includes the following components:

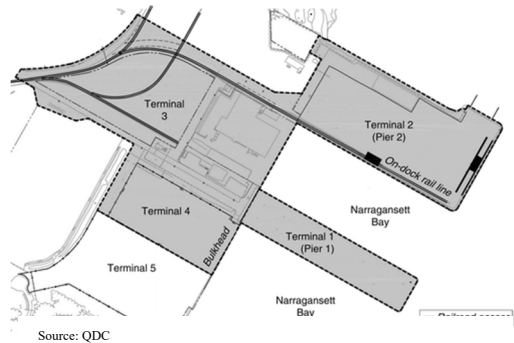
- **Infrastructure Projects:** The Governor recommends \$14.3 million in ARPA CPF funds to support five infrastructure projects in FY2023 and three projects in each FY2024 and FY2025. According to EOC, these projects would vary in size but would be funded at 75.0 percent by the State with a 25.0 percent required local match.
- **Project planning and strategic support:** The Governor recommends \$360,000 in FY2023 to provide technical assistance for both the state and localities. According to EOC, this technical assistance will ensure the “strategic deployment of federal funds and ensure usage of the most relevant, cost-effective, and future-proof technologies to deploy high-speed, reliable, affordable broadband.” EOC also recommends ongoing broadband mapping to allow the State to continue to “deepen and update broadband maps as projects are underway, as well as maintain Ookla speed test data access to ensure projects are reaching interim milestones and final deliverables”.
- **Personnel, Legal, and Administration:** The Governor recommends \$610,000 through FY2025 to support broadband staffing costs related to a grants administrator and enterprise data analyst, to fund general program operations, and legal and regulatory support.

ARPA SFRF: Port of Davisville (federal funds)**\$6.0 million**

The Governor recommends \$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 an 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.

State Fiscal Relief Fund Proposal

The Governor recommends ARPA SFRF funding 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 Governor recommends \$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 is 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.

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

- **U.S. Treasury Eligibility Category:** Revenue replacement
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** This project does not propose funding for services.
 - **Awareness:** This project does not propose funding for services.
 - **Access and Distribution:** This project does not propose funding for services.

- **Outcomes:** This project does not propose funding for services.
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects.
 - Direct success for this infrastructure project will be
 - Complete the reconstruction of the perimeter of Pier 1 no later than December 31, 2024;
 - Complete construction of the first phase of the Terminal 5 Pier no later than December 31, 2026;
 - Complete the projects within the allocated budget.
 - Trackable metrics include deadlines for Preliminary and Final Engineering, receipt of all necessary permits, contract award, and mobilization, as well as significant milestones during the construction process.
 - Upon completion of construction, the success metrics will change to reflect the use and occupancy of the Port of Davisville berths by the offshore wind industry.
 - QDC will actively track the total number of ship calls, the total metric tons of project cargo, and the leasing and port fee revenue that is attributable to offshore wind.
 - QDC will be able to track the number of jobs created by the offshore wind developers who are utilizing the facilities at the Port of Davisville.

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			Total
	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds	
Affordable Housing	-	\$16,530,000	-	-	\$40,000,000	-	-	27,500,000	-	84,030,000
I-195 Commission	824,117	-	-	805,000	-	-	805,000	-	-	2,434,117
I-195 Park Improvements	-	1,000,000	-	-	3,000,000	-	-	-	-	4,000,000
Industrial Site Development	-	4,000,000	-	-	13,000,000	-	-	23,000,000	-	40,000,000
Innovations Centers	-	12,752,732	-	-	3,350,000	-	-	2,800,000	-	18,902,732
Minority Business Accelerator - ARPA	-	-	-	-	-	1,500,000	-	-	8,500,000	10,000,000
Port of Davisville - ARPA	-	-	-	-	-	6,000,000	-	-	54,000,000	60,000,000
Port of Davisville Modernization	-	4,000,000	-	-	10,000,000	-	-	6,000,000	-	20,000,000
ProvPort	-	14,971,192	-	-	5,000,000	-	-	-	-	19,971,192
Quonset Industrial Park Renovations	6,000,000	-	-	-	-	-	-	-	-	6,000,000
Quonset Point / Davisville Pier	20,274	14,606,651	1,300,000	3,100,000	-	1,125,720	-	-	-	20,152,645
Urban Revitalization and Blight Remediation	-	40,892	-	-	-	-	-	-	-	40,892
Total	\$6,844,391	\$67,901,467	\$1,300,000	\$3,905,000	\$74,350,000	\$8,625,720	\$805,000	\$59,300,000	\$62,500,000	285,531,578

- **Affordable Housing:** The Governor recommends \$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 Governor recommends \$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 Governor recommends \$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 Governor recommends \$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 Governor recommends \$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:** The Governor recommends \$1.5 million of federal ARPA SFRF funds in FY2023 to support a new Minority Business Accelerator.
- **Port of Davisville-ARPA:** The Governor recommends \$6.0 million of federal ARPA SFRF funds in FY2023 to support improvements at Quonset.
- **Port of Davisville Modernization:** The Governor recommends \$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 Governor recommends \$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 Governor recommends \$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 Governor recommends \$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 Governor recommends \$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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Central Management	\$184.8	\$188.9	\$209.6	\$20.7	11.0%	\$232.1	\$43.2	22.9%
Medical Assistance	2,673.7	3,006.9	3,217.0	210.2	7.0%	3,053.3	46.4	1.5%
Total	\$2,858.5	\$3,195.8	\$3,426.6	\$230.9	7.2%	\$3,285.3	\$89.6	2.8%

Expenditures by Source

General Revenue	\$909.5	\$1,100.2	\$1,023.9	(\$76.3)	-6.9%	\$1,163.2	\$63.0	5.7%
Federal Funds	1,918.0	2,054.9	2,319.9	265.0	12.9%	2,068.2	13.3	0.6%
Restricted Receipts	31.0	40.7	82.8	-	-	54.0	13.3	32.7%
Total	\$2,858.5	\$3,195.8	\$3,426.6	\$230.9	7.2%	\$3,285.3	\$89.6	2.8%

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

Authorized FTE Levels	192.0	190.0	190.0	-	-	200.0	10.0	5.3%
-----------------------	-------	-------	-------	---	---	-------	------	------

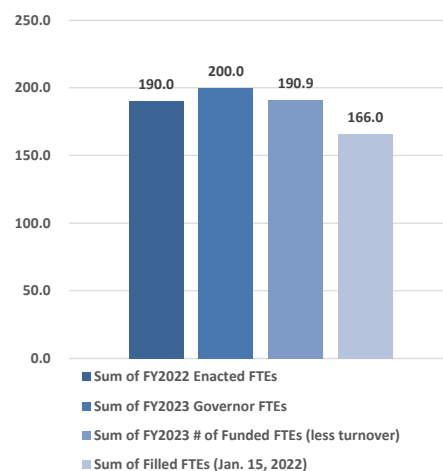
The Executive Office of Health and Human Services (EOHHS) is the umbrella agency which oversees the Departments of Health (DOH); Human Services (DHS); Children, Youth, and Families (DCYF); and Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). EOHHS coordinates the organization, 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 FMAP. The proposed initiatives are applied against the November 2021 Caseload Estimating Conference estimate, which projected the need for an additional \$116.1 million from general revenues to fund the Medicaid program in FY2023 compared to the FY2022 Enacted level. The Budget contains a net general revenue increase of \$46.4 million for the Medicaid program in FY2023.

The Governor's Budget authorizes 200.0 FTE positions for EOHHS in FY2023, an increase of 10.0 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), and 1.0 FTE to reflect the transfer of the Opioid Stewardship Fund from DOH to EOHHS.

FTE Snapshot



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 \$80.2 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 \$178.6 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						Grand Total
	Pre FY2019	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Governor	FY2023 Governor	
General Revenue	\$35.9	\$4.9	\$2.0	\$9.6	\$10.6	\$11.8	\$74.9
Federal Funds	236.4	36.1	38.2	40.2	39.6	38.1	428.6
Restricted Receipts	-	25.7	-	-	0.2	-	26.0
Total	\$272.3	\$66.8	\$40.1	\$49.9	\$50.4	\$49.9	\$529.4

\$ 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 Governor's 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 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	(6,000,000)
Medicaid Management Information System	1,515,348
Statewide COLA and Bonus	978,365
Modular MMIS	579,183
Centralized Service Charges	311,976
1115 Waiver Support	250,000
Health Information Technology/APCD	(219,453)
Shift Contractors to FTE Positions	(68,270)
FY2023 Governor	\$42,221,694

Central Management	Other Fund Changes
ARPA SFRF: Certified Community Behavioral Health Clinics (federal funds)	\$28,100,000
ARPA SFRF: Pediatric Health Care Recovery (federal funds)	7,500,000
ARPA SFRF: Early Intervention (federal funds)	5,500,000
Opioid Stewardship Fund (restricted receipts)	2,325,285
ARPA SFRF: 9-8-8 Hotline (federal funds)	1,875,000
Adult Use Marijuana (restricted receipts)	1,433,333
McKinsey Opioid Settlement (restricted receipts)	890,000

Pay for Success **(\$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 which can be directed towards the program. The Budget reduces general revenues by \$6.0 million, offset by a \$1.4 million increase in restricted receipts in FY2023. In FY2022, the \$6.0 million initial investment was put into a restricted receipt account used to fund the Pay for Success program.

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 \$579,103 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 Governor's Budget.

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.

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 SFRF: Certified Community Behavioral Health Clinics (federal funds)

\$28.1 million

The Governor proposes to use \$28.1 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 and \$2.3 million to support the necessary state infrastructure investments to establish the program.

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 impacts 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 the 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 minorities 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 disorder, 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 SFRF: Pediatric Health Care Recovery (federal funds)

\$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 (federal funds)

\$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.

Opioid Stewardship Fund (restricted receipts)

\$2.3 million

The Budget includes an additional \$2.3 million in restricted receipts from the Opioid Stewardship Fund within EOHHS. This includes \$120,483 for 1.0 FTE, which is transferred from the Department of Health to administer the fund. According to EOHHS, a plan for the remaining funds is in the process of being finalized.

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.

ARPA SFRF: 9-8-8 Hotline (federal funds)

\$1.9 million

The National Suicide Prevention Lifeline (NSPL) was established as a single national number. NSPL is made up of an expansive network of over 200 crisis centers located across the United States and receives millions of calls a year. The counselors at these local crisis centers answer calls and chats from people in distress. The Lifeline's crisis centers provide the specialized care of a local community with the support of a national network. Advocates have pushed for a three-digit suicide prevention number, as it would be easier to remember and would promote access and use of the hotline. The current hotline number is an 11 digit number that in times of distress could be difficult to access.

In 2018, the National Suicide Hotline Improvement Act was signed into federal law. The law required Substance Abuse Mental Health Services Administration (SAMHSA) and the Veterans Administration to report to the Federal Communications Commission (FCC) regarding the effectiveness of the existing National Suicide Prevention Lifeline and the potential value of a three digit number being designated as the new national suicide prevention number. The FCC subsequently recommended to Congress that the number 9-8-8 be designated as the new national suicide prevention number. On July 16, 2020, the FCC issued a final order designating 9-8-8 as the new NSPL and Veterans Crisis Line (VCL) number. This order gave telecom providers until July 16, 2022 to make every land line, cell phone, and every voice-over internet device in the country capable of using the number 9-8-8 to reach the existing NSPL. On October 17, 2020, the National Suicide Hotline Designation Act of 2020 was signed into law, incorporating 9-8-8 into statute as the new Lifeline and VCL phone number.

The Budget includes \$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.

- **U.S. Treasury Eligibility Category:** Public Health Expenditures
- **Equity Components:**

- **Population:** Information has not been provided at this time.
- **Awareness:** Information has not been provided at this time.
- **Access and Distribution:** Information has not been provided at this time.
- **Outcomes:** Information has not been provided at this time.
- **Performance Metrics:** Information has not been provided at this time.

Adult Use Marijuana (restricted receipts)**\$1.4 million**

The Budget includes \$1.4 million in a new restricted receipt account in EOHHS related to the Governor's proposed legal Adult Use Marijuana program included in Article 11. Oversight and regulation of the program is centralized in the Office of Cannabis Regulation within the Department of Business Regulation, with multi-agency cooperation from law enforcement, health, and revenue agencies.

The proposal includes \$333,333 for the All Payer Claims Database and Data Ecosystem to assess the public health impacts of legalization. The Budget also provides \$1.1 million in assistance and grants funding for substance abuse disorder prevention, treatment, and recovery services as well as training and education. The funds will be directed to the State's health equity zones to address these community needs.

McKinsey Opioid Settlement (restricted receipts)**\$890,000**

The FY2023 Budget includes \$890,000 in FY2023 and \$1.7 million in FY2022 in restricted receipts for activities to address the opioid epidemic. According to EOHHS, a plan for the settlement funds is in the process of being finalized as the Budget does not define how the money is to be spent. 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.

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>	-
November 2021 Caseload Estimating Conference	116,106,732
FMAP Reserve	(39,000,000)
Perry Sullivan	(17,682,660)
Postpartum Extension	3,460,695
Nursing Home Rate Increase	1,396,520
Cover All Kids	1,281,646
Meals on Wheels	165,129
FY2023 Governor	\$1,120,957,573
Medical Assistance	Other Fund Changes
ARPA Enhanced FMAP: Home and Community Based Services (federal funds)	\$25,801,877

November 2021 Caseload Estimating Conference**\$116.1 million**

November 2021 CEC	FY2022 Enacted		FY2023 CEC		Change to Enacted	
	GR	AF	GR	AF	GR	AF
Hospitals - Regular	\$29,353,909	\$72,642,636	\$34,024,583	\$77,200,000	\$4,670,674	\$4,557,364
Hospitals - DSH	65,418,986	142,493,980	64,293,284	142,493,980	(1,125,702)	0
Nursing and Hospice Care	147,255,515	348,745,776	139,720,500	305,000,000	(7,535,015)	(43,745,776)
Home and Community Care	43,405,421	102,715,462	62,439,030	136,300,000	19,033,609	33,584,538
Managed Care	344,346,294	853,527,097	377,583,963	864,000,000	33,237,669	10,472,903
Rhody Health Partners	127,106,964	298,810,252	145,372,170	315,700,000	18,265,206	16,889,748
Rhody Health Options	80,008,459	144,812,435	88,864,780	706,000,000	8,856,321	561,187,565
Medicaid Expansion	61,255,615	144,143,907	75,433,701	193,800,000	14,178,086	49,656,093
Pharmacy	42,220	746,245,665	132,570	(300,000)	90,350	(746,545,665)
Clawback	69,100,000	100,000	86,900,000	86,900,000.00	17,800,000	86,800,000
Other Medical Services	48,936,128	69,100,000	57,571,662	162,700,000	8,635,534	93,600,000
Total	\$1,016,229,511	\$2,923,337,210	\$1,132,336,243	\$2,989,793,980	\$116,106,732	\$66,456,770

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.

The November 2021 CEC projected general revenue expenditures of \$1,132.3 million in the medical assistance program in FY2023, or \$116.1 million more than the FY2022 Budget as Enacted. The FY2022 estimate is \$37.3 million less from all funds compared to the Enacted Budget. 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. 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.

- **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 Governor's proposed 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

(\$17.7 million)

The November 2021 Caseload Estimating Conference included \$17.7 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 article allows for investments in HCBS equal or greater than the Perry Sullivan calculated appropriation to be made in lieu of the appropriation. The State received an enhanced FMAP on HCBS from the American Rescue Plan Act (ARPA). The Budget proposes using these restricted receipt funds for matchable home and community based services to further invest in HCBS. Subsequently, the Budget includes \$17.7 million (\$38.6 million all funds) in general revenue savings to reflect the exclusion of this requirement in FY2023. The provision is satisfied by a \$25.8 million increase in restricted receipts (\$47.6 million all funds) from the ARPA enhanced FMAP for additional investments into HCBS.

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.

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

The article 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

Meals on Wheels

\$165,129

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 \$165,129 in general revenue (\$360,466 all funds) for the rate increase and expanded services which are detailed in the table below.

	General Revenue	Federal Funds	All Funds
Rate Increase	\$98,839	\$116,919	\$215,758
Therapeutic Meals	66,291	78,417	144,708
Total	\$165,129	\$195,336	\$360,466

Hospital Payments

Informational

Article 12 includes \$64.3 million in general revenue (\$142.5 million all funds) for payments to hospitals in FY2023, consistent with the November 2021 caseload estimate.

	FY2022 Enacted	FY2023 November CEC	FY2023 Governor	Change to Enacted	Change to CEC
DSH Payment					
General Revenue	\$65,418,986	\$64,293,284	\$64,293,284	(\$1,125,702)	\$0
Federal Funds	77,074,994	78,200,696	78,200,696	1,125,702	-
Total	\$142,493,980	\$142,493,980	\$142,493,980	\$0	\$0

- **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 FY2023 and FY2024, respectively. The article limits the aggregate amount of the payments to \$142.5 million all funds in FY2023 and FY2024.

- 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 revenue 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%
FY2022	FY2021	\$142.5	45.91%
FY2023	FY2022	\$142.5	45.12%
FY2024	FY2023	\$142.5	44.46%

\$ in millions

ARPA Enhanced FMAP: Home and Community Based Services (federal funds)

\$25.8 million

The Budget includes \$25.8 million in federal funds (\$47.6 million all funds) for investments into Home and Community Based Services (HCBS). Per the American Rescue Plan Act, the State is eligible for enhanced FMAP of 10.0 percent on HCBS for all expenditures that take place from April 1, 2021 through March 31, 2022. These new federal dollars free up an equal amount of state funding that must be used to enhance, expand, or strengthen Medicaid HCBS. The State then can use these freed up funds while receiving federal matching dollars up until March 31, 2024. To retain this new funding, the State must only use the funding as outlined in the guidance, and must not reduce HCBS services as specified in the guidance. According to the Executive Office, the funds will be used to enhance, expand, or strengthen Medicaid HCBS, while addressing disparities and equity issues.

Supporting provider efforts to recruit and retain direct care workers (DCWs) remains the State's top priority for this funding with targeted rate increases, allowing the State to distribute the funding efficiently and equitably. While these rate increases are temporary, the data resulting from the investment will help the State determine appropriate rate increases for the future.

Department of Children, Youth, and Families

Expenditures by Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Central Management	\$12.2	\$19.0	\$29.9	\$10.9	57.0%	\$20.6	\$1.6	8.4%
Children's Behavioral Health	13.6	14.3	16.7	2.4	16.6%	23.4	9.1	63.5%
Child Welfare	200.2	221.0	221.1	0.1	0.0%	228.2	7.2	3.2%
Juvenile Correctional Services	20.9	21.9	23.2	1.3	5.8%	23.1	1.2	5.3%
Higher Education Incentive Grants	-	0.2	0.2	-	-	0.2	-	-
Total	\$246.8	\$276.5	\$291.1	\$14.6	5.3%	\$295.5	\$19.0	6.9%

Expenditures by Source								
General Revenue	\$166.0	\$193.3	\$195.7	\$2.4	1.2%	\$200.4	\$7.1	3.7%
Federal Funds	78.4	81.5	93.3	11.9	14.6%	92.3	10.9	13.3%
Restricted Receipts	1.6	1.5	1.8	0.3	18.4%	1.8	0.3	19.7%
Other Funds	0.8	0.3	0.3	-	-	1.0	0.8	300.0%
Total	\$246.8	\$276.5	\$291.1	\$14.6	5.3%	\$295.5	\$19.0	6.9%

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

Authorized FTE Levels	617.5	702.5	702.5	-	-	702.5	0.0	0.0%
-----------------------	-------	-------	-------	---	---	-------	-----	------

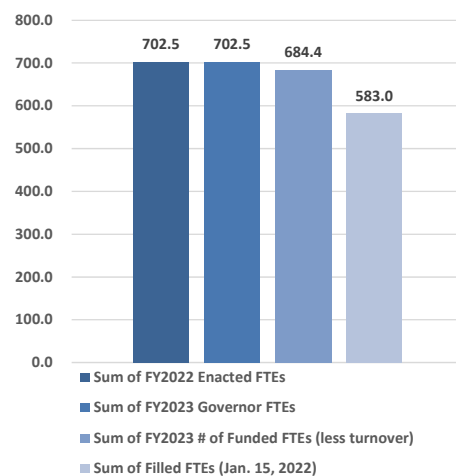
The Department of Children, Youth, and Families (DCYF) is charged with implementing a statewide network of supports to protect vulnerable children and families. The Department develops, oversees, and evaluates programs which provide opportunities for children to reach their full potential. DCYF has three 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 \$295.5 million from all funds for the Department of Children, Youth, and Families in FY2023. This includes \$200.4 million from general revenues, \$92.3 million from federal funds, \$1.8 million from restricted receipts, and \$1.0 million in other funds. General revenue funding increases by \$7.1 million (3.7 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 January 15, 2022, the Department had 583.0 FTE positions filled (83.0 percent).

FTE Snapshot



Accreditation

In light of ongoing challenges at the Department, the 2019 General Assembly required that DCYF seek accreditation from the national Council on Accreditation (COA) in order to ascertain how its operations compare to national standards and identify areas for improvement. Article 13 of the FY2020 Budget as Enacted amended RIGL 42-72-5.3 to require that the Department initiate the application process by September 1, 2019, with a final accreditation plan due by October 1, 2020, to inform the Governor and General Assembly regarding necessary organizational changes to obtain and maintain accreditation along with the resources needed in order to do so.

The Department engaged with COA in September 2019 and submitted its accreditation plan on October 1, 2020. The plan analyzes the Department's alignment with 59 COA standards, staffing needs, necessary practice and policy shifts, and timeline needed to reach accreditation. The analysis is limited to the Department's child welfare and behavioral health standards and does not include benchmarks for the juvenile justice population, which is reviewed separately by the Annie E. Casey Foundation.

The analysis found that many of the Department's practice models, screening tools, risk assessments, and service planning already comport with many COA standards. The report recommended replacing the Department's case management information system, known as RICHIST.

However, the report also highlighted that staffing is the primary structural barrier to accreditation. Specifically, the Department needs an additional 34.0 Child Protective Investigators, 7.0 Child Protective Supervisors, 24.0 Social Case Workers, and 5.0 Casework Supervisors to satisfy COA per-worker caseload standards in the Child Protective Services and Family Services units. In addition, the report identified the need for 2.0 FTEs to notify kin of a DCYF placement; 1.0 FTE to monitor assessments of adolescent life skills development; 10.0 FTEs to enhance clinical capacity for behavioral health services; 5.0 FTEs for a permanent unit to manage accreditation and ongoing reform activities; and 3.0 additional staff to support continuous data monitoring and staff training and development functions at DCYF. The report also recommended pay increases for frontline staff with advanced degrees. The additional 91.0 FTE positions and pay incentives would require a sustained investment of approximately \$10.8 million from all funds per year. The report also recommends an additional \$300,000 to boost efforts to recruit resource families and \$291,851 for fixed expenditures to maintain support from COA, including site visits and application fees.

The report recommends a "Prioritized Practice" approach for the Department, occurring over a four-year period, where the Department completes a self-study and gradually demonstrates alignment with COA standards. The timeline is "contingent upon the approval and appropriation by the Governor and the General Assembly of sufficient and sustained funding necessary for the Department to achieve COA accreditation." Accordingly, the FY2022 Budget as Enacted 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 52 new staff, and has begun Phase II of the hiring process. An additional 39 staff are projected to be hired before the end of June 2022. 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 COLA and Bonus	525,211
FY2023 Governor	\$14,085,829

Central Management	Other Fund Changes
ARPA SFRF: Foster Home Lead Abatement and Fire Safety (federal funds)	\$1,500,000
RICHIST (federal funds)	(1,300,000)

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 proposed budget.

Statewide COLA 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.

ARPA SFRF: Foster Home Lead Abatement and Fire Safety (federal funds) ***\$1.5 million***

The Governor proposes to use \$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 (federal funds)

(\$1.3 million)

The FY2022 Budget as Enacted includes \$1.3 million in federal funding to finance the first year costs to replace RICHIST, the Department's case management information system. The Budget also included \$2.0 million in restricted receipt expenditures for this purpose within the Department of Administration (DOA) to draw funds from the Information Technology Investment Fund (ITIF), which is housed in DOA. The upgrade 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 Governor's FY2023 Budget proposal reduces current year funding and stretches the schedule through FY2025 to reflect project delays. The latest schedule is as follows:

RICHEST 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 COLA and Bonus	309,955
FY2023 Governor	\$8,543,535

Children's Behavioral Health Services	Other Fund Changes
ARPA SFRF: Psychiatric Residential Treatment Facility (federal funds)	\$1,500,000

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 be accredited by FY2023.

Statewide COLA 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.

ARPA SFRF: Psychiatric Residential Treatment Facility (federal funds)

\$6.0 million

The Governor proposes to use \$6.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 to renovate a privately-owned facility to establish an approximately 12-bed psychiatric residential treatment facility (PRTF) for female youth age 14 to 20. The original intent was to establish two facilities, but after conferring with the Division of Capital Asset Management and Maintenance (DCAAM) and evaluating existing available facilities, it was decided that \$6.0 million would only fund renovations to one 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 reintegrations 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 privately managed, Medicaid-reimbursable, campus residential programs. 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: DCYF indicates it has already worked extensively with DCAMM to assess the costs and steps necessary to renovate multiple sites. Assuming that one of the previously identified sites can be used and that the services of an outside contractor can be secured relatively quickly, 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 \$228.2 million from all funds to support Child Welfare. This is \$7.2 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 FY2020.

Child Welfare	General Revenue
FY2022 Enacted	\$149,983,357
<i>Target and Other Adjustments</i>	<i>1,197,675</i>
Statewide COLA and Bonus	3,510,080
Enhanced FMAP Ends	2,214,488
Caseload	(1,700,000)
Vehicle Replacement	236,371
FY2023 Governor	\$155,441,971

Statewide COLA 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

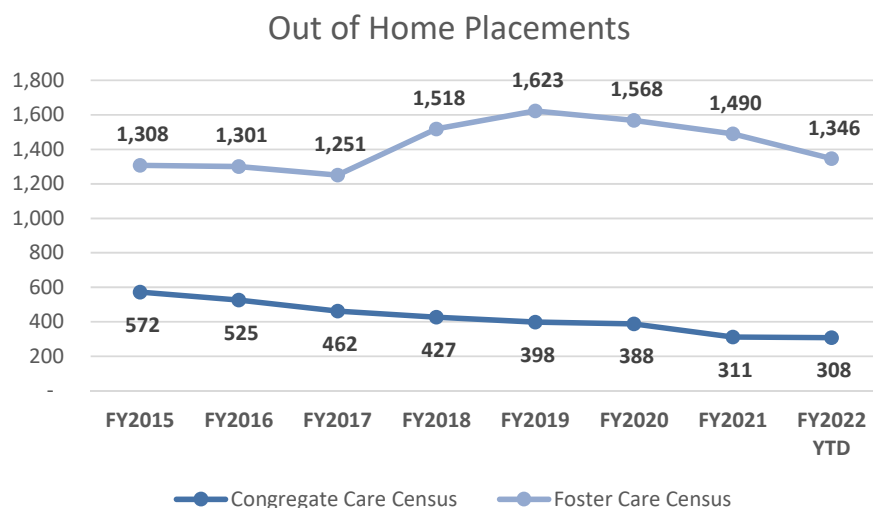
The Budget includes \$2.2 million in general revenue to reflect the end of the enhanced federal medical assistance percentage (FMAP) that was included in the FY2022 Budget as Enacted through the first half of FY2022. Pursuant to the Families First Coronavirus Response Act (FFCRA), the enhanced FMAP shifted 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 Governor’s FY2023 Budget proposal restores the general revenue funding to reflect the end of the enhanced federal funding.

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. The average number of CPS reports has declined from a pre-COVID average of 1,700 to 1,800 per month to an average of below 1,300 per month between March 2020 and June 2021. There was also a 10.0 percent reduction in out-of-home placements from a pre-COVID average of 2,000 to an average below 1,700 in FY2022. 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.



Vehicle Replacement**\$236,371**

The Governor 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.

Analyst Note: According to the Budget Office, \$173,369 of the additional funds are erroneously included (double counted) and will likely be removed in a budget amendment.

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 COLA and Bonus	1,357,035
Personnel	(833,934)
Centralized Service Charges	278,933
FY2023 Governor	\$22,098,188

Statewide COLA 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 Governor 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
<i>Target and Other Adjustments</i>	-
FY2023 Governor	\$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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Central Management	\$19.6	\$35.7	\$46.2	\$10.5	29.4%	\$18.1	-17.6	-49.3%
Community Health and Equity	96.9	113.1	123.2	10.1	8.9%	119.0	5.9	5.2%
COVID-19	291.3	242.0	345.6	103.6	42.8%	162.2	(79.8)	-33.0%
Customer Services	14.0	15.0	16.0	1.0	6.7%	17.4	2.4	16.0%
Environmental Health	13.1	13.9	16.0	2.1	15.1%	15.5	1.6	11.5%
Health Laboratories and Medical Examiner	13.0	13.1	14.8	1.7	13.0%	14.1	0.8	6.1%
Policy, Information and Communications	4.6	4.9	5.7	0.8	15.2%	5.1	0.2	3.1%
Preparedness, Resp, Infectious Dis, & Emergency Services	18.9	33.1	23.7	(9.4)	-28.4%	21.6	(11.5)	-34.7%
Total	\$471.4	\$470.8	\$591.2	\$120.4	25.6%	\$373.0	(\$98.0)	-20.8%
Expenditures By Source								
General Revenue	\$207.5	\$31.0	\$33.2	\$2.2	7.1%	\$32.8	\$1.8	5.8%
Federal Funds	217.9	368.3	475.8	107.5	29.2%	282.5	(85.8)	-23.3%
Restricted Receipts	45.8	70.9	81.6	10.7	15.1%	57.3	(13.6)	-19.2%
Other Funds	0.20	0.60	0.60	-	-	0.40	(0.20)	-
Total	\$471.4	\$470.8	\$591.2	\$120.4	25.6%	\$373.0	(\$98.0)	-20.8%
Authorized FTE Levels	513.6	530.6	530.4	(0.2)	0.0%	535.4	4.8	0.9%

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

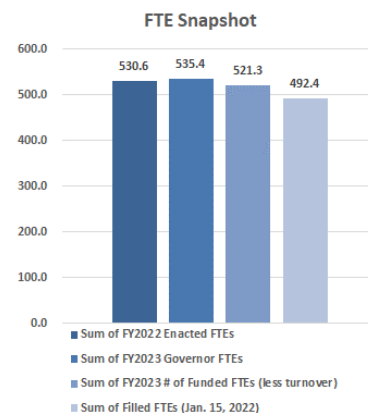
The mission of the Rhode Island Department of Health (RIDOH) is to prevent disease and to protect and promote the health and safety of the people of Rhode Island. Since Rhode Island has no local health departments the Department coordinates public health activities across the State. The Department's 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 Budget allocates funding for the eight programs within the Department of Health (DOH): Central Management, Community Health and Equity, COVID-19, Customer Services, Environmental Health, Health Laboratories and Medical Examiner, Policy, Information and Communications, and Preparedness, Response, Infectious Diseases and Emergency Services. The Budget includes \$373.0 million in all funds for FY2023, a decrease of \$98.0 million from the FY2022 Budget as Enacted. General revenues compromise 8.8 percent of the total funds, equaling \$32.8 million, an increase of \$1.8 million from the FY2022 Budget as Enacted.

The Budget includes \$591.2 million in all funds for FY2022, an increase of \$120.4 million from the FY2022 Budget as Enacted. General revenues compromise 5.6 percent of the total funds, equaling \$33.2 million, an increase of \$2.2 million from the FY2022 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 2.0 new FTEs related to the Adult Use Marijuana legalization. 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>	520
Centralized Service Charges	(314,929)
Statewide COLA	47,225
FY2023 Governor	\$2,965,099

Central Management	Other Fund Changes
Indirect Cost Recovery (restricted receipts)	(\$17,258,495)

Centralized Service Charges **(\$314,929)**

The Budget decreases general revenue expenditures by \$314,929 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 \$2.5 million for these expenses, which is decreased by \$314,929 to \$2.2 million in the FY2023 Budget as Enacted.

Statewide COLA and Bonus **\$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 Recovery (restricted receipts) **(\$17.3 million)**

The Budget includes \$10.5 million in indirect cost recovery restricted receipts, reflecting a decrease of \$17.3 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 represents a budget 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 Revenue
FY2022 Enacted	\$1,325,578
<i>Target and Other Adjustments</i>	<i>23,102</i>
Family and Home Visiting	207,101
First Connections Pre-Natal expansion	32,650
FY2023 Governor	\$1,588,431
Community Health and Equity	Other Fund Changes
Federal Fund Adjustments	\$3,237,515
Restricted Receipt Adjustments	2,389,021

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 Governor proposes establishing a costs not otherwise matchable (CNOM) program to maintain Family Home Visiting services at the current capacity. CNOMs are programs that cover populations that are not mandatory under federal Medicaid rules, but for which the federal government authorizes Medicaid reimbursement. Rhode Island establishes its CNOM programs in the Section 1115 waiver. Two of the home visiting sub-programs, Healthy Families America and Nurse-Family Partnership, are already included in the waiver as a CNOM program but are not funded as such.

The \$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 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.

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.

	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
Restricted Receipt Adjustments					
Adult, Infant, and Child Immunizations	\$36,971,275	\$37,439,016	\$467,741	\$39,252,077	\$2,280,802
All Other Adjustments	2,151,681	2,308,845	157,164	2,259,900	108,219
Total	\$39,122,956	\$39,747,861	\$624,905	\$41,511,977	\$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.

Federal Fund Adjustments

\$3.2 million

The Budget increases federal funds by \$3.2 million within the Community Health and Equity Program as compared to the FY2022 Budget as Enacted.

	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
Federal Fund Adjustments						
Immunization	\$16,888,969	\$16,707,911	\$17,737,136	\$1,029,225	\$18,374,339	\$1,666,428
All Other Changes less than \$600,000	48,138,146	55,918,808	64,382,825	8,464,017	57,489,895	1,571,087
Total	\$65,027,115	\$72,626,719	\$82,119,961	\$9,493,242	\$75,864,234	\$3,237,515

- **Immunizations:** The Budget increases federal funds by \$1.7 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 FY2022 Governor's Revised and FY2023 Governor's Recommended budgets. The Department of Health is responsible for coordinating the State's efforts in combatting COVID-19 with contact tracing and case investigations, treatment, testing, vaccinations, and lab processing.

COVID-19	Other Fund Changes
COVID-19 Adjustments (federal funds)	(\$79,766,220)

COVID-19 Adjustments (federal funds)

(\$79.8 million)

The Budget includes \$162.2 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 \$109.4 million in ARPA funds and \$52.8 million in the other COVID-19 funds.

	FY2022	FY2023	
COVID-19 Federal Fund Sources	Enacted	Governor	Change
ARPA DIRECT	\$111.0	\$109.4	(\$1.6)
Cares Act	-	1.7	1.7
PPEHCE	35.3	17.9	(17.4)
Consolidated Appropriations Act 21	23.7	33.2	9.5
FEMA	72.0	-	(72.0)
Total	\$242.0	\$162.2	(\$79.8)
\$ in millions			

	FY2022	FY2023	
COVID-19 Federal Funds	Enacted	Governor	Change
Case Investigation (CI) and Contact Tracing (CT)	38.2	8.6	(29.6)
Childcare	-	0.6	0.6
Community Mitigation and HDC	5.2	13.1	7.9
Government Readiness	-	82.3	82.3
Human Services Relief	-	1.2	1.2
Individual Supports	6.6	0.7	(5.9)
Public Health Emergency Response Supports	18.9	22.3	3.4
Surge	0.3	-	(0.3)
Testing	125.9	17.0	(108.9)
Vaccine Campaign	46.9	16.4	(30.5)
Total	\$242.0	\$162.2	(\$79.8)
\$ in millions			

- **Case Investigations and Contact Tracing:** The Budget decreases federal funds by \$29.6 million reflecting less need for the infrastructure required for contract tracing and investigations, operating support, and the personnel to manage the overall process.
- **Childcare:** The Budget adds \$587,183 in federal funds for the “welfare and service of children”, including reopening and expansion of childcare facilities, adoption and foster programs, provider supports, and salaries.
- **Community Mitigation and High Density Cases:** The Budget increases federal funds by \$7.9 million in for support within communities to work to mitigate the effects of public health emergencies. This includes advertising/marketing, community outreach, hardware/software and technology support, and salaries.
- **Government Readiness:** The Budget includes \$81.2 million in ARPA funds awarded by the Centers for Disease Control to construct a new State Health Laboratory. The current State facility (Chapin Health Lab) requires replacement. This project will expand existing programs and provide additional space required for biocontainment, office space separate from the laboratory testing areas, and consolidated central shipping and receipt facilities. In addition, there is \$500,000 included in the FY2022 proposed budget for architectural and engineering expenses for the new lab.

Analyst Note: The I-195 Redevelopment District Commission previously designated Lot 3 of Parcels 22 and 25 as a potential site to build a lab complex comprising a new 80,000 sq. ft. State Health Lab and additional lab space to be occupied by a private enterprise.

- **Human Services Relief:** The Budget includes \$1.2 million in federal funds for Department grants. According to information provided by the Office of Management and Budget, the Human Services Relief category is a product of how the Department grants were budgeted for FY2023. The grants were spread across the fiscal years to finance many purposes for the pandemic response efforts
- **Individual Supports:** The Budget includes \$733,365 in federal funds, a decrease of \$5.9 million for support and relief of individuals facing hardship due to the pandemic. This expense item included food

and nutrition assistance, family support services, mental and behavioral health support services, and other caregiving services

- **Public Health Emergency Response Supports:** The Budget includes \$22.3 million, an increase of \$3.3 million in federal funds for personnel costs, data collection, modeling, analytics, and communications related to the COVID-19 pandemic.
- **Surge:** The Budget does not include funding in FY2023, reflecting a decrease of \$294,000 in federal funds. Funding was used to respond to a surge in COVID cases/public health emergency, including alternative hospital sites (AHS), facilities and equipment rentals, security, janitorial services, and other miscellaneous expenses.
- **Testing:** The Budget decreases federal funds by \$108.9 million for costs related to testing of COVID-19. Funds were used for testing and lab supplies, infrastructure for testing sites, personnel costs, and transportation costs.
- **Vaccine Campaign:** The Budget decreases federal funds by \$30.5 million, reflecting the diminished need for funds for COVID (and flu) vaccination, facilities, supplies, advertising, marketing, security, and personnel costs.

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>200,942</i>
Statewide COLA and Bonus	507,156
Operating Expense Adjustments	(210,954)
Contract Services	(48,521)
Centralized Service Charges	20,256
FY2023 Governor	\$8,198,687

Opioid Stewardship Fund	Other Fund Changes
Opioid Stewardship Fund (restricted receipts)	\$768,200
McKinsey Opioid Settlement Transfer (restricted receipts)	(\$450,000)

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 **(\$210,954)**

The Budget includes a net reduction of \$210,954 in general revenue for operating adjustments within the Customer Services program, mainly consisting of a decrease of \$219,823 for miscellaneous expenses. The \$219,823 was 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	
Operating Expenses	Enacted	Governor	Change
Miscellaneous Expenses	\$219,823	\$0	(\$219,823)
All Other Operating Expenses	569,710	578,579	8,869
Total	\$789,533	\$578,579	(\$210,954)

Contracted Services

(\$48,521)

The Budget includes a net general revenue decrease of \$48,521. The primary factors of the adjustment include an increase of \$30,000 for other professional services due to expected FTE vacancies and staff coverages, that is largely offset by a decrease of \$15,483 for clerical services and a decrease of \$14,500 for doctors/dentists that aligns those items with historical spending to date and to the FY2021 actuals. There is also a decrease of \$40,000 in the university/colleges services reflecting the conclusion of services not required in the FY2023 budget.

	FY2022	FY2023	
Contract Services	Enacted	Governor	Change
5.5 Percent Contractor Surcharge	\$23,575	\$22,837	(\$738)
Clerical Services	361,369	345,886	(15,483)
Constable/Process Servers	6,000	1,000	(5,000)
Doctors/Dentists	66,500	52,000	(14,500)
IT General Services	108,405	108,405	-
Lecturers and Training Cons.	375	375	-
Other Professional Svcs	-	30,000	30,000
Stenographic Services	3,800	1,000	(2,800)
University/College Services	40,000	-	(40,000)
Total	\$610,024	\$561,503	(\$48,521)

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)

\$768,200

The Budget includes \$1.2 million in restricted receipts, a net increase of \$768,200, to continue support of the State's opioid response, including the addition of \$1.0 million to purchase naloxone. 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, adjusting the total available restricted receipts to \$4.5 million.

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)**(\$450,000)**

The Budget decreases restricted receipts by \$450,000 reflecting the transfer of the McKinsey Opioid Settlement from the Department of Health to the Executive Office of Health and Human Services. 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.

Environmental Health	General Revenue
FY2022 Enacted	\$5,744,839
<i>Target and Other Adjustments</i>	<i>(214,946)</i>
Statewide COLA	397,738
Centralized Service Charges	41,131
FY2023 Governor	\$5,968,762

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>	228,845
Statewide COLA and Bonus	630,417
Operating Adjustments	(303,297)
Contract Services	222,116
Centralized Service Charges	52,743
FY2023 Governor	\$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 **(\$303,297)**

The Budget includes a net reduction of \$303,297 in general revenue for operating adjustments within the Health Laboratories and Medical Examiner program, mainly consisting of a decrease of \$293,948 for miscellaneous expenses. The \$293,948 was 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.

Operating Expenses	FY2022 Enacted	FY2023 Governor	Change
Miscellaneous Expenses	\$293,948	\$0	(\$293,948)
All Other Adjustments	2,308,588	2,299,239	(9,349)
Total	\$2,602,536	\$2,299,239	(\$303,297)

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>	1,129
-------------------------------------	-------

Contract Services	48,775
-------------------	--------

FY2023 Governor	\$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, Infections Disease, and Emergency Services	General Revenue
FY2022 Enacted	\$1,939,241

<i>Target and Other Adjustments</i>	3,180
-------------------------------------	-------

Statewide COLA	113,625
----------------	---------

Centralized Service Charges	36,626
-----------------------------	--------

FY2023 Governor	\$2,092,672
------------------------	--------------------

COVID-19	Other Fund Changes
Federal Fund Adjustments	(\$14,015,616)

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

(\$14.0 million)

The Budget decreases federal funds by \$14.0 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 Governor	Change
ARP DIRECT: Expand Genomic Sequencing	\$0	\$1,481,992	\$1,481,992
ARP DIRECT: Strengthening STD Prevention and Control DIS Supplemental	-	113,616	113,616
CAA21 (ELC): ELC Parent Account	2,493,400	1,170,495	(1,322,905)
CARES Act: ELC CARES 2020	3,379,222	-	(3,379,222)
PPEHCE Act: ELC Enhancing Detection- Parent	11,510,914	1,003,421	(10,507,493)
PPEHCE Act: PROJECT E: AMD Seq/Analytics	-	200,000	200,000
Preparedness: ELC IPC Training	601,604	-	(601,604)
Total	\$17,985,140	\$3,969,524	(\$14,015,616)

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 federal funds and \$1.1 million 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 \$300,000 in federal funds in FY2023, 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.

Department of Human Services

Expenditures By Program	FY2021 Actuals	FY2022 Enacted	FY2022 Revised	Change from Enacted		FY2023 Governor	Change from Enacted	
Central Management	\$11.7	\$13.2	\$15.1	\$1.8	13.9%	\$11.2	(\$2.1)	-15.6%
Child Support Enforcement	14.4	15.9	15.8	(0.1)	-0.6%	16.0	0.1	0.7%
Office of Healthy Aging	28.7	37.1	41.5	4.3	11.7%	38.3	1.2	3.3%
Health Care Eligibility	17.8	21.7	22.4	0.6	2.8%	22.2	0.4	2.1%
Individual and Family Support	172.0	244.1	263.4	19.3	7.9%	182.9	(61.2)	-25.1%
Rhode Island Works	70.6	95.0	87.5	(7.5)	-7.9%	112.4	17.4	18.3%
State Funded Programs	393.8	255.0	425.9	170.8	67.0%	436.0	180.9	71.0%
Supplemental Security Income Program	18.4	18.0	18.3	0.4	2.1%	18.5	0.6	3.2%
Veterans Services	37.4	42.2	47.0	4.9	11.5%	45.0	2.8	6.7%
Total	\$764.8	\$742.3	\$936.9	\$194.6	26.2%	\$882.5	\$140.2	18.9%

Expenditures By Source								
General Revenue	\$99.2	\$123.9	\$125.7	\$1.8	1.5%	\$127.9	\$4.0	3.3%
Federal Funds	657.3	607.1	798.0	190.9	31.5%	744.5	137.5	22.6%
Restricted Receipts	3.9	6.2	8.0	1.8	29.1%	5.0	(1.2)	-20.0%
Other Funds	4.5	5.2	5.2	0.0	0.1%	5.1	(0.1)	-2.2%
Total	\$764.8	\$742.3	\$936.9	\$194.6	26.2%	\$882.5	\$140.2	18.9%

Authorized FTE Levels	1,038.1	1,047.1	1,047.0	(0.1)	-	1,047.0	(0.1)	0.0%
-----------------------	---------	---------	---------	-------	---	---------	-------	------

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

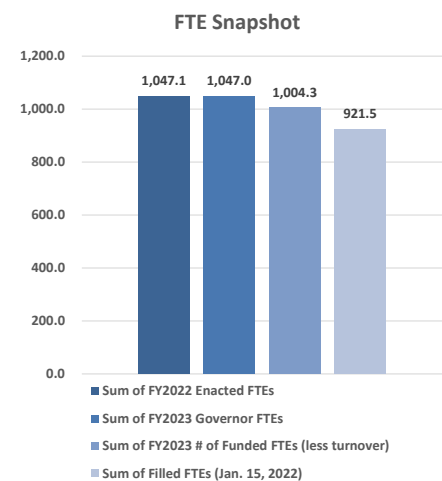
The Department of Human Services (DHS) administers programs and services that support the needs of children and families, adults and children with disabilities, veterans, and the elderly. These services include health care, child care, cash assistance, and other supportive services for working parents and families.

MAJOR ISSUES AND TRENDS

The FY2022 Budget includes total funding of \$882.5 million, a \$140.2 million increase from the FY2022 Budget as Enacted. This includes a general revenue increase of \$4.0 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. The increase in federal funds is related to federal changes in the SNAP program resulting in increases benefits for beneficiaries.

The Budget authorizes 1,047.0 FTE positions for FY2023, reflecting a 0.1 FTE decrease 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 undertaken by the State intended to fully integrate health and human service programs, and establish a State-based health insurance exchange, HealthSource RI. The project was developed in two phases. Phase I, launched in 2013, created an online portal for purchasing commercial health insurance and income-based Medicaid eligibility. Phase II of UHIP, launched in September of 2016, was intended to expand the system to serve as a portal through which residents apply for and enroll in other health and human service programs such as Child Care, Supplemental Nutrition Assistance Program (SNAP), General Public Assistance (GPA), and Supplemental Security Income (SSI) programs.



Phase II of the UHIP project has been plagued with technical failures resulting in delays in eligibility and payments to providers and individuals. The costs of the project is projected to total \$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 (HSRI).

The Department's budget includes a total of \$23.5 million related to RI Bridges/UHIP expenditures, a decrease of \$2.6 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 November 2021 Caseload Estimating Conference adopted estimates dictate the entitlement program appropriations included in the FY2023 Governor's Budget.

Overall spending for cash assistance programs, including RI Works, child care subsidies to working families, Supplemental Security Income (SSI) state supplement, and General Public Assistance (GPA), is estimated to be \$131.7 million in FY2023, an increase of \$18.0 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 - November 2021 Adopted Estimates

	FY2021 Actuals	FY2022 Enacted	FY2022 Revised	FY2023 Nov. CEC	FY2023 Gov.	Change to Enacted
Rhode Island Works						
Persons	5,872	6,655	6,300	8,845	8,933	2,278
Monthly Cost per Person	\$183.4	\$237.8	\$235.5	\$238.0	\$238.0	\$0.2
Federal Funds	14.4	20.9	19.7	28.0	28.2	7.3
Child Care						
Subsidies	5,616	7,420	6,272	8,500	8,822	1,402
Annual Cost per Subsidy	\$9,842.8	\$9,995.0	\$10,869.1	\$9,500.0	\$9,544.1	(\$450.9)
Federal Funds	47.5	65.5	59.8	72.0	75.4	9.9
General Revenue	8.4	8.7	8.4	8.8	8.8	0.1
SSI- State Supplement						
Persons	33,184	33,400	33,000	33,343	33,343	(57)
Monthly Cost per Person	\$45.9	\$44.6	\$46.1	\$46.1	\$46.1	\$1.5
General Revenue	18.3	18.0	18.3	18.5	18.5	0.6
General Public Assistance						
Persons	67	64	61	83	83	19
Monthly Cost per Person	\$167.4	\$178.0	\$189.0	\$189.0	\$189.0	\$11.0
General Revenue	0.7	0.8	0.7	0.8	0.8	0.0
Total	\$89.3	\$113.7	\$106.8	\$128.0	\$131.7	\$18.0
Federal Funds	61.9	86.4	79.4	99.9	103.6	17.2
General Revenue	27.4	27.4	27.4	28.1	28.1	0.7

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

CENTRAL MANAGEMENT

Central Management, which includes the Office of the Director, supervises, coordinates, and monitors all departmental functions within DHS. This division also includes the Office of Policy Analysis, Research, and Development; the Operations Management Unit; the Collections, Claims, and Recoveries Unit; and, the Fraud Investigation Unit.

Central Management	General Revenue
FY2022 Enacted	\$5,119,898
<i>Target and Other Adjustments</i>	107,386
Community Service Grants	500,000
Centralized Service Charges	(291,076)
FY2023 Governor	\$5,436,208

Central Management	Other Funds
Consolidated Appropriations Act/ CARES Act (federal funds)	(\$2,640,976)

Community Service Grants **\$500,000**

The Budget increases general revenues by \$500,000, to \$2.9 million total, to reflect increases in community service objective grants. The following table summarizes changes to current grants.

	FY2022 Enacted	FY2023 Governor	Change from Enacted	
Community Service Grants				
Domestic Violence Prevention Fund - Coalition Against DV	\$300,000	\$400,000	\$100,000	33.3%
Project Reach - RI Alliance of Boys and Girls Clubs	250,000	350,000	100,000	40.0%
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	600,000	-	-
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	\$2,917,000	\$500,000	20.7%

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.

	FY2021 Enacted	FY2023 Governor	Change from Enacted	
Centralized Service Charges				
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 COLA and Bonus	178,212
Rental of Outside Property	174,520
FY2023 Governor	\$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>	69,262
Senior Services Support Grant	200,000
Statewide COLA and Bonus	139,181
Paratransit Program	127,511
Adult Home and Day Care Services	114,559
FY2023 Governor	\$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 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 Budget 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 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.

Health Care Eligibility	General Revenue
FY2022 Enacted	\$8,265,046
<i>Target and Other Adjustments</i>	<i>126,670</i>
Statewide COLA and Bonus	493,338
Outside Lease Costs	(282,278)
Personnel	(227,520)
FY2023 Governor	\$8,375,256

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

(\$282,278)

The Budget includes a decrease of \$282,278 in general revenue for outside rental and lease costs. The decrease in outside rental property is related to the Department consolidating offices and expanding the number of staff who are working remotely.

Analyst Note: It is unclear if these savings will be achievable. According to the Department, telework agreements are set to end at the end of March 2022. No additional guidance has been provided.

Personnel

(\$227,520)

The Budget includes a decrease of \$227,520 in general revenue relate to personnel costs, excluding statewide COLA and bonus adjustments. This decrease is mainly related to an additional \$116,274 in turnover savings, \$57,291 in overtime savings, and \$24,564 in regular wages decreases. The Budget also includes a decrease of \$63,452 for retirement costs. These decreases are partially offset by an additional \$34,061 in healthcare insurance costs.

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>(20,784)</i>
RI Bridges/Unified Health Infrastructure Project (UHIP) Contracts	(1,997,542)
Statewide COLA and Bonus	1,856,697
FY2023 Governor	\$39,250,009

Individual and Family Support	Other Funds
ARPA SFRF: Child Care Investment: Retention Bonuses (federal funds)	\$18,700,000
ARPA SFRF: RI Bridges Mobile Access and Childcare Tracking (federal funds)	\$2,400,000
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
ARPA SFRF: Eligibility Extension Compliance (federal funds)	\$36,182

RI Bridges/Unified Health Infrastructure Project (UHIP) Contracts ***(\$2.0 million)***

The Budget includes \$8.1 million in general revenues, a decrease of \$2.0 million from the FY2022 Budget as Enacted, for contract services to support the ongoing development and maintenance of the RI Bridges/UHIP system. In 2021, a new contract was awarded to Deloitte through a competitive bidding process. The new contract runs through June 2024. The decrease in funding is related to savings as the Department moves from development phases into project management.

Statewide COLA and Bonus ***\$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.

ARPA SFRF: Child Care Investment: Retention Bonuses (federal funds) ***\$18.7 million***

The Governor proposes to use \$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. The review process is underway and the Department anticipates awards will begin to be dispersed in early April 2022.

Providers, both center- and family-based, are suffering from high turnover and 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.

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

- **U.S. Treasury Eligibility Category:** Children, Families, and Education
- **Equity Components:**
 - **Population:** The early childhood workforce is made up primarily of women, and disproportionately women of color. This proposal would directly increase compensation for this workforce, which will address the gender pay equity gaps that are persistent in RI and across the nation. It will also help to address economic disparity that systemically exist for women of color. For more information on demographics of the workforce, please see: <http://www.kids.ri.gov/cabinet/documents/PDG%20B-5%20Workforce%20Needs%20Assessment%20Final%20Report%2010-19.pdf>
 - In addition, women are the primary caretakers for young children, and lack of access to child care – driven by the workforce shortages and turnover within the sector – directly impact the opportunity for women with children to re-enter and persist in the workforce. By stabilizing and growing the supply of child care, more women will have the opportunity to return to work.
 - **Awareness:** We have included funding within this proposal to do outreach to the community about this opportunity and provide technical assistance to those who apply.
 - DHS has proven its ability to design an accessible program and promote it effectively, as 94% of eligible child care providers in the state applied for and received funding from DHS's CRRSA Child Care Stabilization Fund. The ARPA ReInvigorate Child Care Stabilization Grant program has distributed over \$20M to 68% of eligible providers statewide within the first 2 months of the application window.
 - **Access and Distribution:** By making the retention bonus amount the same for all educators in the field, we are ensuring equity across the workforce regardless of educational attainment. Not only will this simplify the process for applicants by reducing the amount of potential paperwork or attestations needed, but it will also provide a higher rate of compensation increase for lower-wage earners. (The benefit is targeted at increasing wages at approximately \$1.5/hr for a full-time employee, regardless of whether the employee makes \$13/hr or \$17/hr.)
 - As noted in the Early Childhood Workforce Study linked above, more women of color work in lower wage positions within child care – such as assistant teachers – than white women.
 - **Outcomes:** Our outcomes are focused on job retention within the field, which will close the gap for women who need to find stable, quality child care options so they can return to work.
- **Performance Metrics:** Monitor the following:
 - # of applicants to the program
 - # of applicants eligible for first benefit allocation
 - # of applicants eligible for a second benefit allocation
 - % of applicants by race/ethnicity, to ensure equity in access and distribution
 - % of applicants in each job position (i.e. lead teacher, assistant teacher, etc.) and program type (i.e. center, family child care, etc.)

- Increase rate of retention among early childhood educators

These metrics will be collected by the fiscal intermediary through the application process and will be reported to the state on a biweekly basis, as well as aggregate data. We will use the data to identify best mechanisms to communicate about the initiative and, if needed, to consider changes to the design to increase uptake.

Success Metrics: The following represent core, immediate success metrics outlined for disbursement of stimulus funds:

- Increased retention among child care educators - over grant term period, fiscal year, and 1 year post-program completion.
- 90% of DHS-licensed child care providers will remain open to serve children in-person through 2024.

ARPA SFRF: RI Bridges Mobile Access and Childcare Tracking (federal funds)

\$2.4 million

The Governor proposes to use \$6.7 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), \$2.4 million in both FY2023 and FY2024 and \$1.9 million in FY2025, to further expand the functionality of the HealthyRhode mobile application and enhance the RI Bridges Child Care Provider Portal.

The HealthyRhode mobile application was released during the COVID-19 pandemic and allowed users the ability to check benefit eligibility and EBT card balances as well as upload required documents. Expanded functionality of the HealthyRhode mobile application would allow users to submit applications, recertifications, and change reports decreasing the need for in-person services and preventing the loss of benefits due to inefficiency.

The RI Bridges Child Care Provider Portal enhancement would create a mobile application for attendance to reduce the administrative burden for child care providers. The enhancements would also allow the department to report enrollment and attendance more easily, reduce errors that can cause late payments and audits, as well as reduce the time needed for the Department to process child care payroll.

Once the HealthyRhode mobile application and RI Bridges Child Care Provider Portal mobile application are delivered, maintenance would be included under the Department's standard M&O rules of the contract with the RI Bridges/UHIP vendor, Deloitte.

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

- **U.S. Treasury Eligibility Category:** Children, Families, and Education
- **Equity Components:**

- **Population:** The Department must make considerable enhancements to its mobile app in order to provide equitable access to communities of color as we commit to on-going remote customer service as an option for our customers. Just as COVID disproportionately spread through low-income communities of color, such communities are at risk of being left behind as services continue to evolve. The mobile app's current functionality is good but very limited. In order to apply, recertify, report a change, or read a notice on-line, customers must go to the existing customer portal. The customer portal is not mobile friendly and therefore limits access to low-income Rhode Islanders without computer access and especially our communities of color. The "Computer and Internet Use In the United States: 2018 American Community Survey Report", Issued April 2021 highlights that, nationally, 81% of white households have a laptop or desktop, only 64% of Black and 67% of Hispanic (of any race) households have a laptop or desktop computer. When accounting for smartphones, 81% and 88% of Black and Hispanic households had access respectively. And the Pew Research report, "Home broadband adoption, computer ownership varies by race, ethnicity in the US" indicates that "Black and Hispanic adults in US are less likely than White adults to have a traditional computer, home broadband." In that report 80% of White households report having broadband access while only 71% of Black households and 65% of Hispanic households have broadband access. Smart phone access, however, is nearly equal among the races (85% of White and Hispanic respondents and 83% of Black respondents). By virtue of the income thresholds associated with DHS program participants, most are in households earning less than \$50,000 annually. The American Community Survey Report also highlights the digital divide experienced by low-income households regardless of race or ethnicity. Only fifty percent of households with annual income of less than \$25,000 have a desktop or laptop computer, while 65% of those households have smart phones, and when a household has income between \$25,000-\$49,999, 69% have desktop computers but 79% have smartphone access. We will expand our on-line customer access both due to physical constraints and customer feedback that they prefer these channels of communication, but we must enhance our mobile functionality if we are to equitably serve all Rhode Islanders.
- **Awareness:** A thorough communications and marketing plan will be completed to promote the use of the mobile application as an option for our customers. Child care providers will be engaged in the testing and implementation of the roll out of the child care attendance tracking system.
- **Access and Distribution:** As noted above, there are disparities across income and race to computer access and access to public benefits more broadly. One of the goals of the expansion of the mobile application is to reduce administrative barriers (such as going in-person to an office, eliminating need to print documentation, etc.) to receiving assistance.
- **Outcomes:** As noted above, there are disparities across income and race to computer access and access to public benefits more broadly, and this initiative will assist in closing the gap.
- **Performance Metrics:** Monitor the following:

Metrics to be tracked:

 - 1) User adaption;
 - 2) Customer self-service rates;
 - 3) Mobile app rating;

- 4) Rates of benefit churn across programs;
- 5) Rates of child care back billing and
- 6) Child care attendance rates.

Detailed timeframes and targets will be developed as part of the implementation as baselines will need to be established.

ARPA SFRF: Child Care Investment: Enhanced TEACH Program (federal funds) \$1.3 million

The Governor proposes to use \$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.

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

- **U.S. Treasury Eligibility Category:** Children, Families, and Education
- **Equity Components:**
 - **Population:** The early childhood workforce is made up primarily of women, and disproportionately women of color. TEACH scholarships directly increase credentialing and compensation for this workforce, which will address the gender pay equity gaps that are persistent in RI and across the nation. For more information on demographics of the workforce, please see: <http://www.kids.ri.gov/cabinet/documents/PDG%20B5%20Workforce%20Needs%20Assessment%20Final%20Report%2010-19.pdf>

In addition, women are the primary caretakers for young children, and lack of access to child care – driven by the workforce shortages and turnover within the sector – directly impact the opportunity for women with children to re-enter and persist in the workforce. By stabilizing and growing the supply of child care, more women will have the opportunity to return to work.
- **Awareness:** RIAEYC has a strong and well-established relationship with the child care sector in RI and would be well connected with businesses and their employees to share information about this program.
- **Access and Distribution:** As noted in the Early Childhood Workforce Study linked above, more women of color work in lower wage positions within child care – such as assistant teachers – than white women. Thus, TEACH's structure, which allows for supports for various credentials meets educators wherever they currently are, provides opportunities across the workforce and helps to address the economic disparity that systemically exist for women of color.
- **Outcomes:** Program outcomes are focused on job retention and increased earnings within the child care field. This is important for children, families, and educators as a more stable workforce ensures that educators can stay in their jobs while raising the quality of programs, families have access to

stable, quality care allowing them to work, and children build strong relationships with the same adults.

▪ **Performance Metrics:** Monitor the following:

DHS plans to leverage the existing data collection for TEACH scholarships to track the impact of SFRF funding. The following represent core, immediate success metrics outlined for disbursement of stimulus funds. Current success metrics include:

- Number of participants in the program each year
- Total number of enhanced credentials
- Average wage enhancement per program of study per contract term (AA or BA)
- Number of TEACH sponsors who have met the 3-star (or higher) higher education quality level within BrightStars
- Retention rate among TEACH educators in the child care sector

Given that staff credentials are frequently cited as a challenge for providers attempting to progress along the quality continuum, these investments in upskilling the ECCE workforce will promote advancement towards the Department's overall quality goals.

ARPA SFRF: Child Care Investment: Quality Improvement (federal funds)

\$950,000

The Governor proposes to use \$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.

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

- **U.S. Treasury Eligibility Category:** Children, Families, and Education
- **Equity Components:**
 - **Population:** Rhode Island's Family Child Care providers are disproportionately owned and run by women of color, particularly Hispanic women who primarily operate their business in Spanish. This helps to address the economic disparity that systemically exist for women of color. In addition, FCCs are often a preferred care option for families of color and families who speak a language other than English. This investment is directly supporting the WMBE community, as Family Child Care will directly benefit from this quality improvement support. Currently, FCCs average a lower Brightstars rating than our centers do, and this support will work to ensure FCCs can increase their star rating.
 - **Awareness:** The vendor that operates Brightstars, RIAEYC, has a pre-existing relationship with the child care sector in Rhode Island as well as the other agencies needed to support long-term

improvements in quality. RIAEYC employs bilingual staff and has demonstrated, through other types of outreach during the pandemic (such as PPE distribution), the ability to successfully outreach and support all types of child care providers and staff. This relationship and strong commitment to the work will ensure all willing participants have access to the information and target technical assistance offered under this funding proposal.

- **Access and Distribution:** This quality improvement support will benefit all sectors of our child care community. The BrightStars QRIS framework is already tailored to each provider type (center and family child care home) due to the nuances related to demonstrating quality within each environment. The accessibility to the technical assistance and intense support offered through this proposal will also be tailored to each provider type, as well as each provider in general to ensure equity in both the support and implementation of quality improvement activities. RIAEYC currently employs a diverse, bilingual workforce that will be able to ensure providers and staff, regardless of language of origin, are able to access and receive support.
- **Outcomes:** Outcomes are focused on increasing the star rating of child care centers and family child care homes across all of Rhode Island, ensuring that every child has access to high-quality child care in Rhode Island near where they live.
- **Performance Metrics:** Monitor the following:
 Success Metrics: The following represent core, immediate success metrics outlined for disbursement of stimulus funds:
 - Increased number of licensed programs rated 4-5 stars
 - Increased number of CCAP programs rated 4-5 stars
 - # of programs increasing BrightStars rating

ARPA SFRF: Child Care Investment: Increasing Supply of Family Providers (federal funds) \$300,000

The Governor proposes to use \$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.

The Governor intends to provide \$2,000 grants and technical assistance for 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.

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

- **U.S. Treasury Eligibility Category:** Children, Families, and Education
- **Equity Components:**
 - **Population:**
 - FCCs are disproportionately owned and run by women of color, particularly Hispanic women who operate their business in Spanish. This investment is directly supporting the WMBE community and helps to address the economic disparity that systemically exist for women of color.

- In addition, FCCs are often a preferred care option for families of color and families who speak a language other than English. It is vital that RI invest in ensuring an adequate supply of this in-demand model that meets the needs of communities of color and immigrant communities.
- Women are the primary caretakers for young children, and lack of access to child care – driven by the workforce shortages and turnover within the sector – directly impact the opportunity for women with children to re-enter and persist in the workforce. By stabilizing and growing the supply of child care, more women will have the opportunity to return to work.
- **Awareness:** We have included funding within this proposal to do outreach to the community about this opportunity and provide technical assistance to those who apply.
- **Access and Distribution:** There will be access to benefits and services for new FCCs, which will not be available to Centers. However, all FCCs who participate will receive the same level of benefit and service.
- **Outcomes:** Outcomes are focused on increasing supply/capacity of a care model that is often the preferred model for families of color and immigrant communities.
- **Performance Metrics:** Monitor the following:
 Success Metrics: The following represent core, immediate success metrics outlined for disbursement of stimulus funds:
 - Up to 200 new, prospective Family Child Care providers will become DHS-licensed due to the state's increased awareness of and investment in child care in RI (this will increase the current supply of FCC providers by ~50%)
 - # of additional child care seats created from the 200 new FCCs which results in additional seats for all children, but specifically increases the number of CCAP-approved providers (a maximum of 1,600 seats can be created)
 - # of children enrolled in the new FCC programs; therefore enrolling in quality child care.
 - % of 200 FCC providers are 3, 4, or 5-star programs, as measured by BrightStars by 2024.

ARPA SFRF: Eligibility Extension Compliance (federal funds)

\$36,182

The Governor proposes to use \$564,097 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), \$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.

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

- **U.S. Treasury Eligibility Category:** Public Health
- **Equity Components:**
 - **Population:** Individuals served through RIBridges who receive benefits are primarily low-income. However, the HSRI serves all qualified Rhode Islander's across the income spectrum.
 - **Awareness:** Individuals and providers will immediately become aware of a termination of benefits if the proposal is not funded.
 - **Access and Distribution:** Access to benefits through RIBridges is based on program specific rules defined and governed by both State and Federal policy. These policies remain focused on providing access to benefits for the most vulnerable and typically account for the various needs across different groups. The application process has been made as simple as possible, especially for programs such as SNAP which requires minimal information to submit a request for benefits. Temporary changes to some program policies were also made during the PHE to increase access to benefits.

In addition, clients have the ability to apply for program benefits through multiple channels including sending forms via the mail, applying over-the-phone through our call centers, submitting an application online through the customer portal or applying in person by visiting the HSRI contact center or a field office. Drop off locations were also provided when offices had to be closed to the public during the PHE. Our HealthyRhode mobile app can also be used to assist in the application process by allowing forms to be easily uploaded and the status of benefits to be confirmed. Clients can also check EBT balances including P-EBT and they can also make premium payments for health plans.

 - **Outcomes:** The outcome of determining eligibility in a timely and accurate manner will benefit the individuals who are low-income and in need of these benefits. The timely and compliant unwinding of Medicaid is a critical component to ensuring appropriate access to health coverage, which is of particular importance to the state as we continue to navigate the pandemic and ensure access to health services.
- **Performance Metrics:** Specific business outcomes and corresponding success metrics have been defined for the Recovery effort as outlined in the table below. Dashboards are in place to track progress towards those outcomes. In addition, a special Integrated Project Team (IPT) has been formed to help manage and monitor the recovery effort.

<i>Business Outcomes</i>	<i>What is the success metric?</i>	<i>How will we measure?</i>
1. Compliance with federal (CMS) Guidelines	<ul style="list-style-type: none"> Individuals retained on Medicaid Coverage 	Medicaid Recovery Dashboard* – widget for Renewals/Suspension of Terms/Overdue Verification/Exparte
2. Maximize coverage for Medicaid beneficiaries	<ul style="list-style-type: none"> Individuals retained on Medicaid Coverage Individuals determined eligible for QHP Individuals becoming eligible for Medicaid coverage from the recovery 	
3. Maximize response from Medicaid beneficiaries to State communications	<ul style="list-style-type: none"> Number of packets returned Verification responses received Number of individuals reporting a change after performing an outreach Measure number of terminations against projections 	
4. Minimize worker burden for manual case processing	<ul style="list-style-type: none"> Individuals passively renewed Individuals redetermined eligible based on external source validation 	<ul style="list-style-type: none"> Worker Productivity and Supervisor Dashboard Medicaid Renewals Dashboard

RHODE ISLAND WORKS/CHILD CARE

Rhode Island Works provides cash assistance and employment support services, including child care assistance, to enable working parents with children to support their families. Applicants may have up to \$1,000 in resources (excluding a home) and one vehicle per adult. 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.

The FY2022 Budget as Enacted amended the payment standard for families receiving cash assistance through the RI Works program. The increase in payments bring the monthly benefit to about 40.0 percent of the federal poverty guideline. Currently, a family of 3 receives about \$721 per month in assistance, prior to FY2022 this amount was \$554.

Prior to FY2020, beneficiaries were not allowed to receive cash assistance for more than 24 months (consecutive or not) within 60 continuous months. Article 13 of the FY2020 Budget as Enacted eliminated this constraint, but retains the 48-month lifetime limit on eligibility for cash assistance. The lifetime limit includes Temporary Assistance for Needy Families (TANF) cash assistance paid to the beneficiary in other states. Cash assistance provided to a child will not be counted toward their lifetime limit should they need to apply for benefits as adults.

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 FY2022 Budget as Enacted also expanded child care supports to include families, at or below 180.0 percent of the Federal Poverty Level, with parents enrolled at a Rhode Island institution of higher education or in a qualified training program.

Rhode Island Works/Child Care	General Revenue
FY2022 Enacted	\$8,659,085

<i>Target and Other Adjustments</i>	<i>\$0</i>
Caseload Estimating Conference - Child Care Assistance	139,498
FY2023 Governor	\$8,798,583

Rhode Island Works	Other Fund Changes
RI Works Changes (federal funds)	\$7,331,316
Child Care Rates (federal funds)	4,656,596
Child Care Assistance Program (federal funds)	2,680,900
Postsecondary Child Care Assistance (federal funds)	375,000

Caseload Estimating Conference- Child Care Assistance ***\$139,498***

The Budget includes \$8.8 million in general revenue for child care assistance in FY2023 as determined in the November 2021 Caseload Estimating Conference (CEC), an increase of \$139,498 from FY2022 Enacted levels. While the November 2021 CEC assumed an additional 1,080 child care subsidies, the cost per subsidy decreased by \$495 to \$9,500 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 November 2021 Caseload Estimating Conference increased the number of subsidies in FY2023 to 8,500 while decreasing the cost per subsidy to \$9,500. The November Conference assumed that enrollment would begin to stabilize in FY2023 leading to the increase in subsidies. The FY2023 Governor's Budget increases the number of subsidies to 8,822 and slightly increases the cost per subsidy to \$9,544. This increase includes increase child care rates and changes to postsecondary child care assistance included in Article 13 of the Governor's Budget, discussed below.

RI Works Changes (federal funds) ***\$7.3 million***

The Budget includes an increase of \$7.3 million in federal funds within the RI Works program, including \$7.1 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.

- **Caseload Estimating Conference – Rhode Island Works:** The November 2021 Caseload Estimating Conference (CEC) adopted a RI Works caseload estimate of 8,845 at a monthly cost of \$238 per person. The FY2023 Governor's Budget includes the same cost per subsidies but increases the number of subsidies to 8,933. The total federal fund cost of the RI Works program in FY2023 is \$28.2 million, an increase of \$7.1 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 Governor's 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.

Child Care Rates (federal funds)

\$4.7 million

The Article 13 of the FY2023 Budget includes an additional \$4.7 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. The base rate will be set at the 40th percentile of the 2021 weekly market rate for infant/toddler, preschool, and school aged child care. 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.

Weekly Child Care Reimbursement Rates

Licensed Child Care Centers Infant/Toddler Rates	FY2019 Infant/Toddler Rates	FY2021/FY2022 Pandemic Enhanced Rates	FY2022 Infant/Toddler Rates	Art. 13 Infant/Toddler Rates	Change from FY2022	
Tier 1	\$198.48	\$257.54	\$236.36	\$260.00	\$23.64	10.0%
Tier 2	203.32	257.54	244.88	265.00	20.12	8.2%
Tier 3	218.81	257.54	257.15	270.00	12.85	5.0%
Tier 4	232.37	257.54	268.74	289.00	20.26	7.5%
Tier 5	257.54	273.00	284.39	300.00	15.61	5.5%

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	\$217.00	\$9.49	4.6%
Tier 2	169.80	195.67	212.27	222.00	9.73	4.6%
Tier 3	177.88	195.67	218.45	225.00	6.55	3.0%
Tier 4	182.73	195.67	223.50	250.00	26.50	11.9%
Tier 5	195.67	260.00	231.39	260.00	28.61	12.4%

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	\$180.38	\$188.00	\$7.62	4.2%
Tier 2	146.26	200.00	182.77	196.00	13.23	7.2%
Tier 3	146.26	200.00	185.17	200.00	14.83	8.0%
Tier 4	146.26	200.00	187.57	205.00	17.43	9.3%
Tier 5	146.26	245.00	189.97	210.00	20.03	10.5%

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.

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 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.

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>	-
Caseload Estimating Conference - General Public Assistance	(63,460)
FY2023 Governor	\$788,244

State Funded Programs	Other Fund Changes
SNAP Benefits (federal funds)	\$181,000,000

Caseload Estimating Conference—General Public Assistance (\$63,640)

Estimators at the November 2021 Caseload Estimating Conference (CEC) projected that, in FY2023, 83 people would receive general public assistance (GPA) at a monthly cost of \$189.00 per person. Expenditures for monthly cash payments, indigent burials, and the GPA hardship contingency fund are projected to be \$788,244 in FY2023, a \$63,460 general revenue decrease from FY2022 enacted levels.

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	576,533
FY2023 Governor	\$18,527,352

Caseload Estimating Conference—SSI **\$576,533**

The November 2021 Caseload Estimating Conference (CEC) adopted an SSI estimate of 33,343 persons at a monthly cost of \$46.70 and \$66,000 for transaction fees, a decrease of 57 persons and an increase of \$1.50

per person relative to the FY2022 Budget as Enacted. The total general revenue cost of the SSI program in FY2023 is \$18.5 million, an increase of \$576,533 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>(168,985)</i>
Statewide COLA and Bonus	1,771,839
Contract Professional Services	263,359
Pharmaceutical Costs	(136,000)
FY2023 Governor	30,304,208

Veterans' Services	Informational
ARPA SFRF: Emergency Staffing RI Veterans' Home (federal funds)	\$95,500
Veterans' Home Maintenance Fees	Informational

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.

Contract Professional Services **\$263,359**

The Budget includes an additional \$263,359 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.

ARPA SFRF: Emergency Staffing RI Veterans' Home (federal funds) **\$95,500**

The Governor proposes to use \$95,500 in FY2023 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to provide signing bonuses for staff at the Veterans' Home. A proposal with a detailed use of these funds was not provided.

Analyst Note: According to the Office of Management and Budget, the amount included in this proposal was not sufficient to provide bonuses. The scope of this proposal is anticipated to change and funding may be adjusted in a forthcoming Governors' Budget Amendment.

Veterans' Home Maintenance Fees

Informational

On June 19, 2020, the U.S. Department of Veterans' Affairs (VA) sent a letter to the RI Department of Human Services' Office of Veterans' Services (Office) alleging that beginning July 1, 2019, veterans at the RI Veterans' Home who have a service connected disability rating of 70.0 percent or more are being billed for Occupational Therapy (OT) and Physical Therapy (PT). The letter also alleged that Veterans were paying out-of-pocket expenses for services which should be covered under their care at the Veterans' Home.

The VA found the 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 46 checks totaling \$4.6 million to current residents of the Veterans' Home or their eligible next of kin. Refunds totaling \$389,895 for an additional 7 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:	\$4,587,506	46
Pending:	389,895	7
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.

CAPITAL PROJECTS

The Budget includes \$665,000 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 \$300,000 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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Central Management	\$2.6	\$5.8	\$5.5	(\$0.2)	-4.2%	\$5.5	(\$0.3)	-4.4%
Hospital & Community System Support	1.4	3.7	3.7	(0.0)	-1.0%	3.8	0.1	2.8%
Behavioral Healthcare Services	34.4	59.1	50.7	(8.5)	-14.3%	51.8	(7.4)	-12.5%
Services for the Developmentally Disabled	280.3	336.7	348.8	12.1	3.6%	391.6	55.0	16.3%
Hospital & Community Rehabilitation Services	125.1	118.3	141.6	23.3	19.7%	113.1	(5.2)	-4.4%
State of Rhode Island Psychiatric Hospital	-	-	-	-	0.0%	30.6	30.6	0.0%
Total	\$443.8	\$523.6	\$550.3	\$26.7	5.1%	\$596.5	\$72.9	13.9%

Expenditures by Source	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
General Revenue	\$189.8	\$271.9	\$279.2	\$7.2	2.7%	\$305.7	\$33.7	12.4%
Federal Funds	251.2	247.1	266.3	19.2	7.8%	286.3	39.2	15.9%
Restricted Receipts	2.9	4.2	4.0	(0.2)	-3.9%	4.1	(0.1)	-2.3%
Other Funds	0.0	0.4	0.8	0.4	99.7%	0.4	-	0.0%
Total	\$443.8	\$523.6	\$550.3	\$26.7	5.1%	\$596.5	\$72.9	13.9%

Authorized FTE Levels	1,188.4	1,190.4	1,190.4	-	-	1,201.4	11.0	0.9%
-----------------------	---------	---------	---------	---	---	---------	------	------

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

The Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) provides a comprehensive system of care for individuals with mental or physical illnesses, developmental disabilities, and substance use disorders. BHDDH administers a coordinated system of mental health promotion and substance abuse prevention through contracted, community-based and direct services at the Eleanor Slater Hospital, the proposed State of Rhode Island Psychiatric Hospital, and the Rhode Island Community and Living Supports (RICLAS) facilities.

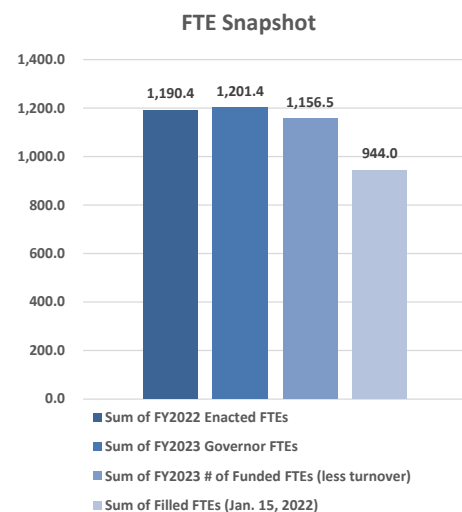
MAJOR ISSUES AND TRENDS

The Budget includes \$596.5 million from all funds for BHDDH in FY2023, of which \$305.7 million is from general revenue, \$286.3 million is from federal funds, \$4.1 million is from restricted receipts, and \$400,000 is from RICAP funds. The Budget includes an all funds increase of \$72.9 million (13.9 percent) as compared to the FY2022 Budget as Enacted.

The Budget authorizes 1,201.4 FTE positions in FY2023, increasing the Department's authorized FTE positions by 11.0, a 0.9 percent decrease. 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, 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.

As of the pay period ending January 15, 2022, there were 944.0 filled and 246.4 vacant positions in the Department.

Eleanor Slater Hospital: Eleanor Slater Hospital provides long-term acute and post-acute hospital level of care to forensic, psychiatric, and medical patients with complex needs. Currently, ESH patient population



is heavily dependent on court decisions, as the court decides when forensic patients require hospitalization at ESH and when a patient may be discharged.

Beginning in August of 2019, BHDDH oversight personnel found there was a possibility that 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 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 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 COLA and Bonus	274,139
Project Management Office	262,449
Centralized Service Charges	214,785
Contract Services	(140,000)
FY2023 Governor	\$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 COLA 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 BHDDH.

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 & 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 COLA and Bonus	128,079
FY2023 Governor	\$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.

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 COLA 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 BHDDH.

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>	(7,194)
Cost Allocation Plan	317,420
Centralized Service Charges	260,760
Statewide COLA and Bonus	152,756
FY2023 Governor	\$2,969,495

Behavioral Healthcare Services	Other Fund Changes
Federal Grant Changes (federal funds)	(\$7,216,151)
ARPA SFRF: Crisis Intervention Trainings (federal funds)	550,000
State Opioid Response (federal funds)	(427,963)
Opioid Stewardship Fund (restricted receipts)	(330,000)
Adult-Use Marijuana (restricted receipts)	297,542

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.

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 COLA 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 BHDDH.

Federal Grant Changes (federal funds) **(\$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 Governor	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: Crisis Intervention Trainings (federal funds)**\$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 Governor's proposal 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 or 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 (federal funds)

(\$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 original SOR grant has expired, but the Department anticipates the receipt of a new grant and subsequently kept the funding in the Budget as a placeholder.

Opioid Stewardship Fund (restricted receipts)

(\$330,000)

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 \$2.0 million within BHDDH for opioid-related treatment services, reflecting a decrease of \$330,000 as compared to the FY2022 Budget as Enacted. The funding in the Budget includes \$900,000 for the Recovery Friendly Workplace and Recovery Housing programs, and \$750,000 for

Medication-Assisted Treatment (MAT). The Budget also includes \$350,000 for the Behavioral Health Online Database (BHOLD), which was reallocated in FY2023 due to delays in implementation. The Budget does not include OSF for regional substance abuse prevention coalitions within BHDDH, as this funding was shifted to EOHHS. However, spending plans for the EOHHS allocation have not been finalized, so it is unclear if funding for the coalitions will be included.

Adult-Use Marijuana (restricted receipts)

\$297,542

Article 11 of the Budget legalizes recreational adult-use marijuana and provides restricted receipt funding to BHDDH. The Budget includes \$297,542 for 2.0 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 \$391.6 million from all funds for the Division, including \$184.1 million from general revenue in FY2023. This is \$38.8 million more general revenue than the FY2022 Budget as Enacted and \$68.9 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
Caseload Estimating Conference	15,878,272
Consent Decree Action Plan Funds	2,458,100
Statewide COLA 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
Advanced Payments to DD Providers	Informational
FY2023 Governor	\$184,095,099

DSP Wage Increase

\$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.

Analyst Note: Typically, Article 1 includes proviso language ensuring that the general revenue and federal funds appropriations are directed towards the wage increase, however, the Article 1 of the FY2023 Budget does not include this language.

November 2021 Caseload Estimating Conference

\$15.9 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 November 2021 CEC projected general revenue expenditures of \$142.8 million in the Services for Developmental Disabilities program in FY2023, or \$15.9 million more than the FY2022 Budget as Enacted. The increase in general revenue is primarily a result of the assumed expiration of the enhanced FMAP, which provided an additional 6.2 percent in federal matching dollars for eligible services.

In the Caseload Estimating Conference, projections are based on current law. As a result, the FY2022 Enacted Budget for BHDDH included a rate increase to support raising DSP hourly wages to at least an average of \$15.75, which is reflected in the estimate. However, BHDDH presented testimony recognizing that the state had agreed to an Action Plan related to an ongoing federal consent decree. Elements of the Action Plan require action through the state budget process and are not yet current law. As a result, the FY2023 estimates represent a baseline projection and exclude the costs of a technology fund, a transformation fund, and a rate increase that supports additional increases to the DSP wage in FY2023 and FY2024.

Consent Decree Action Plan Funds

\$2.5 million

The Budget adds \$2.5 million from general revenues and \$541,900 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. This 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.

Statewide COLA 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 BHDDH.

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.

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 April 16, 2022.

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.

Advanced Payments to DD Providers***Informational***

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. The advances have been returned by the providers on the last day of the fiscal year with an immediate advance from the State to the providers made the following day. The temporary repayment, also called “check swap”, prevents accounting recognition of the advances in any budgetary period. The current annual advance process lacks statutory authorization, and the long duration of the advance procedure has led providers to dispute that the advances must be paid back to State.

The State Controller, with the approval of the Director of the Department of Administration, may offset outstanding liabilities with the sale of state-owned group homes, but this has not decreased the balance of outstanding advances to any material extent. The FY2022 Governor’s Revised Budget includes a one-time increase of \$12.6 million to write off the loans and eliminate the liabilities.

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 & 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	(16,809,702)
Statewide COLA and Bonus	4,530,712
Hospital License Fee	3,076,259
Outpatient Clinic	(103,042)
FY2023 Governor	\$80,422,430

Hospital & 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 ***(\$16.8 million)***

The Budget includes a net general revenue savings of \$16.8 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 and December. According to BHDDH, a full year of Medicaid billing is approximately \$49.0 million.

Statewide COLA 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 BHDDH.

Hospital License Fee

\$3.1 million

The Budget includes \$3.1 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.

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 level 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, this outpatient only to those who have 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	797,082
FY2023 Governor	\$30,504,895

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 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 and would be fully funded by general revenues.

Hospital Administration

\$797,082

The Budget adds \$835,637 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.

Governor's Commission on Disabilities

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Governor's Commission on Disabilities	\$1,266,566	\$1,530,481	\$1,567,206	\$36,725	2.4%	\$1,604,382	\$73,901	4.8%
Expenditures By Source								
General Revenue	\$834,302	\$1,090,710	\$1,118,123	\$27,413	2.5%	\$1,141,489	\$50,779	4.7%
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%	\$1,604,382	\$73,901	4.8%
Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-

The Governor's Commission on Disabilities advocates for individuals with disabilities, expands economic opportunities for businesses owned by or employing individuals with disabilities and their families, and ensures that individuals with disabilities have access to government. The Commission is responsible for coordinating compliance by state agencies with federal and state disability rights laws.

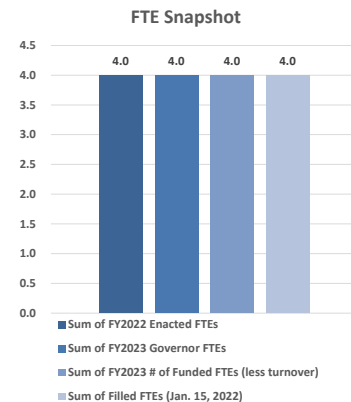
MAJOR ISSUES AND TRENDS

The FY2022 Revised Budget includes \$1.6 million, of which \$1.1 million is general revenue. This reflects an all funds increase of \$36,725 from the FY2022 Budget as Enacted. The increase reflects the statewide COLA and bonus appropriation.

For FY2023, the Budget includes \$1.6 million, of which \$1.1 million is general revenue. This reflects an all funds increase of \$73,901 from the FY2022 Budget as Enacted. The increase primarily reflects the statewide COLA and bonus appropriation and increased costs for centralized services.

The Budget includes \$485,743 in general revenue for continued funding of the Livable Homes Modification Program.

The Budget includes 4.0 FTE positions in FY2022 and FY2023, consistent with the enacted level.



Governor's Commission on Disabilities	General Revenue
FY2022 Enacted	\$1,090,710
Target and Other Adjustments	(2,322)
Statewide COLA and Bonus	30,054
Centralized Services	23,047
Livable Home Modification Grant Program	Informational
FY2023 Governor	\$1,141,489
Other Fund Changes	
New England ADA Center (restricted receipts)	\$19,210
Technical Assistance - GCD (restricted receipts)	5,570

Statewide COLA 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.

Livable Home Modification Grant Program

Informational

The Governor's Commission on Disabilities (GCD) has administered the Livable Home Modification grant program since January 2018. The grant program allocates funding for home modification projects to allow people to stay in their homes longer and decrease the length and frequency of nursing home stays. Improvements include bathroom modifications, wheelchair ramps, and stability rails, along with other home modifications. Since inception, the Commission has awarded and paid \$1.4 million for 534 awards.

The Governor continues to support the Livable Home Modification Grant Program and includes \$547,324 in general revenue to support the Livable Home Modification Grant Program in the FY2022 Supplemental Budget and includes \$485,743 to support the Livable Home Modification Grant Program in FY2023.

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

The FY2022 Supplemental Budget and the FY2023 Budget disperse the appropriations amongst the categories where expenditures occur. Approximately 90.8 percent of the appropriations will be used on grant awards in FY2022 and 89.3 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.

	FY2021	FY2022	FY2022	FY2023
	Actual	Enacted	Governor	Governor
Livable Homes Modification				
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	433,774
Total	\$320,422	\$507,850	\$547,324	\$485,743

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 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.

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

Expenditure by Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Central Management	\$755,075	\$818,664	\$780,085	(\$38,579)	-4.7%	\$816,876	(\$1,788)	-0.2%
Expenditure by Source								
General Revenue	\$575,032	\$655,862	\$699,765	\$43,903	6.7%	\$716,876	\$61,014	9.3%
Restricted Receipts	180,043	162,802	80,320	(99,723)	-61.3%	100,000	(62,802)	-78.2%
Total	\$755,075	\$818,664	\$780,085	(\$38,579)	-4.7%	\$816,876	(\$1,788)	-0.2%
Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-

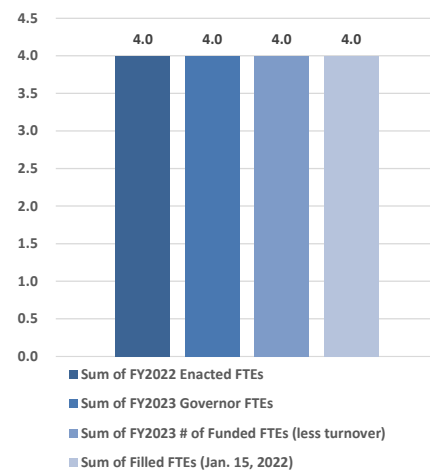
The Commission on the Deaf and Hard of Hearing (CDHH) advocates and coordinates the promotion of an environment in which deaf and hard of hearing persons in Rhode Island are afforded equal opportunity in all aspects of their lives. The CDHH develops policy and provides recommendations for programs and legislation that will enhance cooperation and coordination among agencies and organizations that currently serve, or have the potential to serve, the deaf and hard of hearing community.

MAJOR ISSUES AND TRENDS

The Budget includes total funding of \$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 FY2022 and FY2023, consistent with the enacted budget.

FTE Snapshot



Central Management	General Revenue
FY2022 Enacted	\$655,862
Target and Other Adjustments	(2,148)
Statewide COLA and Bonus	33,419
Centralized Service Charges	29,743
FY2023 Governor	\$716,876

Central Management	Other Fund Changes
Emergency and Public Communications Access Fund (restricted receipts)	(\$62,802)

Statewide COLA and Bonus \$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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Office of the Child Advocate	\$991,174	\$1,243,526	\$1,166,531	(\$76,995)	-6.2%	\$1,160,468	(\$83,058)	-6.7%
Expenditures by Source								
General Revenue	\$937,682	\$1,036,219	\$1,104,557	\$68,338	6.6%	\$1,152,930	\$116,711	11.3%
Federal Funds	53,492	207,307	61,974	(145,333)	-70.1%	7,538	(199,769)	-96.4%
Total	\$991,174	\$1,243,526	\$1,166,531	(\$76,995)	-6.2%	\$1,160,468	(\$83,058)	-6.7%
Authorized FTE Levels	10.0	10.0	10.0	-	-	10.0	-	-

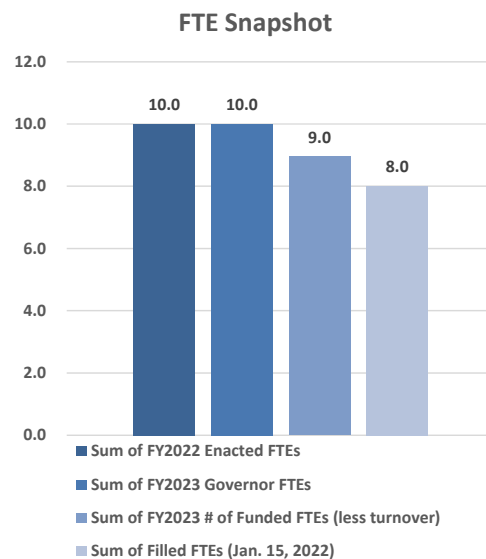
The Office of the Child Advocate (OCA) is mandated by statute to protect the legal, civil, and special rights of all children in the care of the Department of Children, Youth, and Families (DCYF). The Office strives to improve conditions and circumstances through monitoring, intervention, and advocacy. The OCA receives federal funding through the Victims of Crime Act (VOCA) to provide public education and support services for victims of crime and their families. The Office reviews all youth residential programs, including the Rhode Island Training School, and oversees compliance by all DCYF-contracted providers. The General Assembly amended the Office's statutory charge in both 2016 and 2019, further requiring the Child Advocate to investigate any child fatality or near fatality if:

- The child is involved with, or the child's family previously received services from, DCYF;
- The incident involves alleged abuse or neglect and the child's family had prior contact with DCYF; or
- The child's sibling, household member, or daycare provider was the subject of a child abuse or neglect investigation within 12 months of the incident.

MAJOR ISSUES AND TRENDS

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State's child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement, known as the Children's Rights Settlement, outlined a number of new screening and reporting requirements for DCYF. The OCA acts as the federal monitor to the settlement and oversees DCYF's progress towards meeting the established benchmarks.

The Budget provides \$1.2 million from all funds for the Office in FY2023. This represents an \$83,058 all funds decrease from the enacted budget. The reduction stems from the expiration of the federal Victims of Crime Act (VOCA) funding and a concurrent reduction of \$199,769 in federal funding, partially offset by the addition of \$116,711 in general revenues. The Budget authorizes 10.0 FTE positions and fully funds 9.0 positions in both FY2022 and 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>
Statewide COLA	67,385
Centralized Service Charges	35,229
Equitable Salaries	Informational
FY2022 Governor	\$1,152,930

Statewide COLA **\$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.

Equitable Salaries **Informational**

The Office requested a general revenue increase of \$124,812 for salary increases for office personnel. The Office has requested increases in the past five budget requests and cites difficulty with recruitment and retention; increased 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 as rationale for the proposed increases. The Governor did not include the increases, noting that the Administration needs to undertake a classification and compensation study (funding is included in the Department of Administration budget recommendation for FY2023). The Governor notes that increases should be considered, and the Office is working with the Department of Administration to undertake a public hearing process on proposed increases. Should the increases be recommended, the Administration would submit a proposed budget amendment.

Office of the Mental Health Advocate

	FY2021	FY2022	FY2022	Change from		FY2023	Change from Enacted	
Expenditures by Program	Actuals	Enacted	Governor	Enacted		Governor		
Central Management	\$635,517	\$680,190	\$721,334	\$41,144	6.0%	\$973,329	\$293,139	40.6%
Expenditures by Source								
General Revenue	\$635,517	\$680,190	\$721,334	\$41,144	6.0%	\$738,882	\$58,692	8.6%
Federal Funds	-	-	-	-	-	234,447	234,447	-
Total	\$635,517	\$680,190	\$721,334	\$41,144	6.0%	\$973,329	\$293,139	40.6%
Authorized FTE Levels	4.0	4.0	4.0	-	-	6.0	2.0	50.0%

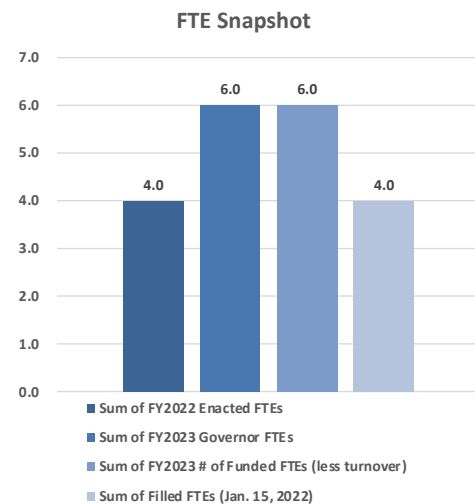
The Office of the Mental Health Advocate (OMHA) is statutorily mandated to protect the legal, civil, and special rights of people living with mental illness in Rhode Island. This includes providing legal representation at involuntary commitment proceedings, monitoring policies and procedures at inpatient 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 FY2023 Budget includes \$738,882 from general revenues, an increase of 8.6 percent as compared to the FY2022 Budget as Enacted. Typically, the office is funded entirely in general revenues, however, in FY2023, the Budget includes \$234,447 in federal State Fiscal Recovery Funds (SFRF) for the proposed mental health court.

The Budget authorizes and fully funds 4.0 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
Target and Other Adjustments	2,637
Statewide COLA and Bonus	40,814
Centralized Service Charges	15,241
FY2023 Governor	\$738,882

Central Management	Other Funds
ARPA SFRF: Mental Health Court Pilot Program (federal funds)	\$234,447

Statewide COLA and Bonus

\$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

\$15,241

The Budget increases general revenue expenditures by \$15,241 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 \$93,035 for the centralized services, increased to \$109,706 in the FY2023 Budget.

ARPA SFRF: Mental Health Court Pilot Program (federal funds)

\$234,447

The Budget adds \$234,447 from the federal American Rescue Plan Act State Fiscal Recovery Fund in FY2023 and \$244,523 in FY2024 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.

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

Elementary and Secondary Education

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Administration of the Comprehensive Education Strategy	\$262.6	\$354.4	\$335.8	(\$18.6)	-5.2%	\$316.7	(\$37.7)	-10.6%
Central Falls School District	44.8	69.7	56.7	(13.0)	-18.7%	61.5	(8.2)	-11.8%
Davies Career and Technical Center	18.0	25.9	23.5	(2.4)	-9.1%	27.0	1.1	4.2%
Rhode Island School for the Deaf	8.1	8.8	9.4	0.7	7.6%	9.1	0.4	4.1%
Metropolitan Career and Technical School	9.3	14.3	11.6	(3)	(0)	12.9	(1.4)	-9.5%
Education Aid	1,058.6	1,569.1	1,139.0	(430.1)	-27.4%	1,249.7	(319.4)	-20.4%
School Construction Aid	80.0	80.0	80.0	-	-	88.5	8.5	10.7%
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	\$1,780.0	(\$466.0)	-20.7%	\$1,896.3	(\$349.8)	-15.6%
Expenditures By Source								
General Revenue	\$1,280.1	\$1,330.8	\$1,333.4	\$2.5	0.2%	\$1,372.7	\$41.8	3.1%
Federal Funds	281.2	865.6	396.2	(469.3)	-54.2%	469.6	(396.0)	-45.7%
Restricted Receipts	36.2	46.7	47.2	0.5	1.1%	47.6	0.9	2.0%
Other Funds	0.7	2.9	3.2	0.3	9.5%	6.4	3.5	119.2%
Total	\$1,598.4	\$2,246.0	\$1,780.0	(\$466.0)	-20.7%	\$1,896.3	(\$349.8)	-15.6%
Authorized FTE Levels	325.1	326.1	326.1	-	-	328.1	2.0	0.6%

\$ 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

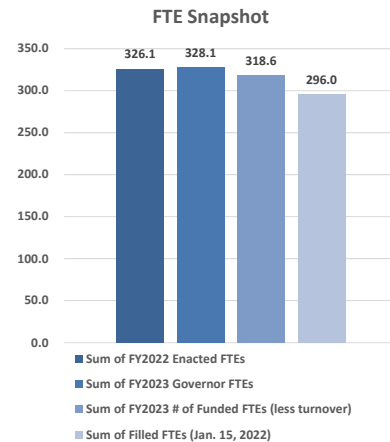
Most of the \$41.8 million increase in general revenue fully funds the education funding formula, holds districts harmless relative to the FY2022 funding formula distribution, and corrects for a property tax data error that occurred in FY2022. Categorical aid is level funded, except that group home aid decreases by \$662,927 based on student bed counts. Density Aid shows a decrease in the distribution tables based on the number of qualifying students; however, the funding necessary to level fund the category is included in the Budget.

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 statewide COLA adjustments, and \$262,152 for 2.0 new FTE positions at the Department.

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 \$4.0 million in Rhode Island Capital Plan (RICAP) funds for the Davies Health Care Classroom Improvements project.

The Budget provides 328.1 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. This represents an increase of 2.0 FTE positions in the Administration of the Comprehensive Education Strategy program, including a Multi Lingual Learner Specialist and a Transformation Specialist. The FTE level in FY2022 is consistent with the 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 evaluating the second position to ensure that the position and the recruitment align with meeting the UCOA requirement.



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>258,247</i>
Statewide COLA	1,222,364
Multilingual Learner Specialist (1.0 FTE position)	131,076
Transformation Specialist (1.0 FTE position)	131,076
FY2023 Governor	\$26,082,442

Administration of the Comprehensive Education Strategy	Other Fund Changes
ARPA ESSER III Funds (federal funds)	(\$21,432,561)
CRRSA ESSER II Funds (federal funds)	(7,034,852)
ARPA SFRF: Municipal Learning Centers (federal funds)	5,000,000
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.

Multilingual Learner Specialist (1.0 FTE position) \$131,076

The Department has launched the Blue Print for Multilingual Learner Success and a Strategic Plan for improving outcomes for Multilingual Learners. This position is needed to coordinate and deliver

professional development to ensure the expected outcome from the Blue Print for Multilingual Learner Success and the Department's Strategic Plan.

Analyst Note: The FY2022 Budget as Enacted provided 1.0 new FTE position for a World Language Education Specialist and an English Language Learner/World Language position was added in FY2018. The Department is currently interviewing candidates for the World Language Specialist position.

Transformation Specialist (1.0 FTE position)

\$131,076

According to the Department, the RI Education Accountability Act of 2019 imposed new statutory expectations of the Department such that the Department must implement and support LEAs with strategic planning and a wide variety of annual plans, as well as monitor and evaluate the process and outcomes for five LEAs on an annual basis. This position, while housed in the Office of Support and Strategic Planning, will work across the Department to collaborate with other specialists in providing support to LEAs and meeting the requirements and responsibilities codified in the 2019 RI Education Accountability Act. The Department explained that the 4.0 FTE Transformation Specialists currently in the Department focus on the federally mandated school improvement process for schools identified for comprehensive support and improvement (CSI), as delineated in the federal 2015 Every Student Succeeds Act (ESSA).

ARPA ESSER III Funds (federal funds)

(\$21.4 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 some of the funds out, providing \$5.0 million in FY2022 and \$20.1 million in FY2023.

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:

(<https://www.ride.ri.gov/Portals/0/Uploads/Documents/COVID19/LEAPTaskForceReport.pdf?ver=2021-04-28-150118-777>).

Analyst Note: As of the publication date of this report, the Department has been unable to provide a budget for the planned initiatives.

**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

\$ in millions

CRRSA ESSER II Funds (federal funds)**(\$7.0 million)**

The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in Elementary and Secondary Education Relief (ESSER) 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) and \$18.5 million was reserved for use by the state education agency (SEA), including a maximum of \$923,958 for an administrative set aside. The FY2022 Budget as Enacted appropriated the entire amount into one year. The FY2023 Budget moves some of the funds out providing \$7.1 million in FY2022 and \$11.4 million in FY2023.

Analyst Note: As of the publication date of this report, the Department has been unable to provide an update to the ESSER Budget.

ARPA SFRF: Municipal Learning Centers (federal funds)**\$5.0 million**

The Governor proposes to use \$5.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 (\$15.0 million through FY2025) to support the creation of centers, operated by municipalities, providing free or fee-for-service programs such as tutoring, art and music classes, early education opportunities, and nonprofit services. The programs, while operating year-round, will focus on out-of-school time and vacations. The goal is for each city or town to operate at least one program. The proposed investment of \$15.0 million is expected to establish 11 programs including five in Providence, two in Pawtucket, and one each in Central Falls, Cumberland, Middletown, and North Providence.

The proposal supports the administrative costs and the anticipated full cost of implementing the Municipal Learning Center model at full scale within the next three years. In planning, the State support of each center would decrease over Year 4 and Year 5, with the intention being for the community and/or the municipality increasing support each year (Year 4 and Year 5) so that by FY 2027 all Municipal Learning Centers will be fully financed by the municipalities as well as through grants or philanthropic funding. The pilot municipalities include Central Falls, Cumberland, Pawtucket, Middletown, and North Providence. In particular, for Cumberland, the approach is to support the current existing model in place within the municipality. In Providence, the approach will result in five Municipal Learning Centers and centralized State support of the program within the Rhode Island Department of Education's Office of Students, Communities, and Academic Supports. The current plan is to start the formation of the centers in Providence on November 1, 2022, and open the remaining pilot centers in FY2023.

Key components of the proposal include:

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components** (quoted directly from budget documents):
 - **Population:** The intent is to serve students in our most impacted communities across Rhode Island, with a particular focus on areas with low availability of low-cost Out of School Time (OST) programs - which exist in both urban and suburban municipalities. We are working within each municipality to develop a local design team that will have representation of historically underserved populations to ensure that needs are being

**ESSER II Budget Status
(as of 10/5/2021)**

Initiative	Budget
All Course Network	\$3,000,000
New Shoreham	60,000
Communication Consultants	250,000
Website Support	100,000
Pre K transition	125,000
Eureka Math	600,000
Personell	466,149
All Course Network Contractor	250,000
Interim Assessments	2,000,000
Implicit Bias Training	325,000
Teacher mentoring	300,000
Urban Core Summit	217,160
Data analysis	200,000
Middle School Math	1,500,000
Parent Video	275,000
Tutoring services	500,000
Communication APP	500,000
Total Approved	\$10,668,309
Administrative set aside	923,958
Total	\$11,592,267
Total SEA Reserve	18,479,157
Balance	\$6,886,890

Source: RIDE email 10.7.2021 in response to Senate Finance Committee Hearing 10.6.2021

specifically addressed. Outcomes are focused on closing the achievement gap within communities of different sub-populations based on race, ethnicity, and income levels.

- **Awareness:** We are committed to open, transparent, and equitable processes for all programming opportunities.
- **Access and Distribution:** According to the Rhode Island Afterschool Network, “There is a substantial gap between enrichment opportunities for youth from low-income and higher-income families. The highest-income families spend almost seven times more on enrichment activities for their children.” (link)

According to the Afterschool Alliance’s America After 3PM report, a substantial “56 percent of low-income households report that the cost of afterschool programs was a factor in their decision not to enroll their child in a program and close to half of Hispanic parents (48 percent) and 46 percent of African American parents report that a very important factor in their decision not to enroll their child in an afterschool program is that afterschool programs are not available in their community, compared to 38 percent of Caucasian parents.” (link)

- **Outcomes:** These outcomes will vary from community to community, but will be focused on the identified needs of students and families served.
- **Performance Metrics:** Monitor the following:
 - For this project, programmatic metrics related to program availability, access and participation in municipal learning programs will be tracked. We will also track subgroup data to understand the impacts on communities, students and families most impacted by sustained education and opportunity disparities.
 - Success metrics will be developed based on the individual municipalities for each community tied to educational outcomes (e.g. those being tracked by LEAs related to learning loss), student engagement, family satisfaction, safety, and opportunity gap closure.
 - The methods we will use to evaluate the initiative will include participant and family surveys, focus groups, and data analysis. We will track programming throughout the school year, with summative metrics reported out with program completion at end of each semester and summer.
 - Success will be measured by the sustained growth in access and participation in programs, satisfaction with programming by participants, increased academic achievement, and engagement of students and families with the municipality.

School Based Mental Health Services (federal funds)

\$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 included in the FY2022 Budget as Enacted.

The district funding will be used to 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

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

coordinator to lead the development of a certificate program and pathways to increase the number of school-based mental health providers statewide.

Substance Abuse and Mental Health Services (federal funds)

\$1.6 million

FY2023 is the second year of a 5-year, \$9.0 million federal grant to expand mental health awareness and expand mental health 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.

Gates Foundation Grant (restricted receipts)

\$441,886

In 2021, the Rhode Island was awarded a Gates Foundation Grant to make algebra more accessible to Providence Middle Schools 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 profession development to teachers, 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.

CARES ACT ESSER I (federal funds)

\$300,000

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed in March 2020, provided \$46.4 million in 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 \$500,000 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.

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>	-
Funding Formula Adjustment	(1,348,583)
Pandemic Hold Harmless Fund	1,348,583
Central Falls Stabilization	1,000,000
FY2023 Governor	\$48,702,745
Central Falls	Other Fund Changes
ARPA ESSER III Funds (federal funds)	(\$5,134,741)
CRRSA ESSER II Funds (federal funds)	(4,061,246)

Funding Formula Adjustment ***(\$1.3 million)***

Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District; however, beginning in FY2012, the district's state funding has been determined through the new funding formula. In FY2023, the district will see a decrease of \$1.3 million in funding formula aid; however, the stabilization aid and other categorical aid provide for a net increase of \$958,429 over the previous fiscal year.

Pandemic Hold Harmless Fund ***\$1.3 million***

The Budget includes a total of \$49.7 million to ensure districts do not experience a reduction in funding formula aid relative to FY2022 due to losses associated with the pandemic or enrollment shifts to other schools, including \$1.3 million for Central Falls.

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.

ARPA ESSER III Funds (federal funds)**(\$5.1 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 \$15.3 million in direct aid for Central Falls. The FY2023 Budget moves \$10.1 million of these funds into FY2023, leaving \$5.0 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 (federal funds)**(\$4.1 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 \$6.8 million in direct aid to Central Falls. The FY2023 Budget moves \$2.7 million of these funds into FY2023, leaving \$4.0 million in FY2022.

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.

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 \$15.4 million in general revenue funding for the Davies Career and Technical School, an increase of \$979,398 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>	-
Davies Stabilization Fund	742,655
Funding Formula Adjustment	233,755
FY2023 Governor	\$15,414,314

Davies Career and Technical School	Other Funds
ARPA ESSER III Funds (federal funds)	(\$2,132,018)
CRRSA ESSER II Funds (federal funds)	(510,570)

Davies Stabilization Fund ***\$742,655***

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to Davies for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget provides an additional \$742,655 (\$6.6 million total) in FY2023. Based on the budget documents, the increase is due primarily to a statewide COLA adjustment of \$801,950.

Funding Formula Adjustment ***\$233,755***

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 \$233,755 in funding formula aid (\$8.8 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.

ARPA ESSER III Funds (federal 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 (federal 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 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.

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>	<i>42,515</i>
Statewide Cost of Living Adjustment	495,195
FY2023 Governor	\$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.

ARPA ESSER III Funds (federal 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 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.

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 \$9.5 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	137,291
Met School Stabilization Fund	Informational
FY2023 Governor	\$9,479,298
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 **\$137,291**

In FY2023, the Met School will receive an increase of \$137,291 in funding formula aid (\$8.4 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 providing a net increase of \$137,291 in FY2023.

ARPA ESSER III Funds (federal 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 (federal 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>	-
Pandemic Hold Harmless Fund	48,325,314
Funding Formula Distribution	(25,712,721)
Categorical Aid	(662,927)
FY2023 Governor	\$1,045,656,782
Education Aid	Other Funds
ARPA ESSER III Funds (federal funds)	(\$252,145,661)
CRRSA ESSER II Funds (federal funds)	(90,297,833)
Statewide Transportation (restricted receipts)	789,790
CARES Act ESSER I (federal funds)	500,000

Pandemic Hold Harmless Fund

\$48.3 million

The Budget includes a total of \$49.7 million to ensure districts do not experience a reduction in funding formula aid relative to FY2022, including \$48.3 million for districts, excluding Central Falls, and charter schools.

Funding Formula Distribution**(\$25.7 million)**

Based on the updated enrollment and community wealth data, the FY2023 Budget recommendation reduces the education funding formula distribution by \$25.7 million, for a total of \$956.1 million for all the school districts except Central Falls and the state schools, which are included as separate budget programs. This includes a reduction of \$26.6 million based on the FY2023 funding formula calculation, partially offset by an increase of \$839,594 to adjust for a data error in the FY2022 property tax data. Pursuant to law, the Division of Municipal Finance (Division) is required to submit a study of the finalized adjusted equalized weighted assessed valuation (EWAV) to the Department of Elementary and Secondary Education by August 1 each year. 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 of the Governor's FY2023 Budget was included to hold harmless districts that would have experienced a decrease in aid in FY2023 due to the error.

The decrease in funding formula aid for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met) totals \$27.5 million. The difference is due to the decrease in funding to Central Falls (\$1.3 million), partially offset by an increase to Davies (\$233,755) and the Met (\$137,291) in FY2023 relative to the FY2022 enacted level. This total decrease is partially offset by an increase of \$842,582 for the error adjustment, including \$2,988 for Davies.

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.)

Categorical Aid**(\$662,927)**

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. In 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 \$7.7 million in FY2023, level with the FY2022 Budget as Enacted.

FY2023 Governor's Education Aid		
Categorical	Change from Enacted	Total Funding
Transportation	\$0.0	\$7.7
Early Childhood	-	14.9
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
English Learners	-	5.0
Regionalization Bonus	-	-
School Resource Officer Support	-	-
Group Home Aid	(0.7)	2.3
Density Aid	-	1.0
Total	(\$0.7)	\$39.8

\$ 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 the 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 \$1.0 million to level fund this category.

Analyst Note: The Budget provides \$1.0 million in funding; however, based on the qualifying new seats, only \$642,000 is distributed to districts.

ARPA ESSER III Funds (federal 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 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 (federal funds)

(\$90.3 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 \$66.5 million of these funds into FY2023, leaving \$66.5 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.

Statewide Transportation (restricted receipts)

\$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 increase for emergency bus vendors increase by 46.0 percent relative to the FY2019 rates
- PPE and sanitization costs of \$50 per day were paid to vendors for each vehicle
- The contract allows the vendor to bill 50.0 percent per day for routes with Covid-related service interruptions
- The new five-year contract with First Student began on July 1, 2020, with a 5.0 percent rate increase
- The new five-year contract for the system manager also began on July 1, 2020, with a \$1.0 million increase due to the team expanding from 8 to 14 employees; the system manager was located in a separate area from the Department, due to social distancing guidelines; and, the state mandated an increase in the insurance bond.

CARES ACT ESSER I (federal funds)

\$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.

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 receive voter approval, or had not been previously financed, was deemed no longer eligible for reimbursement. Article 22 of the FY2015 Budget extended the moratorium from June 30, 2014, to May 1, 2015, limiting the approval of new projects between FY2012 and FY2015 to those necessitated by immediate health and safety conditions.

As part of the 2011 legislation, RIDE was charged with developing recommendations for further cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 13 of the FY2014 Budget as Enacted provided an incentive to communities to refinance existing school housing bonds by allowing communities to receive 80.0 percent of the total savings, instead of distributing the savings based on the state share ratio. The increased savings to the communities would only apply to refinancing done between July 1, 2013, and December 31, 2015. The table shows the estimated savings realized through the incentive.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public school buildings in Rhode Island, establishes a permanent incentive for school safety and security

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

projects, and established school maintenance expenditure requirements.

School Construction Aid	General Revenue
FY2022 Enacted	\$80,000,000
<i>Target and Other Adjustments</i>	<i>8,536,507</i>
School Building Authority Capital Fund	Informational
FY2023 Governor	\$88,536,507

School Construction Aid **\$8.5 million**

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 **Informational**

Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State's School Building Authority and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC). For 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.

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 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.

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 Revise 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.

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 Governor	\$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). Davies Health Care Classroom Improvements 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 need 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	FY2022	FY2022			FY2023		
	Actual	Enacted	Governor	Change from Enacted		Governor	Change from Enacted	
Office of Postsecondary Commissioner	\$41.7	\$46.5	\$48.4	\$1.9	4.1%	\$47.5	\$1.0	2.2%
University of Rhode Island	812.0	867.4	846.1	(21.4)	-2.5%	875.8	8.4	1.0%
Rhode Island College	158.8	225.8	186.2	(39.6)	-17.6%	190.2	(35.6)	-15.8%
Community College of R.I.	155.5	231.7	191.0	(40.8)	-17.6%	195.7	(36.0)	-15.5%
Total	\$1,168.0	\$1,371.4	\$1,271.6	(\$99.8)	-7.3%	\$1,309.2	(\$62.2)	-4.5%
Expenditures By Source								
General Revenue	\$238.0	\$260.0	\$266.5	\$6.6	2.5%	\$263.7	\$3.7	1.4%
Federal Funds	51.1	140.4	13.8	(126.6)	-90.2%	16.3	(124.1)	-88.4%
Restricted Receipts	2.6	4.1	4.5	0.4	9.2%	4.8	0.7	16.1%
Other Funds	876.4	966.9	986.7	19.8	2.1%	1,024.4	57.5	5.9%
Total	\$1,168.0	\$1,371.4	\$1,271.6	(\$99.8)	-7.8%	\$1,309.2	(\$62.2)	-4.5%
Third Party Funded FTE	523.8	523.8	523.8	-	-	523.8	-	0.0%
Authorized FTE Levels	3,860.5	3,862.5	3,862.5	-	-	3,866.5	4.0	0.1%
Total	4,384.3	4,386.3	4,386.3	-	-	4,390.3	4.0	0.1%

\$ 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 \$1,309.2 million, representing a net decrease of \$62.2 million (4.5 percent) from the FY2022 Budget as Enacted, including a general revenue increase of \$3.7 million (1.4 percent). The increase is primarily due to the addition of \$8.0 million for costs associated with the new statewide 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

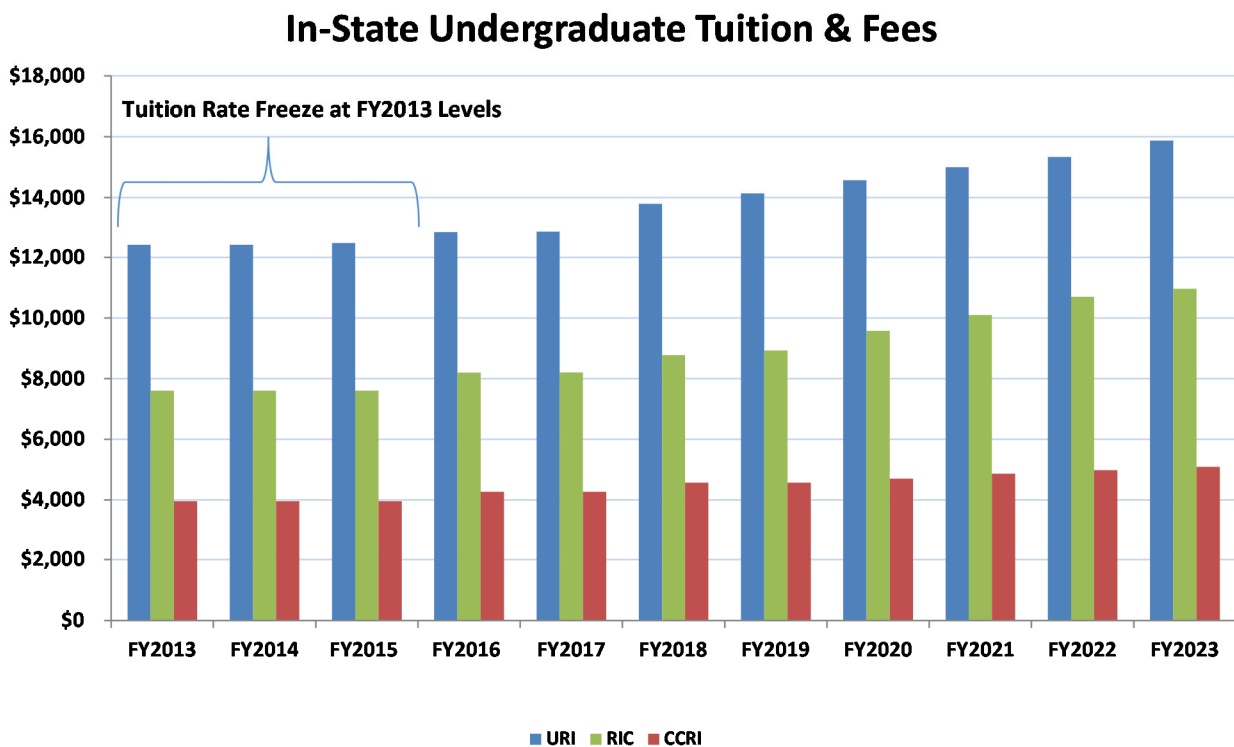
funding will be split among the three institutions, providing \$7.0 million to URI, \$3.1 million to RIC, and \$2.7 million to CCRI.

The decrease in federal funds of \$124.1 million (88.4 percent) is due primarily to the appropriation of federal Higher Education Emergency Relief Funds (HEERF) provided through Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act 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 \$669,360 (16.1 percent) in FY2023 due primarily to the projected opening of the new Higher Education and Industry Center in Woonsocket in May 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 Enacted	FY2022 Revised	FY2023	Change from FY2022 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.

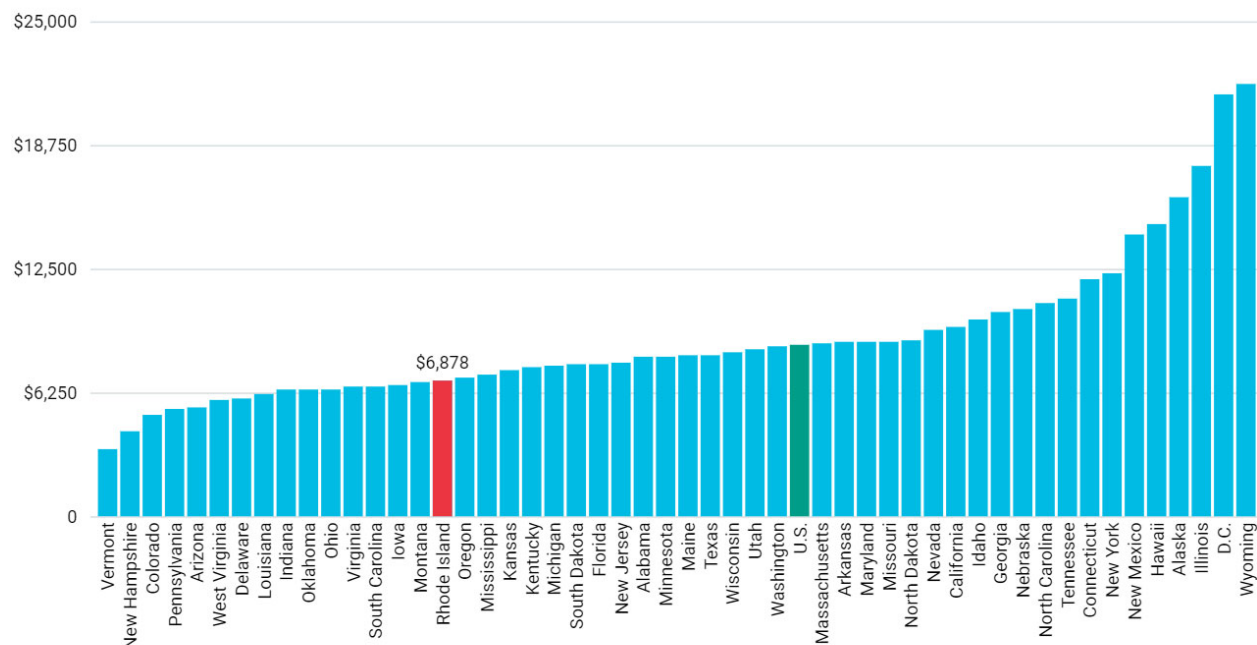
However, on a national perspective in FY2020, the State of Wyoming appropriated \$14,924 more per student FTE than Rhode Island. The chart below is from the State Higher Education Executive Officers Association (SHEEO) and illustrates state 2020 appropriations to public higher education based on student 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 \$11.7 million in additional funding including the state appropriation and estimated new contractual cost, but excluding general obligation debt service.

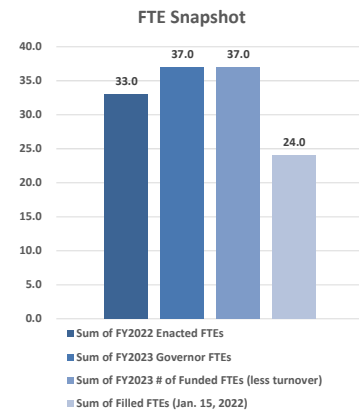
OFFICE OF THE POSTSECONDARY COMMISSIONER

Expenditures By Source	FY2020 Actual	FY2021 Enacted	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
General Revenue	\$16.1	\$16.8	\$16.9	\$27.0	\$25.4	(\$1.5)	-5.7%	\$18.2	(\$8.8)	-32.7%
Federal Funds	8.3	8.4	12.9	7.2	10.4	3.2	44.7%	14.5	7.3	102.2%
Restricted Receipts	1.1	2.3	1.8	3.5	3.7	0.3	7.5%	4.0	0.5	15.1%
Other Funds	9.9	13.4	10.2	8.8	8.8	(0.0)	-0.1%	10.8	2.0	22.3%
Total	\$35.4	\$40.8	\$41.7	\$46.5	\$48.4	\$1.9	4.1%	\$47.5	\$1.0	2.2%

\$ in millions

The mission of the Office of the Postsecondary Commissioner (OPC), formerly the Office of Higher Education, is to support the work of the Board of Education and the Council on Postsecondary Education in providing an excellent, accessible, and affordable system of higher education designed to improve the education attainment of Rhode Island citizens, support economic development, and enrich the civic, social, and cultural life of the residents of the State. The Commissioner works with the presidents of the state higher education institutions to determine the benefits or disadvantages of proposed new programs, departments, courses of study, and policies with the scope and role adopted by the Council on Postsecondary Education. The OPC also supports specific programs, such as early college access and veterans affairs. The FY2016 Budget as Enacted created a new Division of Higher Education Assistance (DHEA) within the Office of the Postsecondary Commissioner and eliminated the Rhode Island Higher Education Assistance Authority. The OPC provides research, policy, and fiscal analysis, and seeks to ensure that higher education in Rhode Island remains economically and geographically accessible.

The Budget provides 37.0 FTE positions for the OPC in FY2023, including 1.0 FTE that is third-party funded. This represents an increase of 4.0 FTE positions 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 and 3.0 FTE positions for American Recovery Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) Higher Education Academy proposal. Of the positions provided, 11.0 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>	419,197
Last Dollar (Promise I) Scholarship Fund Source	(9,595,000)
Elimination of Turnover Savings	149,670
Nursing Education Center Lease	130,363
Statewide COLA	83,790
FY2023 Governor	\$18,167,940

Office of Post Secondary Commissioner**Other Fund Changes**

ARPA SFRF: Higher Education Academy (3.0 FTE positions) (federal funds)	\$6,504,000
Higher Education and Industry Centers (1.0 FTE position) (restricted receipts)	524,764

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 raising average age of participants and smaller contributions. The revenues are based on the amount of assets under management.

The average age of the participants is currently 16; and, as these participants enter college, they will withdraw assets. Furthermore, the new, younger participants are not joining in the numbers needed to offset withdrawals, and these new participants are generally making smaller contributions to their savings plans. Historically generating about \$6.0 million annually, the General Treasurer projects revenue to decline to \$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.

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.

ARA SFRF: Higher Education Academy (3.0 FTE positions) (federal funds)***\$6.0 million***

The Governor proposes using \$6.0 million in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 (\$22.5 million through FY2027) to create the Higher Education Academy. The COVID-19 pandemic highlighted the education gaps in our state and disproportionately impacted those with no postsecondary credentials. This proposal addresses those gaps to create a more resilient workforce so the next economic downturn will be less severe. The goal of this program is to facilitate participants in receiving postsecondary credentials, in workforce training, associates degrees, and bachelor's degrees, through advising, support, and training. The proposal would create the Higher Education Academy, targeting individuals 16 and older without a postsecondary credential, to coordinate and leverage existing programs such as RI Reconnect, Back to Work/Real Jobs, Advanced Course Network, and Enroll RI, as well as aligning current work at the public institutions of higher education. The following table shows the estimated expenses of the initiative.

Natural Account Name	FY2023	FY2024	FY2025	FY2026	FY2027	Total	Brief Description
Salary/Wages And Other Compensation	\$962,000	\$962,000	\$962,000	\$962,000	\$481,000	\$4,329,000	Cost for 3.0 FTE's associated with this work with additional funds covering cost of consultants
Part time/Seasonal	15,000	15,000	15,000	15,000	15,000	75,000	Interns/ Fellows to support outreach of work and research analysis on performance outcomes
Technology	200,000	200,000	200,000	200,000	100,000	900,000	Tech platform, upkeep and support for
Training & Educational Services	1,600,000	1,600,000	1,600,000	1,600,000	670,000	7,070,000	Cost for Administering programing/ training including but not limited to college readiness classes, workforce training and summer Dual enrollment
Training Consultants	70,500	70,500	70,500	70,500	35,000	317,000	Curriculum development/ program evaluation. Staff and navigator training and professional development
Other Contracted Professionals	430,000	430,000	430,000	430,000	150,000	1,870,000	Cost for administering workforce training programs
Supplies & Equipment	15,000	15,000	15,000	15,000	0	60,000	Supplies and cost to support staff and navigators
Program Supplies	1,575,000	1,575,000	1,575,000	1,575,000	754,000	7,054,000	Wrap around supports for program
Advertising	150,000	150,000	150,000	150,000	20,000	620,000	Outreach, Communication and Marketing of program
Miscellaneous	45,000	45,000	45,000	45,000	25,000	205,000	Assessments, supporting convening's of stakeholders, and other materials and support as needed.
Total	\$5,062,500	\$5,062,500	\$5,062,500	\$5,062,500	\$2,250,000	\$22,500,000	

Source: Office of the Postsecondary Commissioner

The programing will target qualified census tracts (QCT) focusing targeted outreach and programming on vulnerable populations, such as unemployed or underemployed individuals, youth 16 to 24 who are disconnected from school or work, and the formerly incarcerated, in partnership with communities such as Providence, Central Falls, Pawtucket, and Woonsocket whose postsecondary attainment levels are dramatically lower than the state's average. QCTs are neighborhoods where 50.0 percent of households have incomes below 60.0 percent of the Area Median Gross Income (AMGI) or have a poverty rate of 25.0 percent or more.

The proposal includes:

- One-on-one navigation supports to postsecondary and workforce training options by assisting with college enrollment, financial aid processing, and career and credential advising.
- Wrap-around services such as childcare, transportation, as well as food and housing support to remove impediments to postsecondary and workforce training enrollment and persistence.
- Academic readiness and dual credit opportunities to accelerate the transition into postsecondary programs, with emphasis on literacy and mathematics readiness.
- Prior learning assessments to award credit completion for adult students with prior experience and move more adults along the path toward degree completion.

The total funding of \$22.5 million through FY2027, would serve approximately 1,000 individuals annually, roughly 5,000 Rhode Islanders throughout the duration of the program, and will provide up to three Academies, based on demand:

- Summer 2022: An 8-week academy targeting rising high school seniors and recent high school graduates to build skills and provide the support needed to continue seamlessly into existing postsecondary or workforce training programming in the fall of 2022.

- Mini Fall Academy: Targeted outreach including support services and navigation support to get people enrolled in programs for the spring semester through advising, and support services, such as FAFSA, Prior Learning Assessments, and navigating enrollment forms.
- Mini Spring Academy: College readiness coursework (i.e. Digital literacy) and support for enrollment in summer coursework.

The program is modeled after the Summer Bridge program, an evidence-based program designed to ease the transition to college and to support postsecondary attainment by providing necessary academic skills and social resources. <https://ies.ed.gov/ncee/wwc/EvidenceSnapshot/661> In addition, the program will provide services based on the Single Stop model facilitating access to public benefits through application support, wrap-around services, childcare, and other services.

<https://ies.ed.gov/ncee/wwc/EvidenceSnapshot/709>

The program will be delivered through personnel at OPC (Navigators) in partnership with community partners. To deliver this program OPC would need 3.0 new grant-funded FTE positions and 4.0 contracted FTE positions including:

- 3.0 temporary, grant-funded FTE positions (\$100,000 in annual salaries and benefits).
- 1.0 FTE Project Manager (\$120,000 in annual salary and benefits)
- 1.0 FTE Finance Staffer (accountant) (\$100,000 in annual salary and benefits)
- 1.0 FTE Program Support Staff (\$100,000 in annual salary and benefits)
- 1.0 FTE Education Policy Specialist (\$120,000 in annual salary and benefits) to focus on performance and data tracking

Analyst Note: The Budget provides 3.0 new FTE positions for the temporary, grant-funded Navigator positions. It is assumed that the \$100,000 is the projected annual cost for each position.

In addition, existing staff would be repurposed to provide the equivalent of 2.0 FTE of work divided between five current positions. The positions impacted included the Director of Strategic Initiatives, the Director of Adult Education, the Business Manager, the Research Specialist, and the Assistant Commissioner. The Budget provides the 3.0 temporary FTE positions.

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 program is targeted to support historically underserved, marginalized populations within the state. The higher Ed Academy will do targeted outreach and programing in the communities with the lowest postsecondary attainment rates in the state (Providence, Pawtucket, Central Falls and Pawtucket). These are also the Qualified Census Tracts, emphasizing the overlap between low socio-economic status and lacking post-secondary credentials.
 - **Awareness:** Part of these program will be to do targeted outreach to ensure awareness of the resources and programing in the communities most in need. OPC will utilize partnerships with community organizations as well as city and town leaders to ensure that messaging is getting out about the support. Programing will be done in partnership with the state's workforces centers which are located in Providence, Central Falls and soon to be Woonsocket.
 - **Access and Distribution:** This program will be able to provide supports to ensure equitable access to programing and removing barriers that may come across from one's ability to fill out an

application. Navigators will have the ability to ensure that participants are receiving services that they are eligible for as it is built into the model of the program.

- **Outcomes:** The intended outcomes of this program is to address the equity gaps in postsecondary attainment by providing the additional supports and removing barriers that often exists for historically unrepresented groups. Outcome data of the academy's participants, successful enrollment and then completion of program will be looked at in the disaggregate by race, ethnicity and socio-economic status.
- **Performance Metrics:** Monitor the following:

Overall, long term success will be measured through progress made toward the state's postsecondary attainment goal, an indicator that more Rhode Islanders have the "piece of paper" that employers want, coupled with the skills and education needed to support the state's growing economy and be prepared to adjust to any further pandemic. As for indicators of progress toward that goal, OPC will track the following metrics:

- Number of high school students who enroll in a summer dual course offering (total and breakdown by race and SES)
- Number of adults who enroll in a college course or job training (total and breakdown by race and SES)
- Number of credits earned through summer enrollment in college courses
- Number of adults who enroll in a readiness course (total and breakdown by race and SES)

Higher Education and Industry Centers (1.0 FTE position) (restricted receipts) \$524,764

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.

UNIVERSITY OF RHODE ISLAND

Expenditures By Source	FY2020 Actual	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted	FY2023 Governor	Change from Enacted
General Revenue	\$112.7	\$109.5	\$115.3	\$120.2	\$4.9 4.2%	\$121.7	\$6.4 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	725.9	4.9 0.7%	754.1	33.1 4.6%
Total	\$823.3	\$812.0	\$867.4	\$846.1	(\$21.4) -2.5%	\$875.8	\$8.4 1.0%

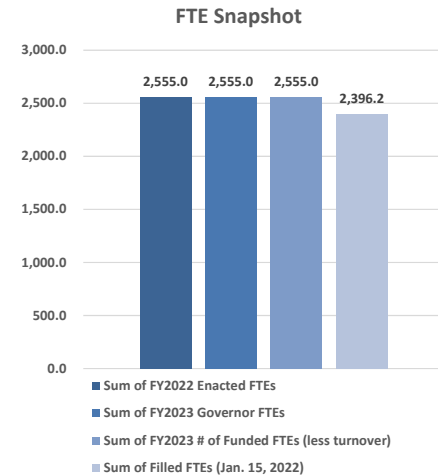
\$ in millions

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 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 Shepard 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.

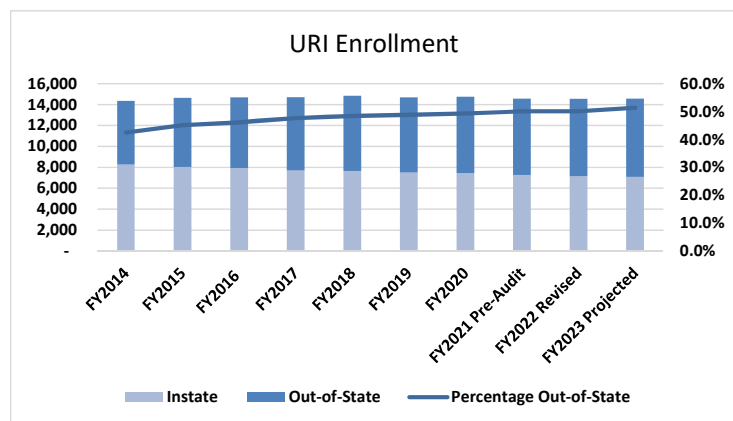
Article 5 of the FY2023 Budget includes a \$50.0 million bond referendum for repairs and construction on the Bay Campus in support of education and research for the marine disciplines. This project is Phase II of an ongoing project to update a campus that, for the most part, has not been updated since 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.

Analyst Note: According to URI, the proposed \$50.0 million bond will not be enough to support any single subproject of the renewal plan. Alternatively, the lowest amount that would add value to the Bay Campus is \$70.0 million to support undergraduate education and research space for Ocean Engineering and research support for the Graduate School of Oceanography, which are part of the workforce development infrastructure to drive the blue economy in Rhode Island.

URI indicates that a minimum investment would be a bond for \$90.0 million to replace the Horn Building, used by the Graduate School of Oceanography. It was the conditions of this building that originally spurred the need for the Master Plan.; however, URI is requesting a bond resolution for the entire \$157.5 million in order to realize a full return on its investment and to grow the blue economy in Rhode Island.

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
<i>Target and Other Adjustments</i>	-
Contract Costs	4,888,197
State Appropriation	2,104,440
General Obligation Debt Service	(787,861)
State Crime Lab	198,114
FY2023 Governor	\$121,735,645

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**

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 Revised	Change from Enacted		FY2023 Governor	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 additional. 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).

RHODE ISLAND COLLEGE (RIC)

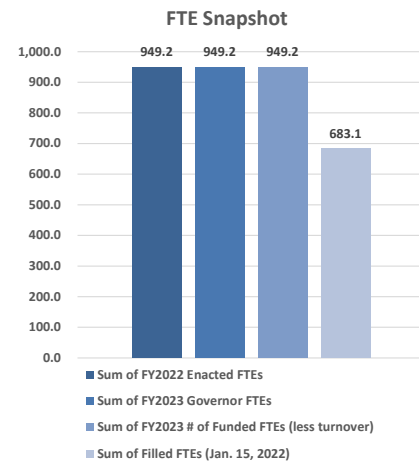
Expenditures By Source	FY2020 Actual	FY2021 Final	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
General Revenue	\$54.1	\$57.9	\$64.1	\$65.9	\$1.8	2.8%	\$67.2	\$3.1	4.8%
Federal Funds	7.0	-	34.6	-	(34.6)	-100.0%	-	(34.6)	-100.0%
Other Funds	123.7	100.9	127.1	120.2	(6.8)	-5.4%	123.0	(4.1)	-3.2%
Total	\$184.8	\$158.8	\$225.8	\$186.2	(\$39.6)	-17.6%	\$190.2	(\$35.6)	-15.8%

\$ 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.

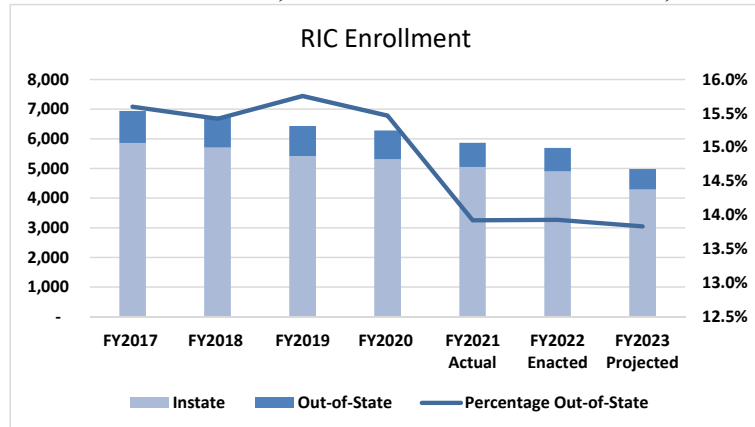
Due to a projected decline in enrollment of 12.5 percent, the tuition and fee revenue is projected to decrease by \$6.8 million relative to the FY2022 Budget as Enacted. In addition, RIC requested an increase in the state general revenue appropriation of \$2.9 million, excluding G.O. debt service, relative 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 \$1.7 million for the estimated increased cost of the tentative, statewide, collective bargaining agreement.

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
Target and Other Adjustments		-
Contract Costs		1,675,731
State Appropriation		1,452,434
General Obligation Debt Service		(22,433)
FY2023 Governor		\$67,238,885

Contract Costs

\$1.7 million

The Budget provides the \$1.7 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.

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 Revised	Change from Enacted		FY2023 Governor	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)

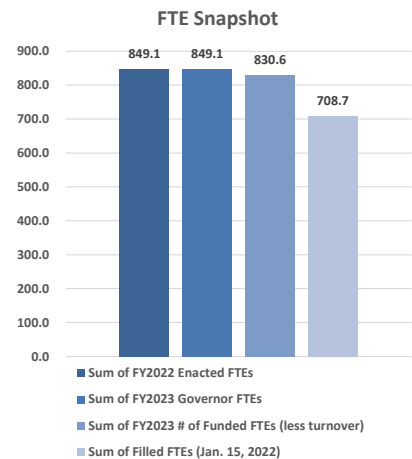
Expenditures By Source	FY2020 Actual	FY2021 Final	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
General Revenue	\$48.5	\$53.7	\$53.5	\$55.0	\$1.4	2.7%	\$56.5	\$3.0	5.6%
Federal Funds	4.2	-	67.6	3.4	(64.1)	-94.9%	1.8	(65.8)	-97%
Restricted Receipts	0.6	0.7	0.7	0.8	0	18.4%	0.8	0.1	21.9%
Other Funds	110.7	101.0	110.0	131.8	21.8	19.8%	136.6	26.6	24.2%
Total	\$164.1	\$155.5	\$231.7	\$191.0	(\$40.8)	-17.6%	\$195.7	(\$36.0)	-15.5%

\$ 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

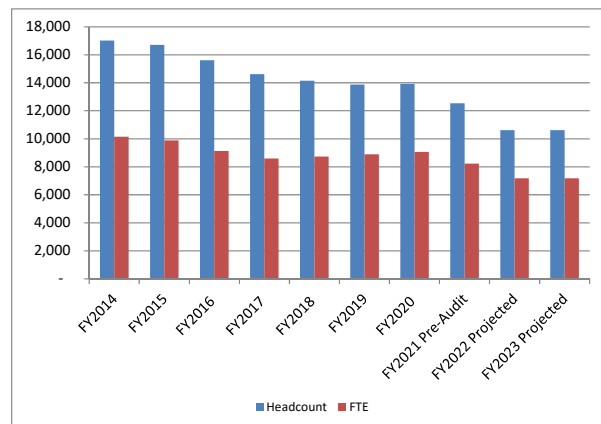
in higher education. An additional 3.0 positions will be used to support scholarship programs supported through the Governor's Emergency Education Relief (GEER) fund resources from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental 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.

Article 5 of the FY2023 Budget provides a \$12.0 million bond referendum for renovations and modernization at the Community College of Rhode Island (CCRI) campuses. The funds will be used across the four campuses to conduct repairs, improve safety and energy efficiency, and replace outdated technology and equipment used for teaching and learning. CCRI has requested \$52.0 million in bond funding as part of a multi-year capital improvement plan. Through a master planning process, CCRI has identified the highest priorities for physical plant improvements at each of the four campuses in Lincoln, Newport, Providence, and Warwick. The bond proceeds will allow the acceleration of ongoing upgrades to classrooms, expanding wireless capacity, and improving energy efficiency.

Enrollment

Year	CCRI Student Enrollment			
	Headcount	Headcount % Change	FTE	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
<i>Target and Other Adjustments</i>	-
Contract Costs	1,408,350
State Appropriation	1,286,207
General Obligation Debt Service	309,614
FY2023 Governor	\$56,526,936

Contract Costs**\$1.4 million**

The Budget provides the \$1.4 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 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.

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 Revised	Change from Enacted		FY2023 Governor	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 \$43.1 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2023 and \$37.7 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 \$20.1 million, including \$11.4 million in RICAP asset protection funding for URI, \$5.5 million for RIC, and \$3.2 million for CCRI. In FY2022, the Budget includes a total of \$19.4 million in asset protection funding for URI (\$9.8 million), RIC (\$6.5 million), and CCRI (\$3.0 million).

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 \$3.9 million in FY2022 to expand the RI Education Center model to Northern RI. The new Center is scheduled to open in May 2022 in Woonsocket.

RIC Infrastructure Modernization: The Budget provides \$4.9 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 \$1.4 million in RICAP funding in FY2023 and \$3.0 million in FY2022 for the renovation of 280,000 square feet of the 385,000 square-foot Knight Campus Megastructure, including lighting, painting and replacement of carpeting/tile.

CCRI Flanagan Campus Renewal (Lincoln): The Budget provides \$2.0 million annually in and FY2023 and FY2022 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 \$3.3 million in FY2023 and \$1.8 million in FY2022 to assess, design, and construct a modernized data cabling and power infrastructure across the four CCRI campuses. The project will upgrade network wiring infrastructure and deliver more capacity to support additional classroom technology, wireless devices and security systems, including cameras, emergency alarm systems, and HVAC control systems.

CCRI Knight Campus Lab Renovation: The Budget provides \$948,316 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 (ADA) requirements and enclosures to prevent distractions from people walking past the lab. The equipment will be modernized to reflect current employer expectations.

Rhode Island State Council on the Arts

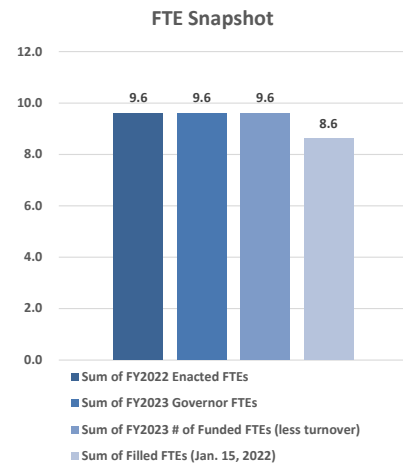
Expenditures By Program	FY2021 Final	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Central Management	\$3,963,908	\$5,261,293	\$4,598,297	(\$662,996)	-12.6%	\$4,058,765	(\$1,202,528)	-22.9%
Total	\$3,963,908	\$5,261,293	\$4,598,297	(\$662,996)	-12.6%	\$4,058,765	(\$1,202,528)	-22.9%
Expenditures By Source								
General Revenue	\$2,002,290	\$2,048,651	\$2,112,307	\$63,656	3.1%	\$2,134,088	\$85,437	4.2%
Federal Funds	1,689,729	2,677,642	1,950,990	(726,652)	-27.1%	1,324,677	(1,352,965)	-50.5%
Restricted Receipts	284	40,000	40,000	-	-	15,000	(25,000)	-62.5%
Other Funds	271,605	495,000	495,000	-	-	585,000	90,000	18.2%
Total	\$3,963,908	\$5,261,293	\$4,598,297	(\$662,996)	-12.6%	\$4,058,765	(\$1,202,528)	-22.9%
Authorized FTE Levels	8.6	9.6	9.6	-	-	9.6	-	-

The Rhode Island State Council on the Arts (RISCA) provides grants, technical assistance and support to arts organizations, schools, community centers, social service organizations, and local governments to bring the arts into the lives of Rhode Islanders. RISCA provides these services through grant making, partnerships, education and technical assistance. RISCA also manages the Art for Public Facilities Program providing art for state buildings.

MAJOR ISSUES AND TRENDS

The general revenue increase in FY2023 is due primarily due 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 decrease in restricted receipts is due to the expiration of restricted receipts 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.



RI State Council on the Arts	General Revenue
FY2022 Enacted	\$2,048,651
Target and Other Adjustments	21,197
Statewide COLA	64,240
Percent for the Arts	Informational
FY2023 Governor	\$2,134,088

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.

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 State Cultural Arts and the Economy Grants Program. The Commerce Corporation of Rhode Island, in consultation with the Rhode Island Council on the Arts,

administer this program, which offered matching grants to public and non-profit historic sites, museums, artistic organizations, performance centers, and cultural art centers for capital preservation and renovation projects. The Commerce Corporation of Rhode Island developed rules and regulations to administer the program. As of April 2021, there is remaining balance for this program of \$388,241 which will be bundled into the October 1, 2021, grant cycle.

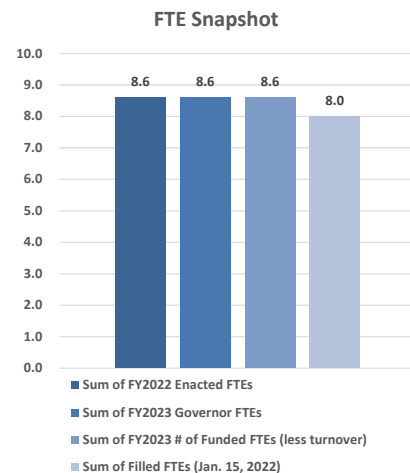
Rhode Island Atomic Energy Commission

Expenditures By Program	FY2021 Final	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from 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.



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>	<i>5,144</i>
Statewide COLA	65,449
FY2023 Governor	\$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 the refurbishing the 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 Actuals	FY2022 Enacted	FY2022 Revised	Change from Enacted		FY2023 Governor	Change from Enacted	
Historical Preservation and Heritage Commission	\$2.1	\$2.7	\$2.8	\$0.1	4.7%	\$2.9	\$0.3	9.4%
Total	\$2.1	\$2.7	\$2.8	\$0.1	4.7%	\$2.9	\$0.3	9.4%
Expenditures By Source								
General Revenue	\$1.4	\$1.4	\$1.5	\$0.1	5.1%	\$1.6	\$0.2	13.1%
Federal Funds	0.6	0.7	0.7	-	6.4%	0.8	-	8.9%
Restricted Receipts	0.0	0.4	0.4	-	0.1%	0.4	-	0.0%
Other Funds	0.1	0.2	0.2	-	4.8%	0.2	-	4.3%
Total	\$2.1	\$2.7	\$2.8	\$0.1	4.7%	\$2.9	\$0.3	9.4%
Authorized FTE Levels	15.6	15.6	15.6	-	-	15.6	-	-

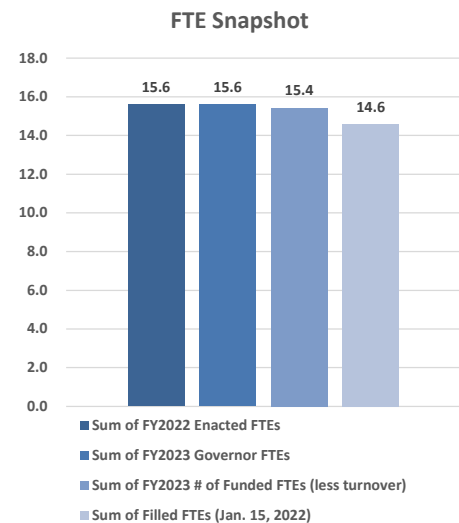
\$ in millions. Totals may vary due to rounding.

The Rhode Island Historical Preservation and Heritage Commission (Commission) operates a statewide historical preservation program that identifies and protects historic buildings, districts, structures, and archaeological sites. The Commission identifies and protects historic and prehistoric sites, buildings, and districts by nominating significant properties to the National Register of Historic Places and the State Register as well as administering grants, loans and tax credits for rehabilitation of historic buildings. The Commission also develops and carries out programs to document and celebrate the rich cultural heritage of Rhode Island's people.

MAJOR ISSUES AND TRENDS

The Governor's FY2023 Budget includes \$1.6 million in general revenue (\$2.9 million all funds), representing a general revenue increase of \$181,748 (\$250,397 all funds) relative to the FY2022 Budget as Enacted.

The Budget authorizes 15.6 FTE positions for FY2023, consistent with the FY2022 Budget as Enacted.



Historical Preservation & Heritage Commission	General Revenue
FY2022 Enacted	\$1,390,704
<i>Targets and Other Adjustments</i>	<i>(14,586)</i>
Personnel	116,384
Statewide COLA and Bonus	79,950
FY2023 Governor	\$1,572,452

Historical Preservation & Heritage Commission	Other Funds
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, has 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 COLA 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.

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. As of March 2022, 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 Actuals	FY2022 Enacted	FY2022 Revised	Change from Enacted		FY2023 Governor	Change from Enacted	
General Division	\$4.1	\$4.3	\$4.7	\$0.4	8.8%	\$6.4	\$2.1	49.4%
Criminal Division	19.8	21.4	22.7	1.4	6.3%	22.9	1.5	7.2%
Civil Division	6.2	7.1	8.0	0.9	12.6%	8.0	0.9	13.0%
Bureau of Criminal Identification	3.3	3.1	3.4	0.3	9.3%	3.2	0.1	4.0%
Total	\$33.4	\$35.8	\$38.7	\$2.9	8.1%	\$40.5	\$4.7	13.1%

Expenditures by Source	FY2021 Actuals	FY2022 Enacted	FY2022 Revised	Change from Enacted		FY2023 Governor	Change from Enacted	
General Revenue	\$28.3	\$29.8	\$32.0	\$2.2	7.4%	\$32.3	\$2.5	8.3%
Federal Funds	2.6	3.4	3.6	0.2	5.7%	3.1	(0.4)	-10.3%
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%	\$40.5	\$4.7	13.1%

Authorized FTE Levels	239.1	247.1	247.1	-	-	249.1	2.0	0.8%
-----------------------	-------	-------	-------	---	---	-------	-----	------

\$ 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

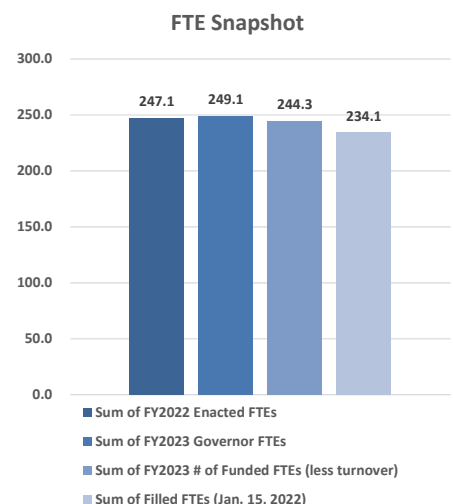
The Budget includes \$40.5 million in total funding for the Department, an increase of \$4.7 million from the FY2022 Budget as Enacted. General revenues increased by \$2.5 million, or 8.3 percent, from the FY2022 Budget as Enacted, to \$32.3 million. The increase in general revenue is primarily related 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 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 150 South Main Street.

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 will be supported with American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF).

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 COLA and Bonus	262,555
Legal Staff Increase	68,000
FY2023 Governor	\$4,513,811

Statewide COLA 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 and \$266,836 in FY2022 within the General Division.

Legal Staff Increase **\$68,000**

The Budget provides an additional \$68,000 in general revenue within the General 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 experience 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>	<i>266,804</i>
Statewide COLA and Bonus	1,125,516
Turnover	(127,698)
FY2023 Governor	\$19,214,381

Criminal Division	Other Fund Changes
Adult-Use Marijuana Expungements (restricted receipts)	\$380,000
ARPA SFRF: Mental Health Court Pilot Program - 2.0 FTE (federal funds)	204,005

Statewide COLA 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 and \$1.1 million in FY2022 within the Criminal Division.

Turnover**(\$127,698)**

The Budget includes \$351,455 in turnover savings, which equates to 3.0 FTE positions. This is an additional \$127,698 in savings above the FY2022 Budget as Enacted.

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. 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 and 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.

ARPA SFRF: Mental Health Court Pilot Program – 2.0 FTE (federal funds)**\$204,005**

The Governor proposes to use \$204,005 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 to support a Mental Health Court Pilot Program. 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.

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

- **U.S. Treasury Eligibility Category:** Public Health
- **Equity Components:**

- **Population:** This program will target defendants with mental illness.
- **Awareness:** Not included in Governor's American Rescue Plan State Fiscal Recovery Funds proposal.
- **Access and Distribution:** Not included in Governor's American Rescue Plan State Fiscal Recovery Funds proposal.
- **Outcomes:** Not included in Governor's American Rescue Plan State Fiscal Recovery Funds proposal.
- **Performance Metrics:** Not included in Governor's American Rescue Plan State Fiscal Recovery Funds proposal.

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>137,432</i>
Statewide COLA and Bonus	366,368
Contract Professional Services	157,082
FY2023 Governor	\$6,558,199

Civil Division	Other Fund Changes
Multi-State Litigation (restricted receipts)	\$200,000

Statewide COLA 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 and \$356,635 in FY2022 within the Civil Division.

Contract Professional Services **\$157,082**

The Budget includes \$435,482 in funding for Financial Services, Legal Services, and Economists in FY2023, an increase of \$157,082 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 COVID-19 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 more settlement funds.

BUREAU OF CRIMINAL IDENTIFICATION

The Bureau of Criminal Identification (BCI) is the state entity charged with maintaining criminal history information for crimes committed in Rhode Island. The BCI responds to criminal history records requests, analyzes and records fingerprint information, maintains pistol permits, issues security guard licenses, and conducts employee background checks. The BCI is open 24-hours per day, 7-days per week to respond to requests from law enforcement agencies throughout the country. In FY2019, the BCI moved to the Department's new facility located at the Pastore complex. The new facility was completed in 2018 using Google forfeiture federal funds.

Bureau of Criminal Identification	General Revenue
FY2022 Enacted	\$1,836,927
<i>Targets and Other Adjustments</i>	<i>57,717</i>
Statewide COLA and Bonus	120,928
FY2023 Governor	\$2,015,572

Statewide COLA 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 and \$119,164 in FY2022 within the Bureau of Criminal Identification.

CAPITAL PROJECTS

The Budget includes \$153,523 in Rhode Island Capital Plan (RICAP) funding for FY2022 and \$1.9 million in FY2023. Funding in FY2022 will be used for construction close-out costs for projects at the Department's 150 South Main Street location, as well as assessments on the Department's other buildings for remaining projects. Of the \$1.9 million in FY2023, \$1.8 million will be used to replace the roof at 150 South Main Street. The roof was last replaced in 1997, and recent remodeling at the building has allowed water to infiltrate the roofing.

Department of Corrections

Expenditures By Program	FY2021 Actuals	FY2022 Enacted	FY2022 Revised	Change from Enacted		FY2023 Governor	Change from Enacted	
Central Management	\$15.7	\$15.8	\$16.3	\$0.5	3.3%	\$24.4	\$8.6	54.3%
Community Corrections	16.5	18.7	20.2	1.5	8.1%	20.3	1.6	8.4%
Custody and Security	147.1	139.7	146.5	6.8	4.8%	133.2	(6.5)	-4.6%
Healthcare Services	24.5	28.2	30.4	2.2	7.9%	30.4	2.2	7.7%
Institutional Based Rehab/Population Management	11.8	12.6	12.7	0.1	0.6%	12.5	(0.1)	-1.2%
Institutional Support	30.5	29.4	34.0	4.6	15.5%	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	\$261.5	\$15.6	6.4%	\$250.7	\$4.7	1.9%
Expenditures By Source								
General Revenue	\$108.8	\$236.3	\$248.2	\$11.8	5.0%	\$234.4	(\$2.0)	-0.8%
Federal Funds	132.3	2.1	2.5	0.4	19.3%	7.9	5.8	277.0%
Restricted Receipts	0.1	2.3	2.4	0.0	0.5%	2.9	0.6	25.9%
Other Funds	6.0	5.1	8.5	3.4	-	5.4	0.3	4.9%
Total	\$247.3	\$245.9	\$261.5	\$15.6	6.4%	\$250.7	\$4.7	1.9%
Authorized FTE Levels	1,411.0	1,424.0	1,424.0	-	-	1,427.0	3.0	0.2%

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

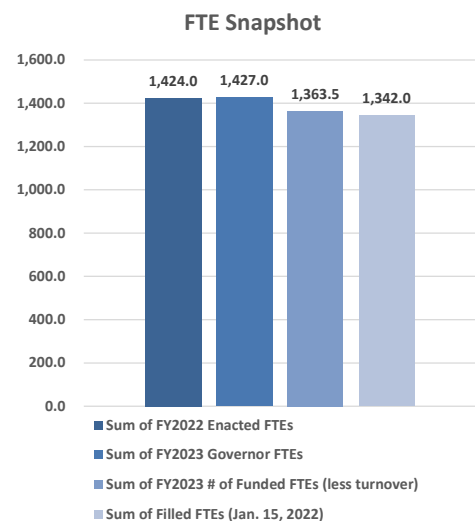
The Rhode Island Department of Corrections (DOC) provides appropriate, safe, secure, and humane control of offenders, while actively assisting and encouraging offenders to become productive and law-abiding members of the community. Additionally, the Rhode Island State Parole Board is budgeted as a unit 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 2,113 inmates (53.0 percent of capacity) housed at the ACI for the fiscal year, including 2,014 men and 98 women. The Department also provides supervision of offenders in the community (home confinement, probation, and parole).

MAJOR ISSUES AND TRENDS

The Budget includes \$250.7 million in total expenditures for FY2023, including \$234.4 million in general revenue, a decrease of \$2.0 million from the FY2022 enacted level. The majority of the general revenue decrease is associated with additional turnover savings within the Security program. The increase in federal funds is related to additional American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to support the instillation of Wi-Fi and tech and a new radio 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 Rhode Island Brotherhood of Correctional Officers (RIBCO) is not included in the statewide COLA and bonus adjustments. 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.

The FY2023 Budget for the Department of Corrections is based on an estimated average daily population of 2,357 individuals, a decrease of



30 from the FY2022 Budget as Enacted, and more than 200 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 Governor's 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>Target and Other Adjustments</i>	<i>(135,138)</i>
Correctional Industries Loan Repayment and Fund 54 Subsidy	1,672,609
Centralized Services Charges	788,762
Statewide COLA and Bonus	468,749
FY2023 Governor	\$18,618,789
Central Management	Other Fund Changes
ARPA SFRF: Wifi and Tech (federal funds)	\$3,100,000
ARPA SFRF: Radio System (federal funds)	2,700,000

Correctional Industries Loan Repayment **\$1.7 million**

The Governor's Budget includes a \$1.7 million increase in general revenue to allow the Corrections Industries Program to pay back the general funds due to a long-standing practice of using interfund loans to accommodate operating losses. This practice will cease, but a one-time increase is required to pay this loan.

The Correctional Industries Program provides printing, furniture restoration, license plate production, auto maintenance, clothing and linens, grounds keeping, janitorial, moving, and various other services to state, municipal and nonprofit agencies with the costs reflected in the budgets of the user agencies as a separate fund.

Analyst Note: According to the Office of Management and Budget, this funding was intended to be included in the FY2022 Revised Budget and not in the Governor's FY2023 Budget. A Budget Amendment to correct this error is anticipated.

Centralized Service Charges **\$788,762**

The Budget includes \$7.0 million in general revenue expenditures for Information Technology, Capital Assets Management, and Human Resource Service Center projected costs in FY2023. This is an increase of \$788,792 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.

Centralized Service Charges	FY2022 Enacted	FY2023 Governor	Change from Enacted	
Information Technology	\$4,162,462	\$4,470,708	\$308,246	7.4%
Capital Asset Management	-	-	-	-
Human Resources	2,066,733	2,547,249	480,516	23.3%
Total	\$6,229,195	\$7,017,957	\$788,762	12.7%

Statewide COLA 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 and \$361,481 in FY2022 within the Central Management program.

ARPA SFRF: WIFI and Tech (federal funds)**\$3.1 million**

The Governor proposes to use \$3.1 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023, and \$50,000 each year from FY2024 through FY2027, to install WIFI and technology throughout the ACI.

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.

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

- **U.S. Treasury Eligibility Category:** Economic and Workforce Development
- **Equity Components:**
 - **Population:** The Rhode Island Department of Corrections (RIDOC) is a unified correctional system that encompasses all offenders regardless of status, crime, or sentence. RIDOC oversees all awaiting trial offenders, all sentenced offenders and all adult probation and parolees. There are no county jails in Rhode Island therefore even low level, non-violent crimes and short sentence offenders are housed at the state correctional facilities.

In CY 2020, there were 6,147 people released from RIDOC facilities representing 8,987 release events.

- Twenty-nine percent (29%) of men and thirty-eight percent (38%) of women were committed for non-violent offenses.
- Forty-nine percent (49%) of those committed and released were white, twenty-five percent (25%) black; twenty-two percent (22%) Hispanic.

- Fifty-seven percent (57.2%) were released to core urban communities in Rhode Island (Woonsocket, Pawtucket, Providence, Cranston, Warwick, and West Warwick)
- 55% of both males and females are parents with an average of 2 children
- 35% of males have less than a 12th grade education
- 51% of men and 66% of women were unemployed at the time they became incarcerated.

The incarcerated population and the state would benefit from this proposal. With WIFI installed at the ACI, inmates would have access to self-help materials, college courses, and educational materials that can better prepare them for life after release, potentially reducing recidivism rates.

- **Awareness:** Rhode Island has been engaged in meaningful criminal justice reform work since the early days of Governor Raimondo's tenure, and additional programmatic and practical changes are on the horizon. A strategic investment of funding now to support racial equity in the system will enable Rhode Island to begin to right the wrongs of implicit bias in the justice system and introduce transformative reforms that will meaningfully improve the lives of Black communities and communities of color statewide. Investing in this partnership will support justice reform and racial equity in the justice system in our state in the short term and in the entire country in the years to come.
- **Access and Distribution:** The Department received funding of approximately \$700K from the CARES Act to purchase computer equipment for telework, telemedicine, video court, and education. With these funds, the Department purchased smartboards to provide video court, education, and telemedicine within the secured facilities. However, these laptops must either be hardwired or require a hotspot to obtain WIFI access. Incarcerated individuals can purchase tablets through Keefe Commissary which have educational and mental health information but cannot use these laptops for this purpose. The incarcerated individual can only download music, but it must be done within a close proximity of the kiosk. It is the goal of the Department to provide WIFI access to offer more programming to assist with the rehabilitation of the individual.
- **Outcomes:** Historically, close to 95% of the incarcerated will be released back into the community, and over 57% could be released in fewer than two years. Therefore, it is essential that high-quality career and education pathways are provided at the Dept. Of Corrections. In a 2013 report, Georgetown University Center on Education and the Workforce projected that by 2020, 71% of Rhode Island jobs would require postsecondary certification, degrees, and credentials. While the state continues to work toward that goal, completion rates among the formerly incarcerated require special attention. Nationally, incarcerated individuals (15%) are three times less likely than the general public (45%) to have earned a postsecondary certificate or degree. As a result, upon reentry, formerly incarcerated adults work fewer hours and at a lower wage than average workers. Access to WIFI within facilities would provide computer literacy, meaningful certificate-granting learning opportunities, and flexibility required to meet the needs of a 21st century workforce that has historically been shut out of opportunities.
- **Performance Metrics:** Monitor the following:

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.

The WIFI project will be tracked via RIDOC Project Management. Within the plan, there will be specific milestones that need to be met. This will be how RIDOC tracks the project moving forward. Once the WIFI has been installed, metrics can be tracked via how programs are running, are they effective specifically on the Education side.

- Automatically generate key metrics such as admissions, releases, reincarceration, revocations, violations, disciplinary infractions, etc. and provide these metrics to leadership via a live dashboard
- Automatically generate the data needed for RIDOC's three-year recidivism report and other external-facing reports
- Generate alerts when key metrics deviate from course using anomaly detection to allow for immediate course-correction
- Evaluate one or more of the 2017 JRI programs using a cost-benefit framework and publish results to an externally facing dashboard
- Conduct evaluations of any and all new criminal justice reforms (including, potentially, the movement of discharge planning in-house and the development of an apprenticeship program, both of which were included in the Governor's FY 2021 budget) in order to generate insights about program efficacy and prioritize resource allocation to evidence-based programming
- Link data from the new probation and parole case management system with facilities and programming data, allowing for long-term tracking of justice-involved people as they move through the system
- Offer probation and parole officers a centralized way to prioritize supervision among people on their caseloads by tracking performance of people on supervision and progress against goals over time

In the short term, the initiative will be considered successful if there is a marked improvement in the data insights available to RIDOC leadership. If all solutions and tools are provided to RIDOC's expectations, the initiative will be preliminarily considered successful.

ARPA SFRF: Radio Systems (federal funds)

\$2.7 million

The Governor proposes to use \$2.7 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 to install a new radio/communication system throughout the ACI.

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 800MHx 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.).

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

- **U.S. Treasury Eligibility Category:** Economic and Workforce Development
- **Equity Components:**
 - **Population:** Not applicable.
 - **Awareness:** This would improve the safety of the citizens of Rhode Island that live within the proximity of the facilities. By having an operational communication system is critical for both internal and external assistance from other state law enforcement agencies, first responders and other staff within the facility or the other facilities.
 - **Access and Distribution:** Not applicable.
 - **Outcomes:** This will close the communication gap that DOC currently has within its own surroundings as well as with outside entities that will be on the same radio frequency.
- **Performance Metrics:** Monitor the following:
 - Not applicable.

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>Target and Other Adjustments</i>	<i>(62,372)</i>
Statewide COLA and Bonus	1,356,784
Community Corrections Population	Informational
FY2023 Governor	\$19,872,087

Community Corrections	Other Fund Changes
Domestic Violence Justice Reinvestment Initiative (federal funds)	\$319,375

Statewide COLA 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 and

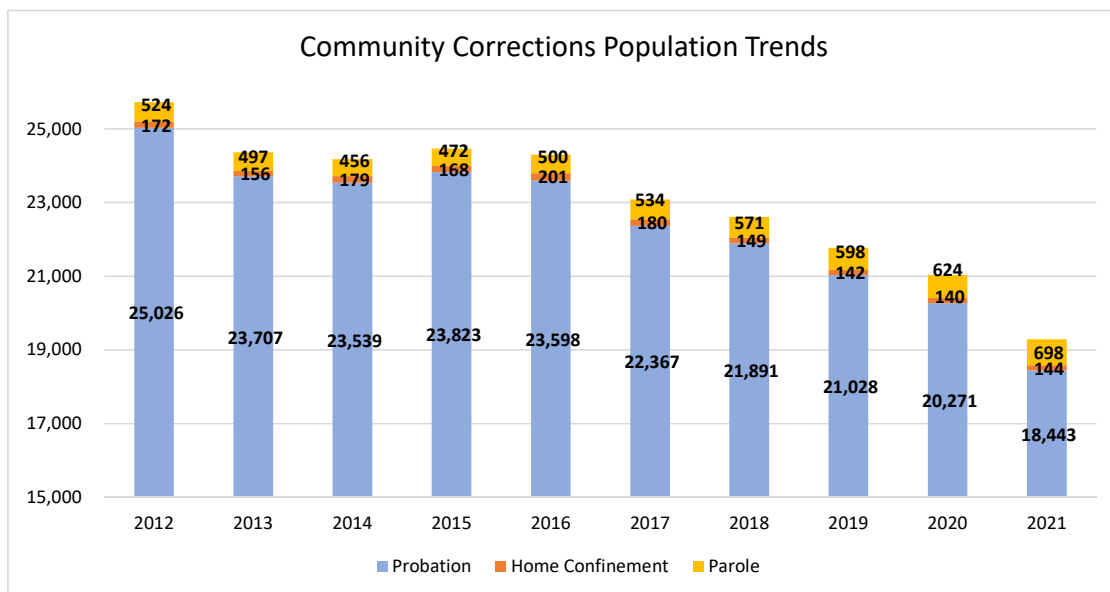
\$1.0 million in FY2022 within the Community Corrections program. Statewide COLA and bonus adjustments are not included for the Rhode Island Brotherhood of Correctional Officers (RIBCO) union. Contract negotiations with RIBCO are ongoing. The Office of Management and Budget anticipates including additional necessary costs related to COLA and bonuses for correctional officers when a contract is finalized.

Analyst Note: According to an estimate from the Department of Corrections, if RIBCO were to agree to the same negotiated contract bargaining agreement terms the bonus would cost an additional \$3.9 million while the COLA in FY2023 would cost \$13.6 million, for a total of \$17.5 million. This additional funding is not included in the Governor's FY2023 Budget.

Community Corrections Population

Informational

While representing only 8.5 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 Department of Corrections' 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 \$319,375 in both FY2022 and FY2023, \$638,750 total, 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>Target and Other Adjustments</i>	<i>(\$6,503)</i>
Personnel	(6,327,465)
Population Related Supplies	(378,716)
Statewide COLA and Bonus	130,921
Inmate Population	Informational
FY2023 Governor	\$132,098,071

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 Governor's 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 Governor's FY2023 Budget is based on 2,357 inmates, a decrease of 30 inmates from the FY2022 Budget as Enacted.

Statewide COLA 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.

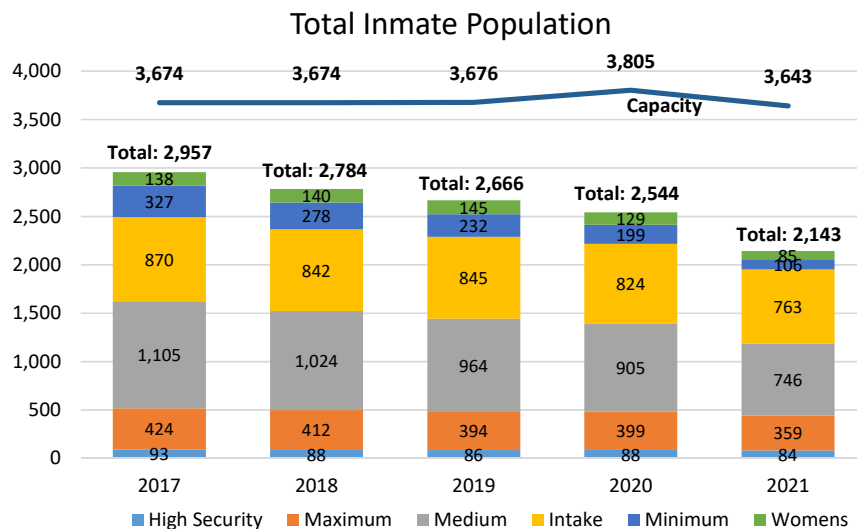
Analyst Note: According to an estimate from the Department of Corrections, if RIBCO were to agree to the same negotiated contract bargaining agreement terms the bonus would cost an additional \$3.9 million while the COLA in FY2023 would cost \$13.6 million, for a total of \$17.5 million. This additional funding is not included in the Governor's FY2023 Budget.

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.



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
Target and Other Adjustments	150,776
Statewide COLA and Bonus	1,247,863
Nursing Services - 3.0 FTE Positions	238,392
FY2023 Governor	\$27,484,248
Healthcare Services	Other Funds
Opioid Stewardship Fund (restricted receipts)	\$594,077

Statewide COLA 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.

Nursing Services - 3.0 FTE Positions**\$238,392**

The Budget includes an additional \$238,392 in general revenue to support an additional 3.0 FTE Certified Nursing Assistant (CNA) positions within Healthcare Services. The Governor's 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>Target and Other Adjustments</i>	<i>(10,570)</i>
Statewide COLA and Bonus	625,137
Substance Abuse Treatment	(568,589)
FY2023 Governor	\$11,773,097

Statewide COLA 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 million 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>Target and Other Adjustments</i>	<i>23,485</i>
Centralized Service Charges- Facilities Management	(1,474,643)
Statewide COLA and Bonus	267,879
FY2023 Governor	\$23,108,898

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 increase reflects the actual cost of the centralized services used by the Department.

The FY2019 Budget centralized several statewide services in the Department of Administration. These include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	FY2022 Enacted	FY2023 Governor	Change from Enacted	
Information Technology	\$0	\$0	\$0	-
Capital Asset Management	10,059,296	8,584,653	(1,474,643)	-14.7%
Human Resources	-	-	-	-
Total	\$10,059,296	\$8,584,653	(\$1,474,643)	-14.7%

Statewide COLA 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.

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>Target and Other Adjustments</i>	6,213
Statewide COLA and Bonus	105,795
Personnel	(75,786)
FY2023 Governor	\$1,438,337

Statewide COLA 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 \$8.5 million in RICAP funds in FY2022 and \$5.4 million in FY2023, an increase of \$3.4 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, \$3.4 million will be used for the continued expansion of the Medium Moran Facility. Phase III is anticipated to be complete in FY2022 and 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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Supreme Court	\$37.4	\$44.0	\$47.0	\$3.0	6.8%	\$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%	28.5	1.9	7.1%
District Court	13.9	15.1	15.6	0.6	3.8%	16.5	1.4	9.4%
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	\$137.8	\$7.4	5.7%	\$140.3	\$9.9	7.6%
Expenditures By Source								
General Revenue	\$99.7	\$107.9	\$114.1	\$6.2	5.7%	\$115.3	\$7.4	6.8%
Federal Funds	3.0	3.9	4.4	0.5	13.0%	5.3	1.3	34.3%
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	\$137.8	\$7.4	5.7%	\$140.3	\$9.9	7.6%
Authorized FTE Levels	726.3	726.3	726.3	-	-	733.3	7.0	1.0%

\$ 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.

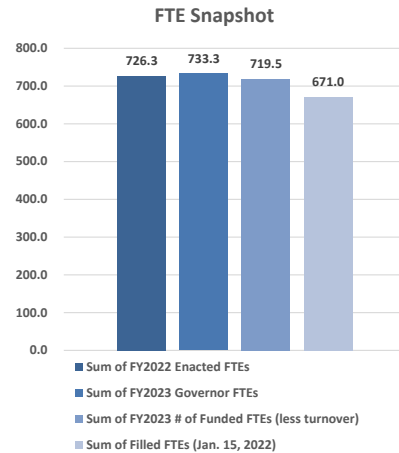
The Chief Justice of the Supreme Court is the executive head of the state court system and has authority over the Judiciary's budget. The Chief Justice appoints the State Court Administrator and an administrative staff to handle budgetary and general administrative functions. Under the direction of the 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 \$115.3 million in general revenue funding, a \$7.4 million (6.8 percent) increase over the FY2022 Budget as Enacted. \$6.6 million of the increase is due to the statewide COLA adjustment. The federal funds increase is primarily due to the \$952,482 in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for the Mental Health Court Pilot Program. 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 733.3 FTE positions in FY2023, an increase of 7.0 FTE positions over the FY2022 Budget as Enacted. The new positions are for the new Mental Health Court initiative funded with ARPA SFRF. 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 not increase in the FTE cap. Beginning in FY2023, the position is funded with ARPA SFRF funds through the Mental Health Court Pilot program.

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 \$7.4 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 COLA	1,576,910
FY2023 Governor	\$37,314,120

Supreme Court	Other Fund Changes
ARPA SFRF: Mental Health Court Pilot (federal funds)	\$107,900

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.

ARPA SFRF: Mental Health Court Pilot (federal funds)**\$107,900**

The Budget includes \$952,482 in federal ARPA SFRF 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. 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 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 COLA	1,728,138
Jurors' Fees	217,000
Judges' Pensions	(158,246)
FY2023 Governor	\$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>	<i>89,636</i>
Statewide COLA	1,534,492
FY2023 Governor	\$25,131,666

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.

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 COLA	1,008,138
FY2023 Governor	\$15,215,383

District Court	Other Fund Changes
ARPA SFRF: Mental Health Court Pilot (federal funds)	\$844,582

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.

ARPA SFRF: Mental Health Court Pilot (federal funds) **\$844,582**

The Budget includes \$952,482 in federal ARPA SFRF and 7.0 FTE positions, within the Judiciary, to create a Mental Health Court 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. Additional Information can be found in the "Supreme Court" section of this brief.

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>	<i>175,177</i>
Statewide COLA	765,992
VRI Savings - Restoration	71,568
FY2023 Governor	\$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>	<i>115,994</i>
Statewide COLA	594,838
FY2023 Governor	\$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 COLA	8,835
FY2023 Governor	\$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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
RI National Guard	\$22.7	\$41.2	\$47.6	\$6.5	15.7%	\$47.0	\$5.8	14.1%
Total	\$22.7	\$41.2	\$47.6	\$6.5	15.7%	\$47.0	\$5.8	14.1%
Expenditures By Source								
General Revenue	\$2.7	\$2.7	\$3.0	\$0.3	9.6%	\$3.1	\$0.4	14.8%
Federal Funds	19.0	36.6	41.8	5.2	14.2%	40.3	3.7	10.1%
Restricted Receipts	0.0	0.1	0.1	-	-	0.1	-	-
Operating Transfers from Other Funds	1.0	1.8	2.8	1.0	55.6%	3.5	1.7	94.4%
Grand Total	\$22.7	\$41.2	\$47.6	\$6.5	15.7%	\$47.0	\$5.8	14.1%
Authorized FTE Levels	92.0	92.0	92.0	-	-	93.0	1.0	1.1%

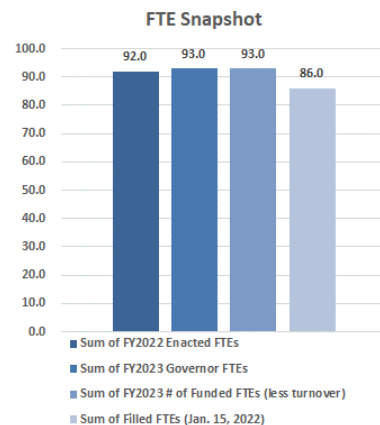
\$ in millions. Totals may vary due to rounding.

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 Budget includes \$47.6 million in FY2022, of which \$3.0 million is general revenue. This reflects an all funds increase of \$6.5 million from the FY2022 Budget as Enacted.

The Budget includes \$47.0 million for FY2023, of which \$3.1 million is general revenue. This reflects an all funds increase of \$5.8 million from the FY2022 Budget as Enacted. Federal funds increase by \$3.7 million, other funds increase by \$1.7 million, and general revenues increase by \$421,419. 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, Aviation readiness Center, 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	180,856
Operating Adjustments	132,968
Statewide COLA and Bonus	96,508
Centralized Services	24,289
Firing Details and Honor Guards	15,000
FY2023 Governor	\$3,145,133

RI National Guard	Other Fund Changes
Counter Drug Training Facility (federal Funds)	\$2,420,150
New Project Manager FTE Position (federal Funds)	\$126,654

Quonset Firefighter Injured on Duty (IOD) ***\$180,856***

The Budget increases general revenue by \$180,856 for personnel costs related to Quonset Firefighters remaining on Injured on Duty (IOD) status. The \$180,856 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.

Operating Adjustments ***\$132,968***

The Budget includes \$1.3 million in general revenue (\$20.0 million in all funds) in FY2023 for operating expenses, reflecting a net increase of \$132,968 from the FY2022 Budget as Enacted. The largest adjustment is the decrease of \$248,591 in general revenue for central utility fund costs.

	FY2022 Enacted	FY2023 Governor	Change
Operating Expenses			
CUF: Overhead	\$252,881	\$4,290	<i>(\$248,591)</i>
Electricity	276,907	510,907	<i>234,000</i>
Miscellaneous Expenses	(181,050)	-	<i>181,050</i>
All Other Operating Adjustments	816,855	783,364	<i>(33,491)</i>
Total	\$1,165,593	\$1,298,561	<i>\$132,968</i>

Statewide COLA ***\$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.

Counter Drug Training Facility (federal funds)**\$2.4 million**

The Budget includes \$5.3 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 \$2.4 million in federal funds as compared to the FY2022 Budget as Enacted. The amount recommended for FY2023 is consistent with the recommended appropriation for the FY2022 Revised Budget. 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. The project is going out to bid in March 2022.

CAPITAL PROJECTS

The Budget includes \$9.4 million (\$7.6 million federal funds and \$2.8 million RICAP) in capital projects for FY2022 and \$13.2 million in FY2023 (\$10.0 million federal funds and \$3.2 million RICAP). The RICAP funded projects include:

Capital Projects - RICAP Funds	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
RICAP - AMC Roof Replacement	\$366,500	\$366,500	\$0	\$0	(\$366,500)
RICAP - Asset Protection	930,000	1,127,526	197,526	1,290,000	360,000
RICAP - Joint Force Headquarters Building	-	1,351,253	1,351,253	-	-
RICAP - Sun Valley Armory	-	-	-	788,161	788,161
RICAP: Aviation Readiness Center	535,263	-	(535,263)	1,138,272	603,009
Total	\$1,831,763	\$2,845,279	\$1,013,516	\$3,216,433	\$1,384,670

- **Asset Protection:** The budget includes \$1.3 million in RICAP 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 \$4.4 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 \$1.1 million 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 \$1.7 million in RICAP funds through FY2025 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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Central Management	\$41.3	\$22.5	\$37.0	\$14.5	64.2%	\$37.1	\$14.6	64.7%
Expenditures By Source								
General Revenue	\$12.6	\$2.7	\$2.8	\$0.1	0.0	\$4.0	\$1.3	48.7%
Federal Funds	27.0	17.6	32.0	14.5	82.4%	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	\$37.0	\$14.5	64.2%	\$37.1	\$14.6	64.7%
Authorized FTE Levels	32.0	33.0	33.0	-	-	33.0	-	-

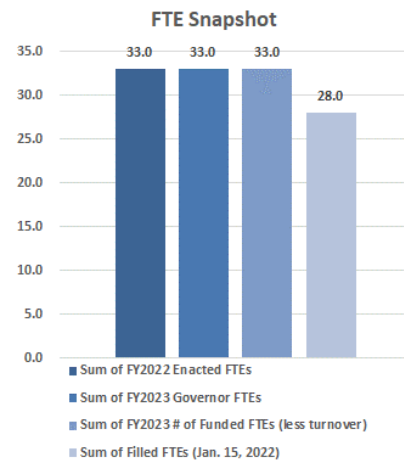
\$ in millions. Totals may vary due to rounding.

The Rhode Island Emergency Management Agency (RIEMA) is the coordinating agency for multi-jurisdiction and multi-agency response in the state for all emergencies including natural and technological hazards such as fires, floods, tornadoes, hurricanes, winter storms, chemical releases, weapons of mass destruction, and terrorism incidents. RIEMA is the official coordinating agency of the State for the federal Department of Homeland Security and the Federal Emergency Management Agency in times of state, national, multi-jurisdiction, and multi-agency emergencies and disasters. RIEMA operates and maintains the State Emergency Operations Center, as well as the statewide 800 MHz radio system and network. RIEMA became nationally accredited in October 2016, via the Emergency Management Accreditation Program (EMAP).

MAJOR ISSUES AND TRENDS

The Budget includes \$37.0 million in FY2022, of which \$2.8 million is general revenue. Federal funds comprise \$32.0 million or 86.5 percent of the Agency's budget in FY2022. This is an increase of \$14.5 million from the FY2022 Budget as Enacted.

The FY2023 Budget includes \$37.1 million, of which \$4.0 million is general revenue. General revenue expenses increase by \$1.3 million, primarily due to the required state match for the State to receive the federal Emergency Management Preparedness Grant and personnel cost adjustments. Federal funds comprise \$29.5 million (79.4 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 in FY2023, consistent with the enacted budget.



Central Management	General Revenue
FY2021 Enacted	\$2,710,290
<i>Target and Other Adjustments</i>	<i>10,498</i>
Emergency Management Performance Grant Match	940,446
Personnel Adjustment	156,469
Operating Adjustment	140,624
Statewide COLA and Bonus	55,639
Centralized Service Adjustment	24,188
FY2022 Enacted	\$4,038,154

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)	185,574

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.

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 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
Operating Adjustments					
Maintenance/Repairs: Communications Systems	\$0	\$0	\$0	\$62,500	\$62,500
DOIT: Maintenance Contracts	1,218,426	1,218,426	-	1,278,649	60,223
All Other Operating Adjustments	148,611	148,385	(226)	166,512	17,901
Total	\$1,367,037	\$1,366,811	(\$226)	\$1,507,661	\$140,624

Statewide COLA **\$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.

	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
RIEMA Federal Grants					
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	-	1,070,043	1,070,043	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	6,631,531	(1,299,540)	6,170,553	(1,760,518)
Total	\$10,638,612	\$20,099,460	\$9,460,848	\$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.

	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
Personnel - Federal COVID Response					
FEMA: COVID-Related Expenses	\$781,900	\$399,531	(\$382,369)	\$394,155	(\$387,745)
Relief Fund: COVID-Related Expenses	15	15	-	15	-
Total	\$781,915	\$399,546	(\$382,369)	\$394,170	(\$387,745)

	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
Operating and Capital Equipment - Federal COVID Response					
FEMA: COVID-Related Expenses	\$0	\$500	\$500	\$0	\$0
FEMA: COVID-Related Expenses	-	77,170	77,170	(379,936)	(379,936)
FEMA: Supplies WKS: RIEMA	118,876	582,682	463,806	118,876	-
Relief Fund: COVID-Related Expenses	-	19,370	19,370	(14)	(14)
Relief Fund: Supplies WKS: RIEMA	-	86,450	86,450	-	-
FEMA: COVID-Related Expenses	-	185,000	185,000	-	-
Total	\$118,876	\$951,172	\$832,296	(\$261,074)	(\$379,950)

Capital Purchases and Equipment (federal funds)**\$185,574**

The Budget includes \$661,250 in federal funds for capital purchases and equipment reflecting an increase of \$185,574 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 Governor proposes 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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Central Management	\$10.6	\$27.0	\$29.9	\$2.9	10.6%	\$13.1	-\$13.9	-0.5
E-911	7.2	7.5	8.7	1.2	16.0%	8.4	0.9	0.1
Municipal Police Training	0.6	0.7	0.8	0.1	15.4%	0.9	0.2	0.2
Security Services	25.6	27.3	28.5	1.2	4.3%	29.9	2.5	0.1
State Police	82.3	91.4	99.2	7.8	8.5%	109.6	18.2	0.2
Total	\$126.3	\$153.9	\$167.0	\$13.1	8.5%	\$161.8	\$7.9	0.1

Expenditures By Source								
General Revenue	\$43.1	\$120.6	\$123.9	\$3.3	2.7%	\$113.4	(\$7.2)	-6.0%
Federal Funds	73.5	17.5	23.4	\$6.0	34.1%	18.3	0.8	4.5%
Restricted Receipts	5.7	8.5	9.8	\$1.3	15.0%	10.6	2.1	24.1%
Other Funds	4.0	7.3	9.9	\$2.6	35.4%	19.6	12.3	169.4%
Total	\$126.3	\$153.9	\$167.0	\$13.1	8.5%	\$161.8	\$7.9	5.2%

Authorized FTE Levels	593.6	622.6	631.2	8.6	1.4%	635.2	12.6	2.0%
-----------------------	-------	-------	-------	-----	------	-------	------	------

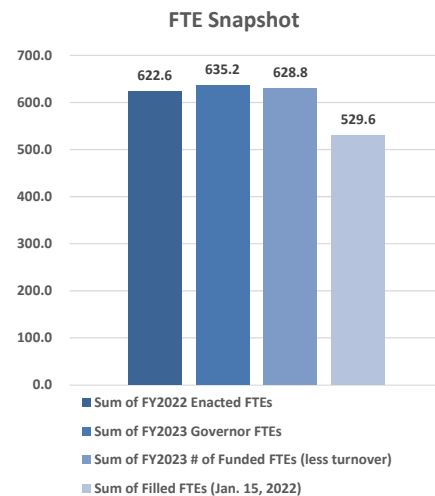
\$ in millions. Totals may vary due to rounding.

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 \$161.8 million to fund public safety initiatives and the operations of the Department of Public Safety in FY2023. Approximately 70.0 percent of this, or \$113.4 million, is from general revenue, a decrease of \$7.2 million (-6.0 percent) from the FY2022 Enacted level. The decrease reflects a reduction of \$15.0 million in one-time funding that was included in FY2022 for the body-worn camera program.

The Budget increases positions in the Department of Public Safety by 12.6 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), 3.0 Detectives within the State Police assigned to the proposed Adult-Use Marijuana program, 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 FY2022 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.
- **ARPA SFRF: Support for Child and Adult Survivors of Domestic Violence and Sexual Assault:** The Budget includes \$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.

- **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 in general revenue for costs associated with hiring 25.0 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.
- **Adult-Use Marijuana:** The Budget includes \$1.1 million in a new restricted receipts related to the Governor's proposed State Controlled Adult-Use Marijuana program (Article 11). This includes \$500,000 in assistance and grants, \$184,133 in operating supplies and expenses, and \$395,931 in personnel expenses.

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
Body-worn Camera Program	(15,000,000)
Personnel Expenditure Changes	464,885
Centralized Services Charges	55,155
FY2023 Governor	\$1,437,445
Central Management	Other Funds
ARPA SFRF: Support for Survivors of Domestic Violence (federal funds)	\$1,000,000

Body-Worn Camera Program **(\$15.0 million)**

The Budget includes \$15.0 million general revenue savings 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 over by December 2022. The FY2022 Budget as Enacted included \$15.0 million in one-time general revenue funds to support the program, primarily in funding the purchase of equipment and training. The FY2023 Budget does not duplicate the investment and general revenue is adjusted accordingly.

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 Governor recommends 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 related 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	Governor	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

ARPA SFRF: Support for Child and Adult Survivors of Domestic Violence and Sexual Assault (federal funds)

\$1.0 million

The Governor recommends 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.

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 Governor recommends a new grant program that would complement the VOCA program. The program would receive \$1.0 million in SFRF funds in FY2023 and \$4.5 million in total through FY2024.

Support for Survivors of Domestic Violence							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	-	\$1.0	\$3.5	-	-	-	\$4.5
Total	-	\$1.0	\$3.5	-	-	-	\$4.5

\$ 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 (restricted receipts)
FY2022 Enacted	\$7,469,769
<i>Target and Other Adjustments</i>	<i>110,195</i>
Personnel Expenditure Changes (restricted receipts)	833,276
Next Generation 911	Informational
Surcharge Revenues	Informational
FY2023 Governor	\$8,413,240

Personnel Expenditure Changes (restricted receipts) \$833,276

The Budget includes \$833,276 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
Total	\$833,276

- **Emergency Medical Dispatch Staff:** The Governor recommends \$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 in order 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 Department requests \$291,089 in E-911 funds 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 upgrades.

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

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>	<i>3,647</i>
Statewide COLA and Bonus	15,234
FY2023 Governor	\$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.

2.1

Security Services	General Revenue
FY2022 Enacted	\$27,319,253
<i>Target and Other Adjustments</i>	<i>376,187</i>
Statewide COLA and Bonus	2,163,236
FY2023 Governor	\$29,858,676

Statewide COLA 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>
Training Academies	1,320,000
Statewide COLA and Bonus	709,643
State Police Vehicles	610,000
Vehicle Cameras	240,000
Forensic Unit	183,537
Pension Trust Fund	Informational
FY2023 Governor	\$81,801,756

State Police	Other Funds
Adult-Use Marijuana Program (restricted receipts)	1,100,000

Training Academies**\$1.3 million**

The Budget includes \$1.3 million from all funds 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 an additional \$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 COLA 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 new contract includes \$3,000 bonus "stipends" related to the implementation of the body-worn camera program and 2.5 percent cost-of-living raises. These additional FY2023 personnel costs related to the agreement are not currently included in the budget. The \$709,643 noted above is just for the civilian staff of the State Police. A budget amendment is expected to account for the contract settlement.

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 Governor 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 Governor recommends the authorization of 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 \$1.1 million in a new restricted receipt account related to the Governor's proposed State Controlled Adult-Use Marijuana program. This includes \$500,000 in assistance and grants, \$184,133 in operating supplies and expenses, and \$395,931 in personnel expenses. The latter will fund 3.0 Trooper FTE positions dedicated to the program.

Article 11 of the Budget provides the detailed framework of the Governor's proposed Adult Use Marijuana initiative. Oversight and regulation of the program is centered in the 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 Public Safety and the State Police, this cooperation takes the form of facilitating criminal background checks, communicating with partner agencies and licensees, assisting with various registries established by the program, inspecting compassion centers, and other functions. This work would be funded by the \$1.1 million appropriation to the Adult-Use Marijuana Fund restricted account within the Department of Public Safety.

	FY2023
Adult-Use Marijuana Program	Governor
Assistance And Grants	\$500,000
Operating Supplies and Expenses	184,133
Salary and Benefits	395,931
Total	\$1,080,064

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.

Rhode Island Capital Plan Fund - DPS

DPS Capital Projects	Pre-FY2022	FY2022	FY2023	FY2024-FY2027
Asset Protection	\$1,481,199	\$1,098,498	\$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	340,758	1,105,000	475,000	3,685,000
Total	\$2,923,968	\$5,882,686	\$16,355,929	\$22,023,107

- **Asset Protection:** The Budget authorizes \$4.6 million RI Capital Plan Funds to finance the maintenance of the various facilities across the Department over five years, including \$1.9 million 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 \$5.3 million from RICAP funds from FY2022 through FY2027 for improvements at the State Police Training Academy in Foster, with \$475,000 disbursed in FY2023. The \$5.6 million project began in 2018, with \$340,758 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.

Office of the Public Defender

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Public Defender	\$12.3	\$13.5	\$14.3	\$0.8	6.1%	\$14.6	\$1.2	8.5%
Expenditures By Source								
General Revenue	\$12.2	\$13.4	\$14.2	\$0.8	6.0%	\$14.6	\$1.2	9.0%
Federal Funds	0.1	0.1	0.1	0.0	26.7%	0.1	(0.0)	-13.3%
Grand Total	\$12.3	\$13.5	\$14.3	\$0.8	6.1%	\$14.6	\$1.2	8.5%
Authorized FTE Levels	96.0	99.0	99.0	-	-	99.0	-	-

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

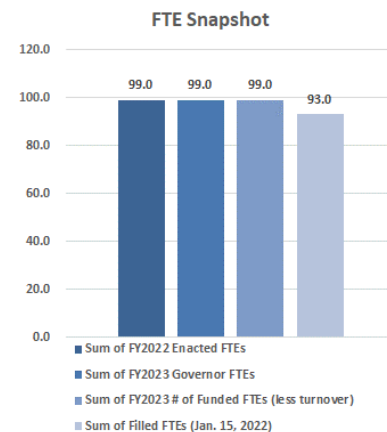
The Office of the Public Defender represents indigent adults and juveniles who are charged with criminal offenses or who are in jeopardy of losing custody of their children to the State. Referrals come from the Supreme, Superior, District and Family Courts. All who are financially eligible are assigned 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 is general revenue and \$75,665 is federal funds. The FY2022 Revised Budget is \$14.3 million of which \$14.2 million is general revenue and \$95,052 is federal funds. General revenues increased by \$786,051 and federal funds increased by \$19,387. The general revenue increase is due to the statewide COLA and bonus payments.

For FY2023, the Budget includes \$14.6 million, of which \$14.5 million is general revenue and \$65,665 is federal funds, reflecting an increase of \$1.1 million in general revenue, due to the statewide COLA and bonus payments.

The Budget includes 99.0 FTE positions in FY2022 and in FY2023, consistent with the enacted level.



Central Management

FY2022 Enacted	General Revenue \$13,431,599
Target and Other Adjustments	54,039
Statewide COLA and Bonus	913,443
Turnover	169,404
FY2023 Governor	\$14,568,485

Statewide COLA 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 and \$876,585 in FY2022 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.

Department of Environmental Management

Expenditures By Program	FY2021 Final	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Office of Director	\$10.7	\$11.7	\$34.6	\$22.9	194.7%	\$15.0	\$3.3	28.0%
Bureau of Natural Resources	47.9	64.5	74.9	10.3	16.0%	74.1	9.6	14.8%
Bureau of Environmental Protection	26.1	31.6	33.1	1.5	4.7%	34.4	2.8	8.9%
Total	\$84.7	\$107.9	\$142.6	\$34.7	32.1%	\$123.6	\$15.7	14.5%
Expenditures By Source								
General Revenue	\$42.6	\$46.2	\$70.8	\$24.6	53.3%	\$51.6	\$5.4	11.7%
Federal Funds	26.3	32.4	35.5	3.2	9.7%	43.6	11.2	34.5%
Restricted Receipts	11.7	17.1	18.6	1.5	8.6%	17.6	0.5	3.2%
Other Funds	4.1	12.2	17.7	5.4	44.5%	10.8	(1.5)	-12.1%
Total	\$84.7	\$107.9	\$142.6	\$34.7	32.1%	\$123.6	\$15.7	14.5%
Authorized FTE Levels	394.0	401.0	401.0	-	0.0%	410.0	9.0	2.2%

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

The Department of Environmental Management (DEM) is responsible for protecting, managing, and restoring the natural resources of the State. The Department is organized into three divisions: the Office of the Director, the Bureau of Natural Resources, and the Bureau of Environmental Protection.

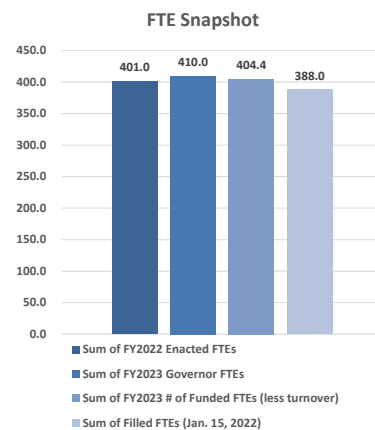
The Department is charged with supervising and controlling the protection, development, planning, and utilization of the natural resources of the state; the promotion of agriculture and animal husbandry; and, providing for the maintenance of waterways and boating facilities.

MAJOR ISSUES AND TRENDS

The FY2023 Budget includes an all funds increase of \$15.7 million, or 14.5 percent from the FY2022 Budget as Enacted. The Budget includes a \$5.4 million (11.7 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 \$150,000 in increase grant funding for the Local Agriculture and Seafood Act (LASA) program. The increase in federal funds is due primarily to the investment of American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) 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.

The Budget authorizes 410.0 FTE positions in FY2023, an increase of 9.0 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 February 12, 2022, FTE report, DEM has 9.0 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>
Foundry Lease Agreement	239,084
Statewide COLA	187,332
FY2023 Governor	\$8,007,872
Office of Director	Other Fund Changes
ARPA SFRF: Permit and Licensing IT Investments	\$2,825,000
Implementation of the Act on Climate (1.0 FTE position) (restricted receipts)	3,690

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. Unfortunately, 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.

ARPA SFRF: Permit and Licensing IT Investments **\$2.8 million**

The Budget includes \$2.8 million in federal ARPA SFRF for permit and licensing IT investments. The Department 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.

In addition, developing e-commerce capabilities, including online applications, workflow tracking, reporting, and providing remote access to public records, will provide essential services to RI businesses online with no face-to-face contact. Conditions created by COVID-19 have shown the critical importance of modernizing permitting and licensing systems to accommodate filing applications electronically, automating and tracking work flow, and providing a robust modern platform for remote processing of permits and licenses.

The proposal also includes continued digitization and conversion of public records for online delivery. DEM environmental public records are critical to the completion of due diligence for commercial property transactions, including sales, refinancing, and capital investments. Financial lending institutions require

complete and detailed reviews of environmental records on properties subject to financing to understand the potential liabilities that need to be managed in the event of default or foreclosure. Complete and timely response to these public records requests are necessary to support these transactions and the Department has been working, with support from the business community, to convert the needed records into electronic format and deliver them efficiently online.

The legacy licensing systems, currently used for commercial fishing, boating registration, and fish and wildlife licensing is based on are built on obsolete FoxPro and Informix platforms. These present a very high risk of failure, and inhibit the addition of new license categories. The proposed permitting system will integrate with the existing DEM PLOVER enterprise system, coordinating complaint response and enforcement with permitting. Elements of the system will also transfer data with federal Environmental Protection Agency (EPA) environmental databases. The Coastal Resources Management Council (CRMC) is interested in coordinating with DEM on the implementation of this system, taking advantage of similar permitting processes implemented by that agency in RI's coastal zone. A modern system will be more streamlined and much easier to track, greatly improving customer experience.

The Department has already completed extensive development of requirements and the RFI process. DoIT will need to support these new systems; however, FTE requirements are not projected to be greater than those supporting current systems. DEM is not requesting any new FTEs as a part of this proposal.

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:**
 - **Population:** The proposed systems will improve access and ease of use for DEM permitting and licensure systems.
 - **Awareness:** The proposed systems will provide online access to more permitting and licensure activities, therefore improving.
 - **Access and Distribution:** No
 - **Outcomes:** Outcomes are focused on improving access to DEM permitting and licensure.
- **Performance Metrics:** Monitor the following:
 - These systems will increase access to DEM permits and licenses. Performance metrics may include percentage of applicants accessing permits and licenses online versus in-person or mail in processes. Additionally, capture of metrics relating to e-transactions will be helpful to demonstrate the benefits that this system offers constituents. These systems will also provide robust reporting functionality to improve DEM's ability to report on licensing and permitting activities.

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 COLA	1,649,978
VRI Savings - Restoration	429,223
Seasonal Employee Wage Increase	269,125
Minimum Wage Increase	258,200
Local Agriculture and Seafood (LASA) Grants	150,000
Stewardship of State Management Areas (2.0 FTE positions)	37,239
FY2023 Governor	\$28,507,514
Bureau of Natural Resources	Other Fund Changes
ARPA SFRF: Galilee Piers/Bulkhead/Facilities	\$6,000,000

Statewide Cost of Living Adjustment (COLA)

\$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.

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.

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 season Parks and Recreational staff that are currently paid less than \$12.25 per hour, as well as the wages of other season staff in order to maintain salaries that reflect different job duties and responsibilities. The increase reflects a portion of total impact since only about 40.0 percent of the season expenses occur between January and the end of the fiscal year.

Local Agriculture and Seafood (LASA) Grants

\$150,000

An increase of \$150,000 in general revenue (\$250,000 total) is included in the Budget to support the Local Agriculture and Seafood Act (LASA) grant program. 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>.

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 project 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.

ARPA SFRF: Galilee Piers/Bulkhead/Facilities

\$6.0 million

This proposal includes \$6.0 million in FY2023 (\$46.0 million total) from federal ARPA SFRF to secure the northern section of the bulkhead at the Port of Galilee, replace docks, update parking lot G, make infrastructure upgrades to the Coastal Resources Maintenance Building, update the electrical infrastructure, and install security cameras. The Port supports 176 permanent berth holders and 131 temporary vessels. There are 27 land leases at the port. Each business represents a percentage of the total landings noted above. There are more than 500 employees that work at the Port at different businesses during different points of the year. This proposal will support the Division's capability to provide berthing and business space for commercial fishing and related businesses. This proposal seeks to extend the life of the Port whereas the current infrastructure is on the brink of a catastrophic failure. Deferred maintenance and lack of funding over the years has presented a precarious situation where fishing businesses are at risk.

The recommendations included in the Dive Assessment provide baseline metrics for which this project can be measured. The Dive Assessment was conducted in June 2021. The assessment noted that there was deteriorated, damaged, and failing coating of the sheet pile wall and steel pile cap, significant scaling, pitting and spalls were typical through the sheet pile wall, severe corrosion and section losses of the sheet pile and pile cap, and areas of subsidence and settlement of the backfill along the back of the bulkhead. This equates to a bulkhead that is considered poor to non-serviceable. The inspection noted that if nothing was done, the walls will continue to develop holes and eventually collapse. The cost estimates are based on information from engineering reports whenever possible (2017 PARE and 2021 PARE) and advised by actual pricing for recent projects. The breakdown of the requested \$46.0 million is as follows:

- \$5.0 million – Phase 2B Bulkhead Replacement
- \$10.0 million – Replacement of remaining bulkheads and raising caps for resiliency
- \$9.0 million – Phase 2 and 3 dock replacements
- \$4.0 million – Roadway, stormwater, sidewalk, and parking area updates
- \$4.0 million – Water line removal and replacement, fire hydrants, water service
- \$3.0 million – Headquarters site improvements, including maintenance garage, oil recycling, equipment storage, parking, and circulation improvements
- \$2.0 million – Parking Lot G improvements
- \$2.0 million – Electrical upgrades throughout Port
- \$2.0 million – Security infrastructure and cameras
- \$5.0 million – Replacement of docks beyond phase 2 and 3

This proposal is expected to reduce future, recurring costs. Currently, substantial capital resources are needed to remediate the Port and keep it operational. If approved, this proposal would allow DEM to modernize the infrastructure in the Port and focus on asset protection. While an appropriate level of asset protection does have a substantial cost, it is far cheaper than replacing docks and bulkheads before their useful life is up.

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

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components:**
 - **Population:** The Port is characterized as an Economic Opportunity Zone by RI Commerce, but not a Health Equity Zone which denotes areas of racial inequity or depressed economic growth. Reinforced infrastructure at the Port will preserve and encourage opportunities for businesses.
 - **Awareness:** As a dedicated working waterfront, the Port is reserved for commercial fishing businesses and related uses which include fish processing, wholesale and retail fish markets, businesses that support the commercial fishing industry, charter fishing operations, restaurants, and beach related gift shops. The Port also supports a robust recreational fishing industry, including party and charter businesses and the State's most heavily utilized boat ramp, which contribute to the hundreds of millions of tourism and outdoor recreation dollars in Rhode Island. Residents can access the public part of the ports during regular business hours. The RI DOA purchasing process has obligatory components that address MBE/EEO issues. These components ensure equality and diversity in the contracting phase. It is typical for large construction projects to erect signage adjacent to the project identifying funding sources, either state or federal. It is anticipated that, if successful, such signage we clearly represent SLFRF would be clearly identified.

- **Access and Distribution:** In terms of access to the whole port, areas are restricted to the lessee to operate their business. Those would be restricted to visitors unless the business consented to access.
- **Outcomes:** This does not apply to this project.
- **Performance Metrics:** Monitor the following:
Since this proposal relates to infrastructure, this is not applicable.

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 COLA	1,051,727
Permitting and Compliance (6.0 FTE positions)	527,643
VRI Savings - Restoration	127,530
FY2023 Governor	\$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 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 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 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.

Estimated Revenue from Proposed Permit and Fee Increases

Permit/Fee	Estimated			
	Current Amount	Proposed Amount	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

- **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.

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 \$9.0 million in FY2023, an increase of \$5.5 million in FY2022 and a decrease \$1.4 million in FY2023, compared to the enacted budget. The decrease in FY2023 is primarily due to the project schedule at Galilee Piers and the proposed investment of ARPA SFRF in FY2023. 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 for and \$3.3 million in FY2023, as well as \$46.0 million in ARPA SFRF in FY2023 through FY2027. 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 project 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 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Coastal Resources Management Council	\$4.4	\$5.5	\$6.2	\$0.7	12.7%	\$7.4	\$1.9	35.7%
Expenditures By Source								
General Revenue	\$2.5	\$2.8	\$3.0	\$0.2	6.4%	\$3.2	\$0.4	13.1%
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%	\$7.4	\$1.9	35.7%
Authorized FTE Levels	30.0	30.0	30.0	-	-	31.0	1.0	3.3%

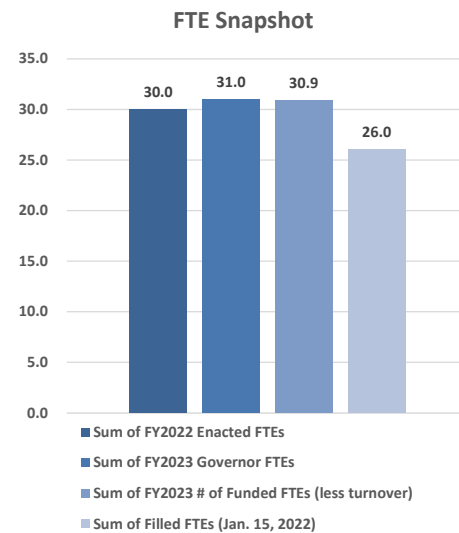
\$ in millions. Totals may vary due to rounding.

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 \$1.9 million (35.7 percent) from the FY2022 Budget as Enacted, including a general revenue increase of \$367,742, 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 Coastal Policy Analyst (\$128,586) and increase 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 31.0 FTE positions in FY2023, an increase of 1.0 FTE Coastal Policy Analyst position. FY2022 authorizes 30.0 FTE positions, consistent with the FY2022 Budget as Enacted.



Central Management	General Revenue
FY2022 Enacted	\$2,809,533
Target and Other Adjustments	(24,273)
Statewide COLA	198,429
Coastal Policy Analyst (1.0 FTE position)	128,586
Maintenance for Current Database	50,000
Legal Services	15,000
FY2023 Governor	\$3,177,275

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.

Coastal Policy Analyst**\$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 SFRF funds. CRMC intends to coordinate with DEM for the inclusion of module within the larger \$5.8 million upgrade.

Legal Services**\$15,000**

The Budget includes \$15,000 in funding for legal services to allow CRMC to hire a part-time hearing officer instead of relying on pro bono attorneys, as had occurred in the past but is no longer viable. Article 7 of the Governor's Budget allows hearing officers for CRMC to be appointed on a part-time basis, instead of only on a full-time basis, and prohibits a hearing officer from participating in any case in which they are an interested party. The article further eliminates the prohibition against a hearing officer practicing law, or being a partner or associate of person practicing law.

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 place 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 the 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 string 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 Actuals	FY2022 Enacted	FY2022 Revised	Change from Enacted		FY2023 Governor	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	605.5	8.5	1.4%	604.6	7.6	1.3%
Infrastructure- Maintenance	129.1	140.5	173.8	33.3	23.7%	150.4	9.8	7.0%
Management and Budget	3.4	5.4	5.4	0.1	1.0%	3.8	(1.6)	-30.1%
Total	\$588.7	\$767.9	\$811.1	\$43.2	5.6%	\$784.4	\$16.5	2.2%

Expenditures By Source

General Revenue	-	-	-	-	-	-	-	-
Federal Funds	326.9	451.0	470.3	19.2	4.3%	453.8	2.7	0.6%
Restricted Receipts	1.3	2.6	4.7	2.1	81.2%	5.9	3.4	129.8%
Other Funds	260.5	314.2	336.1	21.9	7.0%	324.7	10.5	3.3%
Total	\$588.7	\$767.9	\$811.1	\$43.2	5.6%	\$784.4	\$16.5	2.2%

Authorized FTE Levels	755.0	755.0	755.0	-	-	755.0	-	-
-----------------------	-------	-------	-------	---	---	-------	---	---

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

The Rhode Island Department of Transportation (RIDOT) is responsible for over 3,300 “lane miles” (1,100 miles) of highway and 1,173 bridges in the State. The Department inspects all State and municipal bridges greater than 20 feet (751 bridges). RIDOT provides services ranging from snow removal to pothole repair, and from installation and maintenance of traffic signalization to design of highway and bridge construction. The Department also develops projects in the areas of rail, water, bicycle, and pedestrian transportation; coordinates with RIPTA on transit projects; and, engages in air quality planning and coordination.

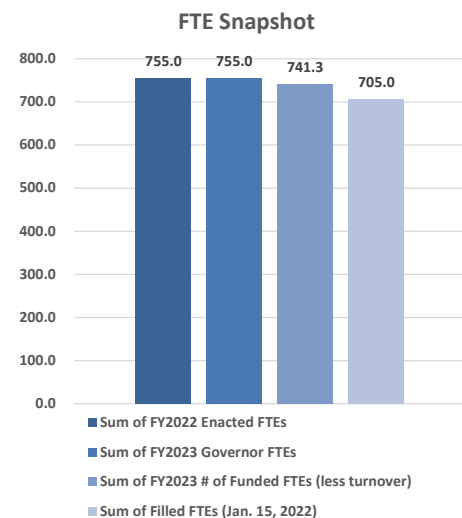
Established in FY1994, the Intermodal Surface Transportation Fund (ISTF) accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used for the maintenance, upgrading, and construction of the State’s highway system. It also is funded from proceeds of the Grant Anticipation Revenue Vehicle (GARVEE) and the RI Motor Fuel Tax (RIMFT) revenue bonds, and related expenditures. The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the ISTF.

Funds are used to finance all RIDOT personnel and operating, and ongoing repair and renovation expenditures for RIDOT facilities throughout the state, as well as highway debt service, and motor fuel tax proceeds allocated to the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services.

MAJOR ISSUES AND TRENDS

The Budget allocates a total of \$784.4 million to RIDOT, an increase of \$16.5 million in total funds from the FY2022 Budget as Enacted (2.2 percent). The increase in other funds is related to additional Highway Maintenance Account funding to be used as a state match for federal funds.

The Budget includes an FTE authorization of 755.0 for the FY2023 Budget and the FY2022 Revised Budget, consistent with the FY2022 Budget as Enacted levels. As of February 2022, the



Department has 674.0 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 \$4.5 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 \$4.5 million in FY2023, an increase of \$275,891 from the FY2022 Enacted level.

The following table shows the distribution of motor fuel tax proceeds in cents per gallon.

Motor Fuel Tax Allocations: Cents per Gallon					
	DOT	RITBA	RIPTA	DHS	Total
FY2015	\$0.1825	\$0.0350	\$0.0975	\$0.0100	\$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	0.1975	0.0350	0.1025	0.0100	0.3450

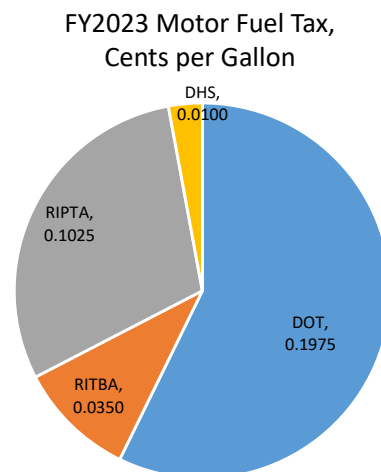
Note: DOT includes 0.020 for GARVEE Debt Service

Note: RIPTA includes 0.005 for Underground Storage Tank Fee

Source: Budget Office

Year	(Cents/Gallon)
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*	4,419,261
2023*	4,545,861

* Dept. of Revenue Estimate



The change in the per penny yield leads to an increase of \$9.4 million in FY2023, of which \$5.6 million will be distributed to RIDOT. The following table shows the projected use of motor fuel tax revenue in FY2023:

Motor Fuel Tax Revenue	FY2021 Actuals	FY2022 Enacted	FY2022 Revised	FY2023 Governor	Change from Enacted	
DOT	\$82.5	\$86.5	\$89.5	\$92.1	\$5.6	6.5%
RITBA	14.3	14.9	15.5	15.9	\$1.0	6.5%
RIPTA	39.6	41.6	43.0	44.2	\$2.6	6.3%
DHS	4.1	4.3	4.4	4.5	\$0.3	6.5%
Total	\$140.5	\$147.3	\$152.4	\$156.7	\$9.4	6.4%

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

Estimate developed by Senate Fiscal Office.

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 Governor 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; all 13 gantries are expected to become operational in FY2022.

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. For FY2022, As of February, 2022 the Department has generated \$25.5 million in gross revenues.

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

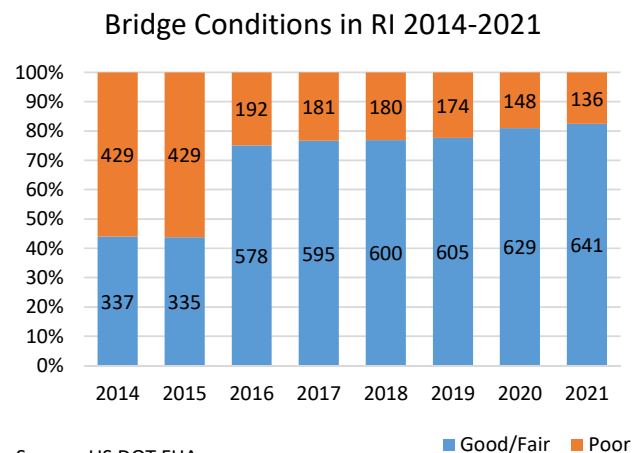
** Toll for Location 4 was increased from \$2.25 to \$4.50 on 3/5/2020

State Transportation Improvement Program-Major Projects

The Department includes major projects the State intends to implement in their yearly State Transportation Improvement Program (STIP). The STIP includes projects for 10 years; however, only the first four years are fiscally constrained, meaning the costs of the projects may not exceed the anticipated funding that is expected to be available in the four-year time period. The current STIP runs FFY2022-FFY2031 and was last updated in September 2021.

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 \$1.2 billion from FY2022 through FY2031. The STIP includes \$244.3 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 December 2021, 136 of the State's 777 bridges were in poor condition. The State would need to repair 58 bridges over the next five years to reach the goal of 90.0 percent structurally sound bridges throughout the State. The Bridge Capital Program will identify and



develop a structured sequence of preservation, repair, rehabilitation, and replacement actions that will achieve and sustain a state of good repair for the State's bridges at a minimum cost. The Bridge Capital Project is anticipated to cost \$1.7 billion from FY2022 through FY2031. The STIP includes \$152.2 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. The goal of issuing these funds now is to save the State money in future bridge repair and replacement costs. Debt service is anticipated to cost \$1.1 billion from FY2022 through FY2031. The STIP includes \$113.4 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 \$693.7 million from FY2022 through FY2031. The STIP includes \$71.6 million in FY2023.

Pavement Repair Cost	
Crack Sealing	\$1
Resurfacing (areas with no sidewalk)	35
Resurfacing (areas with sidewalk)	45
Reclaiming	45
Reconstructing	138

Cost based on 1 square yard

Source: State Transportation Improvement Plan

Rhode Island Highway Maintenance Account (HMA)

The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund (ISTF). The FY2015 Budget as Enacted provided additional funding for transportation projects through increased deposits into the HMA including a surcharge of \$25.00 on all dismissals based upon a good driving record, in addition to the \$5.00 administration fee; an increase in the vehicle inspection fee from \$39.00 to \$55.00; transfer of existing revenue from inspection stickers (\$16.00 per inspection), motor vehicle title (\$50.00 per title), and car rental surcharges (8.0 percent of gross receipts per rental vehicle for the first thirty days) from the general fund to the HMA; and, the phased-in transfer of all vehicle license and registration fees into the HMA beginning in FY2016.

Article 8 of the FY2020 Budget as Enacted altered the percentage of fees going into the HMA such that 5.0 percent of the total fees collected each year are retained by the Division of Motor Vehicles (DMV) and the remaining 95.0 percent are deposited into the Account. The funds retained by the DMV are intended to help partially offset personnel costs associated with collecting the fees associated with the HMA. The remaining 95.0 percent of fees deposited into the HMA are shared between DOT and RIPTA, with RIPTA receiving 5.0 percent of the funds deposited and DOT receiving the remaining amount. Article 8 also extended RIPTA's \$5.0 million annual appropriation to support the Free-Fare program indefinitely.

The FY2022 Budget only transfers \$1.6 million in HMA funding to RIPTA. This is 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.

Rhode Island Highway Maintenance Account

	FY2022 Enacted	FY2022 Revised	FY2023 Governor
<i>New Fees and Surcharges</i>			
Good Driving Surcharge	\$0.5	\$0.4	\$0.4
Inspection Sticker Increase	5.8	5.8	5.8
License and Registration Surcharge	19.1	19.0	19.1
Total New Fees	\$25.5	\$25.2	\$25.3
<i>Existing General Revenue being Transferred to the Highway Maintenance Account</i>			
Inspection Sticker Increase	\$6.6	\$6.4	\$7.7
Motor Vehicle Title Fee	10.1	9.8	10.9
Rental Car Surcharge	4.2	3.1	3.0
License and Registration Transfer	48.6	54.4	54.7
Duplicate and Update License Fee	-	-	-
Total Revenue Transferred from General Fund	\$69.6	\$73.8	\$76.3
Total Revenue to Highway Maintenance Account	\$95.0	\$99.0	\$101.6
5% Share to General Revenues	4.8	4.9	5.1
Remaining Highway Maintenance Account Funds	\$90.3	\$94.0	\$96.5
5% Share to RIPTA	4.5	4.7	4.8
\$5.0 million Transfer to RIPTA	1.4	1.6	5.0
DOT Share of Highway Maintenance Account Funds	\$84.4	\$87.7	\$86.7

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

Source: Office of Revenue Analysis and Budget Office

Statewide COLA 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 Actuals	FY2022 Enacted	FY2022 Revised	Change from Enacted		FY2023 Governor	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	All Funds
FY2022 Enacted	\$24,984,702
Target and Other Adjustments	(199,023)
NHTSA Initiatives (federal funds)	510,136
Office Furniture (other funds)	400,000
FY2023 Governor	\$25,695,815

The Budget includes 55.0 FTE positions in 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. This increase is related to a number of initiatives funded by 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 \$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.

Infrastructure- Engineering	FY2021 Actuals	FY2022 Enacted	FY2022 Revised	Change from Enacted		FY2023 Governor	Change from Enacted	
Federal Funds	\$317.1	\$416.9	\$420.7	\$3.8	0.9%	\$415.7	(\$1.2)	-0.3%
Restricted Receipts	1.3	2.6	4.7	2.1	81.2%	5.9	3.4	129.8%
Other Funds	122.0	177.5	180.1	2.6	1.5%	182.9	5.5	3.1%
Total	\$440.4	\$597.0	\$605.5	\$8.5	1.4%	\$604.6	\$7.6	1.3%

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

The Budget includes 382.0 FTE positions in FY2022 and FY2023.

Infrastructure- Engineering	All Funds
FY2022 Enacted	\$596,988,618
<i>Target and Other Adjustments</i>	<i>(2,434,426)</i>
Providence Station State of Good Repair Grant (federal funds)	8,850,000
ARPA SFRF: Pawtucket Bus Hub Passenger Facility (federal funds)	4,000,000
Gas Tax Transfers (other funds)	3,488,536
CARES Act Funding (federal funds)	(3,338,165)
Indirect Cost Recovery (federal funds)	(1,501,304)
Toll Revenue (other funds)	(1,475,264)
FY2023 Governor	\$604,577,995

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.

ARPA SFRF: Pawtucket Bus Hub Passenger Facility (federal funds) \$4.0 million

The Governor proposes to use \$4.0 million in FY2023 and \$1.0 million in FY2024 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to support the continued construction of the Pawtucket Bus Hub passenger facility for the Rhode Island Public Transit Authority (RIPTA).

The Pawtucket Bus Hub passenger facility is currently under construction and is being built by the Department of Transportation on behalf of RIPTA. The Bus Hub will be co-located with the new Pawtucket/Central Falls Commuter Rail Station and will connect RIPTA and MBTA services as well as connecting 10 bus routes servicing the Blackstone Valley area. The passenger facility will include new features intended to enhance passenger comfort including restrooms, a customer service window, covered waiting areas, and a Pawtucket police substation. The facility will also include amenities and utilities for RIPTA employees including restrooms, storage and maintenance closets, and a break room.

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

- **U.S. Treasury Eligibility Category:** Public Infrastructure and Technology
- **Equity Components:**
 - **Population:** RIPTA has a plan that addresses how RIPTA serves low-income and minority population, as required by Title VI of the Civil Rights Act. This plan identifies bus routes that are monitored for impacts to both low-income and minority populations. This plan has identified the R-Line, RIPTA's highest ridership bus route, as one of these monitored routes due to the high proportions of minority that ride this route. This facility will directly improve the ridership experience for passengers along this route and will make transit more attractive to potential riders.
 - **Awareness:** As part of the development of this project, RIPTA can incorporate language into the project that identifies the SLFRF as the funding source of the project. The pandemic has made clear the desire of the public to have facilities such as this one and the resources will be well appreciated.

- **Access and Distribution:** N/A
- **Outcomes:** The intended outcome of this project is to improve the ridership experience for passengers to make transit easier to use and more attractive to potential riders. Based on the Transit Forward RI 2040 plan, RIPTA is attempting to reach a universal level of service to passengers that is determined by the ridership potential for each bus route. This project will help move RIPTA towards that goal.
- **Performance Metrics:** Monitor the following:

RIPTA's primary performance metric in all projects is impacts to ridership. RIPTA tracks ridership at a bus stop level, by route, so RIPTA will be able track ridership at this location to determine the effect of opening this new facility. Success will be defined as ridership growth of at least 10% over baseline numbers.

Gas Tax Transfers (other funds)

\$3.5 million

The Budget includes an additional \$3.5 million in gas tax funding within the Infrastructure Engineering program, of this \$2.5 million is set to be transferred to the Rhode Island Public Transit Authority (RIPTA) and \$1.0 million will be transferred to the Rhode Island Turnpike and Bridget Authority (RITBA). The FY2022 Budget as Enacted included \$56.6 million in transfers, \$41.7 million to RIPTA and \$15.0 million to the RITBA. The FY2023 Governor's Budget increases these transfers due to a \$275,891 increase in the per-penny yield above FY2022 Enacted levels.

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.

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 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.

	FY2022 Enacted	FY2022 Revised	FY2023 Governor	Change from Enacted
Indirect Cost Recovery				
FHWA Cost Recovery	\$18,845,110	\$17,683,728	\$17,343,806	(\$1,501,304)
Gas Tax Credit- Infra Eng.	(8,791,244)	(8,065,107)	(7,868,979)	922,265
Gas Tax Credit- Cntrl Mngmt	(6,471,410)	(5,803,571)	(5,662,474)	808,936
Gas Tax Credit- Mngmt and Budge	(3,582,456)	(3,907,362)	(3,812,353)	(229,897)
Total	\$0	(\$92,312)	\$0	\$0

Toll Expenditures (other funds)

(\$1.5 million)

The Budget includes \$33.6 million in FY2023 related to expenditures supported by truck tolls, a decrease of \$1.5 million relative to the FY2022 Budget as Enacted. As of March 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 FY2022. 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. Tolls are also limited to \$20 for a one-way border-to-border trip from Connecticut to Massachusetts. Individual tolled vehicles do not exceed \$40 in tolls per day. Revenue generated from the truck tolls is used for bridge maintenance and improvements throughout the State.

In FY2021, the gantries processed 9.4 million transactions and collected \$34.0 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 2nd time that truck passes under a toll gantry.

Truck Toll Revenue	FY2019		FY2020		FY2021	
	Transactions	Billable Revenue	Transactions	Billable Revenue	Transactions	Billable Revenue
July	188,862	\$625,811	194,876	\$641,850	754,750	\$2,648,296
August	196,903	\$651,172	205,615	\$687,318	774,502	\$2,836,544
September	170,653	\$565,031	197,835	\$664,427	797,217	\$2,915,588
October	190,976	\$632,397	245,446	\$813,282	813,818	\$2,983,026
November	181,020	\$597,119	217,470	\$720,434	743,469	\$2,715,373
December	169,528	\$561,698	239,146	\$860,058	764,602	\$2,778,536
January	175,871	\$583,219	289,382	\$1,173,192	738,540	\$2,679,091
February	159,804	\$530,370	346,575	\$1,545,353	669,353	\$2,422,977
March	176,942	\$586,308	411,392	\$1,744,627	837,396	\$3,037,468
April	186,690	\$615,036	514,737	\$1,938,102	824,670	\$2,974,889
May	204,160	\$672,416	578,725	\$2,174,142	810,903	\$2,913,057
June	187,821	\$618,245	609,602	\$2,240,303	859,843	\$3,096,159
Total	2,189,230	\$7,238,821	4,050,801	\$15,203,088	9,389,063	\$34,001,005

Source: RIDOT

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.

Infrastructure- Maintenance	FY2021	FY2022	FY2022	Change from		FY2023	Change from	
	Actuals	Enacted	Revised	Enacted		Governor	Enacted	
Federal Funds	\$1.5	18.0	\$32.8	\$14.8	82.0%	\$21.5	\$3.4	19.0%
Other Funds	127.7	122.5	141.0	18.5	15.1%	128.9	6.4	5.2%
Total	\$129.1	\$140.5	\$173.8	\$33.3	23.7%	\$150.4	\$9.8	7.0%

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

The Budget includes 285.0 FTE positions in the Infrastructure Engineering program in FY2022 and FY2023.

Infrastructure- Maintenance	All Funds
FY2022 Enacted	\$140,527,098
<i>Target and Other Adjustments</i>	<i>(\$88,585)</i>
Highway Maintenance Account (other funds)	14,454,178
Gas Tax (other funds)	(6,937,052)
CAA Funding (federal funds)	3,456,198
RICAP (other funds)	(1,049,462)
FY2023 Governor	\$150,362,375

Highway Maintenance Account (other funds)**\$14.5 million**

The Budget includes \$101.6 million in Highway Maintenance Account (HMA) funds, an increase of \$14.5 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 \$9.8 million to be transferred from the Highway Maintenance Account (HMA) to RIPTA, an increase of \$3.9 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.

Gas Tax (other funds)**(\$6.9 million)**

The Budget includes \$22.8 million in gas tax fund expenditures, a decrease of \$6.9 million from the FY2022 Budget as Enacted. The majority of this decrease is related to expenditures that were previously funded by the gas tax now being supported by other funds 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 (other funds)

(\$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 a decrease 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 welcome center improvements.

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.

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.

	FY2021 Actuals	FY2022 Enacted	FY2022 Revised	Change from Enacted		FY2023 Governor	Change from Enacted	
Management and Budget								
Other Funds	\$3.4	\$5.4	\$5.4	\$0.0	0.9%	\$3.8	(\$1.6)	-30.1%

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

The Budget includes 33.0 FTE positions in both FY202 and FY2023.

Management and Budget	All Funds
FY2022 Enacted	\$5,380,580
<i>Target and Other Adjustments</i>	<i>\$251,531</i>
Centralized Services Charges (other funds)	(1,870,165)
Indirect Cost Recovery (other funds)	(229,897)
FY2023 Governor	\$3,761,946

Centralized Service Charges

(\$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.

Centralized Service Charges	FY2022 Enacted	FY2023 Governor	Change from Enacted	
Information Technology	\$1,891,966	\$21,801	(\$1,870,165)	-98.8%
Capital Asset and Management	-	-	-	-
Human Resources	-	-	-	-
Total	\$1,891,966	\$21,801	(\$1,870,165)	-98.8%

Indirect Cost Recovery (other funds)**(\$229,897)**

The Budget includes a decrease of \$229,897 in gas tax funds within the Management and Budget program (an overall decrease of \$1.5 million in gas tax throughout the Department). This reflects a transfer of Federal Highway Authority indirect cost recovery costs from Central Management to Management and Budget. The Department is able to recoup funds from the FHWA for certain allowable expenses. The recouped costs completely offset gas tax expenditures resulting in no net impact to the overall budget.

Indirect Cost Recovery	FY2022 Enacted	FY2022 Revised	FY2023 Governor	Change from Enacted
FHWA Cost Recovery	\$18,845,110	\$17,683,728	\$17,343,806	(\$1,501,304)
Gas Tax Credit- Infra Eng.	(8,791,244)	(8,065,107)	(7,868,979)	922,265
Gas Tax Credit- Cntrl Mngmt	(6,471,410)	(5,803,571)	(5,662,474)	808,936
Gas Tax Credit- Mngmt and Budget	(3,582,456)	(3,907,362)	(3,812,353)	(229,897)
Total	\$0	(\$92,312)	\$0	\$0

Rhode Island Public Transit Authority

Revenues by Source	FY2021 Actuals	FY2022 Enacted	FY2022 Revised	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: 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 \$0.3 million 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.

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.

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.

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 \$4.5 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

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	0.1975	0.0350	0.1025	0.0100	0.3450

Note: DOT includes 0.020 for GARVEE Debt Service

Note: RIPTA includes 0.005 for Underground Storage Tank Fee

Source: Budget Office

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 \$4.5 million in FY2023, an increase of \$275,891 from the FY2022 Enacted level.

The change in the per penny yield leads to an increase of \$9.4 million in FY2023. The following table shows the use of motor fuel tax revenue in FY2023:

Motor Fuel Tax Revenue	FY2021 Actuals	FY2022 Enacted	FY2022 Revised	FY2023 Governor	Change from Enacted	
DOT	\$82.5	\$86.5	\$89.5	\$92.1	\$5.6	6.5%
RITBA	14.3	14.9	15.5	15.9	\$1.0	6.5%
RIPTA	39.6	41.6	43.0	44.2	\$2.6	6.3%
DHS	4.1	4.3	4.4	4.5	\$0.3	6.5%
Total	\$140.5	\$147.3	\$152.4	\$156.7	\$9.4	6.4%

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

Estimate developed by Senate Fiscal Office.

Volkswagen Funds

In January 2018, the State was awarded \$14.4 million from the national Volkswagen (VW) settlement. VW illegally installed software in their vehicles that was able to sense when the car was undergoing emissions testing and activate equipment to reduce emissions: about 3,000 cars in Rhode Island were affected. The settlement established an Environmental Mitigation Trust (EMT), which will be administered by the Department of Environmental Management (DEM) and used within in a 10-year period. Of the total settlement, about \$11.8 million will be used to replace diesel RIPTA buses with zero emission vehicles (ZEV); \$1.5 million for charging infrastructure; and, \$2.1 million for administrative expenses at DEM, RIPTA, and OER. In the fall of 2018, RIPTA began a pilot program to lease three ZEV buses. In the spring of 2019, RIPTA began road tests with the ZEV buses. Currently, the three ZEV buses are deployed on the R-Line in Providence. RIPTA is working on the procurement for the remaining buses, 14 electric buses are scheduled to begin arriving in the summer of 2022, and 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 planning. 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 driver no longer make change for cash payments. Passengers must pay via the WAVE smart card or app, exact change, photo ID pass, paper monthly pass (only valid through June 2022) or a U-Pass ID.

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 provides the Rhode Island Public Transit Authority (RIPTA) with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and

FY2019: \$3.4 million to fund the free-fare program for low-income senior and disabled persons, and the remaining \$1.6 million for debt service payments that were shifted back to the Authority. Article 8 of the FY2020 Budget extends the \$5.0 million in HMA funding to RIPTA indefinitely.

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.

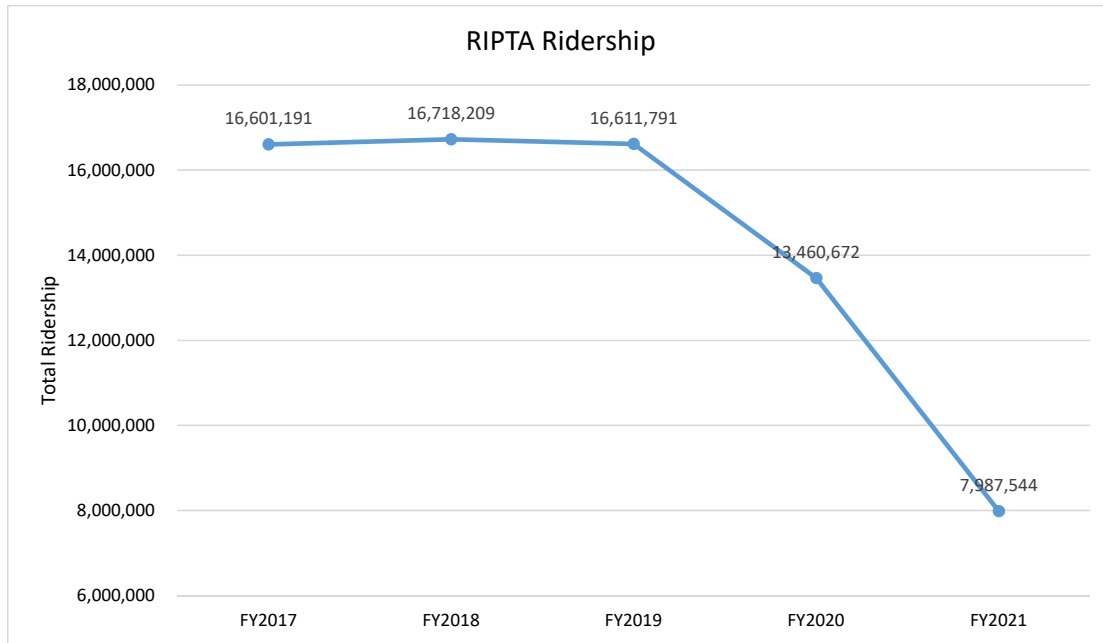
Although the Council was aware of these recommendations, there was no follow-up with relative Departments such as the Lottery or the Department of Revenue. The Free-Fare Program will continue to be funded through the \$5.0 million appropriation to RIPTA from the HMA.

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.

The following table shows total ridership, by category, for RIPTA for FY2017 through FY2021.



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:

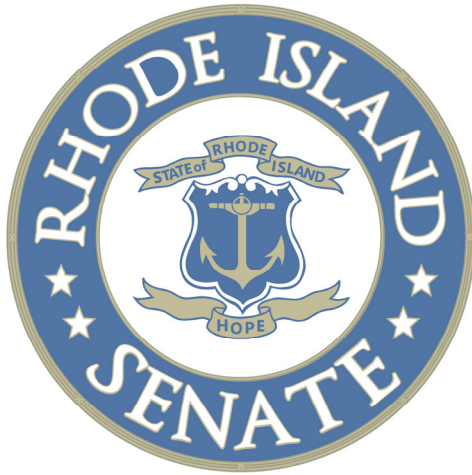
Bus Purchases: The Budget includes \$22.7 million in FY2022 for the purchase of 26 fixed-route buses including 12 diesel and 14 electric buses. The FY2023 Budget includes \$26.5 million to purchase 24 diesel and 3 electric buses. RIPTA maintains a fixed-route fleet of about 245 vehicles. Federal Transit 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 Tunnel is in need of passenger amenity improvements, structural repairs, and safety improvements. Preliminary needs analysis has been completed, architectural and engineering work is expected to begin in FY2022.



SPECIAL REPORTS

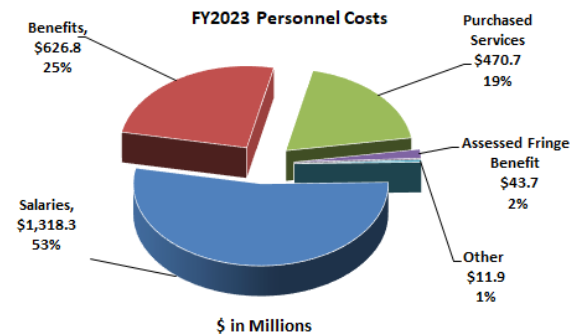
Personnel

The FY2023 Budget includes a total of \$2,467.4 million for personnel expenditures, an increase of \$71.2 million compared to the FY2022 Budget as Enacted, and \$258.1 million less than the Governor's FY2022 Revised Budget recommendation. Salaries and benefits total \$1,945.1 million and comprise 78.8 percent of FY2023 personnel expenditures (54.0 percent of the salaries and benefits costs are supported by general revenue).

The Governor's FY2022 Supplemental Budget includes \$2,725.5 million for personnel expenditures, an increase of \$118.5 million compared to the FY2022 Budget as Enacted. Salaries and benefits total \$1,914.10 million and comprise 70.2 percent of FY2022 revised personnel expenditures (54.0 percent of the salaries and benefits costs are supported by general revenue). Purchased services decrease by \$232.9 million (a decrease of \$177,173 in general revenue), largely due to federal COVID-19 funding for pandemic-related services not required in FY2023.

PERSONNEL EXPENDITURE TRENDS

Expenditures for salaries in FY2023 total \$1,318.3 million, comprising 53.4 percent of total personnel costs, an increase of \$71.2 million (5.7 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 \$626.8 million and comprise 25.4 percent of total personnel costs. Benefits increase \$22.2 million, 3.7 percent, from the FY2022 Budget as Enacted, primarily due to increased retirement and FICA social security costs. Purchased services costs are \$470.7 million, 19.1 percent, of the total personnel costs. Purchased services decrease by \$232.9 million, 33.1 percent, from the FY2022 Budget as Enacted.



Expenses by Description	FY2020 Actual	% of Total	FY2021 Actual	% of Total	FY2022 Enacted	% of Total	FY2022 Governor	% of Total	FY2023 Governor	% of Total
Salaries	\$1,170.3	55.7%	\$1,161.1	48.5%	\$1,247.2	47.8%	\$1,302.5	47.8%	\$1,318.3	53.4%
Benefits	544.7	25.9%	542.9	22.7%	604.6	23.2%	611.6	22.4%	626.8	25.4%
Purchased Services	341.0	16.2%	641.6	26.8%	703.7	27.0%	766.0	28.1%	470.7	19.1%
Assessed Fringe Benefits	37.7	1.8%	42.7	1.8%	39.7	1.5%	42.2	1.5%	43.7	1.8%
Other	7.7	0.4%	6.0	0.3%	11.9	0.5%	3.3	0.1%	7.9	0.3%
Total	\$2,101.4	100.0%	\$2,394.3	100.0%	\$2,607.0	100.0%	\$2,725.5	100.0%	\$2,467.4	100.0%

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

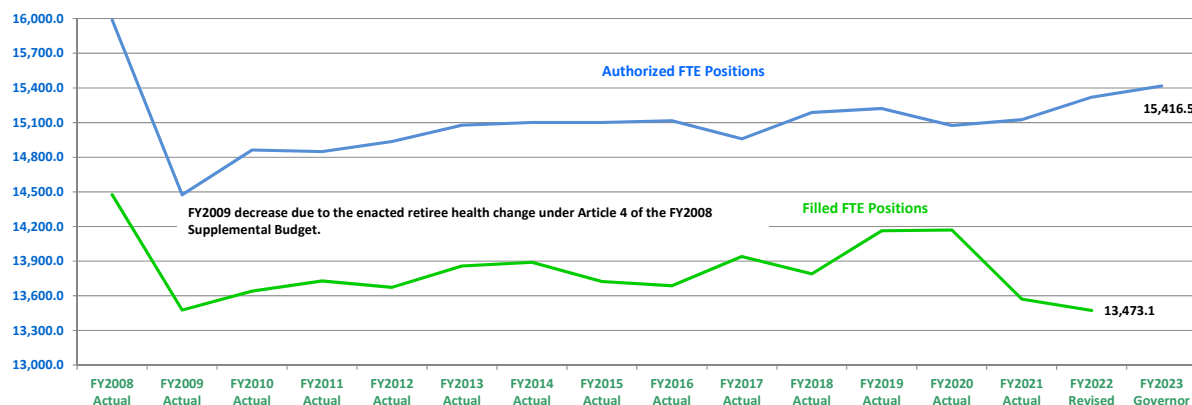
Expenses by Function	FY2020 Actual	FY2021 Actual	FY2022 Enacted	FY2022 Governor	FY2023 Governor	% of Pers. Budget	FY2023 General Revenue	FY2023 General Revenue %
General Government	\$255.0	\$321.0	\$318.5	\$340.9	\$320.8	13.0%	\$175.0	14.9%
Human Services	546.2	760.0	806.7	906.6	643.1	26.1%	318.7	27.2%
Education	644.7	664.9	779.2	735.9	769.3	31.2%	198.9	17.0%
Natural Resources	61.7	61.6	66.9	73.8	75.3	3.1%	42.7	3.6%
Public Safety	464.6	457.3	474.1	502.7	495.4	20.1%	438.0	37.3%
Transportation	129.2	129.6	161.8	165.6	163.5	6.6%	-	-
Total	\$2,101.4	\$2,394.3	\$2,607.0	\$2,725.5	\$2,467.4	100.0%	\$1,173.4	100.0%

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

FTE POSITIONS

The FY2022 Budget authorizes 15,313.2 FTE positions. At the start of the fiscal year, 13,515.3 FTE positions (88.3 percent of the enacted authorized amount) were filled, leaving 1,797.9 FTE positions vacant, a rate of 11.7 percent. Since the start of the fiscal year, as of February 26, 2022, the State has a net decrease of 16.7 filled FTE positions. Over the past decade, the vacancy rate has averaged 8.6 percent, or 1,301.5 FTE positions.

The Governor recommends 15,416.5 FTE positions in FY2023, 103.3 FTE positions more than the previous fiscal year.



The following table illustrates the number of FTE positions by government function.

Government Function	FY2022 Enacted	FY2022 Governor	Change to Enacted	FY2023 Governor	% of Total	Change to Enacted
General Government	2,454.4	2,453.4	(1.0)	2,488.4	16.1%	34.0
Human Services	3,682.6	3,682.3	(0.3)	3,710.3	24.1%	27.7
Education	4,222.4	4,222.4	-	4,228.4	27.4%	6.0
Public Safety	3,244.0	3,252.6	8.6	3,269.6	21.2%	25.6
Natural Resources	431.0	431.0	-	441.0	2.9%	10.0
Transportation	755.0	755.0	-	755.0	4.9%	-
Subtotal	14,789.4	14,796.7	7.3	14,892.7	96.6%	103.3
Sponsored Research	523.8	523.8	-	523.8	3.4%	-
Total FTE Positions	15,313.2	15,320.5	7.3	15,416.5	100.0%	103.3

FY2022: The FY2022 Supplemental Budget proposes 15,320.5 FTE positions, a net increase of 7.3 FTE positions from the FY2022 Budget as Enacted.

Following are changes in the Governor's proposal:

- **An increase in 8.6 FTE positions in the Department of Public Safety:** The FY2022 Supplemental Budget increases positions in the Department of Public Safety by 8.6 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) and 2.6 Administrative Assistant FTE positions to implement the State Police body-worn camera operations.
- **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 proposes 15,416.5 FTE positions, a net increase of 103.3 FTE positions from the FY2022 Budget as Enacted and an increase of 96.0 FTE positions from the Governor's recommendation for the FY2022 Revised Budget. Following are changes in the Governor's proposal:

- **An increase of 14.0 FTE positions in the Department of Business Regulation:** The Budget includes an increase of 14.0 FTE positions, including 13.0 new FTEs for the proposed state-controlled adult-use marijuana program and 1.0 FTE for the State Building Code Commission to support the expansion of online permitting.
- **An increase in 12.6 FTE positions in the Department of Public Safety:** The Budget increases positions in the Department of Public Safety by 12.6 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), 3.0 Detectives within the State Police assigned to the proposed Adult-Use Marijuana program, 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 11.0 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.
- **An increase of 10.0 FTE positions in the Department of Administration:** The Budget adds 10.0 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. The Budget also adds 3.0 FTE positions within the Office of Energy Resources to support the Executive Climate Change Coordinating Council. All 10.0 new FTE positions will be funded by restricted receipts.
- **An increase of 10.0 FTE positions within the Executive Office of Health and Human Services:** The Budget authorizes 200.0 FTE positions for EOHHS in FY2023, an increase of 10.0 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), and 1.0 FTE to reflect the transfer of the Opioid Stewardship Fund from DOH to EOHHS.
- **An increase of 9.0 FTE positions in the Department of Environmental Management:** The Budget adds 9.0 new FTE positions including, 6.0 FTE positions dedicated to environmental permitting and compliance, 2.0 FTE positions to expand staffing for programs that protect wildlife habitats, maintain and support hunting and fishing access sites, and preserve and project Rhode Island's commercial and recreational fisheries, and 1.0 Programming Services Officer position to coordinate the Department's efforts related to the implementation of the Act on Climate passed in 2021.

- **An increase of 7.0 FTE positions in Judiciary:** The Budget provides 733.3 FTE positions in FY2023, an increase of 7.0 FTE positions over the FY2022 Budget as Enacted. The new positions are for the new Mental Health Court initiative funded with ARPA SFRF.
- **An increase of 5.0 FTE positions in the Executive Office of Commerce:** The Budget increases positions in the Executive Office of Commerce by 5.0 FTEs as compared to the FY2022 enacted level. These include 2.0 Chief Program Specialist FTE positions, 1.0 Data Analyst FTE position 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 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 4.8 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 2.0 new FTEs related to the Adult Use Marijuana legalization. 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 4.0 FTE positions for Public Higher Education:** The Budget adds 3.0 temporary, grant-funded FTE positions for the Higher Education Academy and 1.0 FTE Executive Assistant at the Northern Rhode Island Education Center.
- **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 Healthcare Services. The Governor's 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.
- **An increase of 2.0 FTE positions in Elementary and Secondary Education:** The Budget provides 328.1 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. This represents an increase of 2.0 FTE positions in the Administration of the Comprehensive Education Strategy program, including a Multi Lingual Learner Specialist and a Transformation Specialist. The FTE level in FY2022 is consistent with the budget as enacted.
- **An increase of 2.0 FTE positions in the Office of the Attorney General:** The Budget includes an additional 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 will be supported with American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF).
- **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, and 1.0 Staff Attorney.

- **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 in Office of the General Treasurer:** The Budget adds a new 1.0 Retirement Aide position to administer the transfer of the Central Falls and West Warwick town retirement plans into the Municipal Employees Retirement System (MERS).
- **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 Coastal Resource Management Council:** The Budget adds 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.
- **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.

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 Adjustment	Fiscal Year Impact	General				General	
		Revenue	All funds	GR Bonus	AF Bonus	Revenue	All funds
Year 1 Retroactive Pay Raise 2.5%	FY2022	\$18.7	\$27.5	\$0.0	\$0.0	\$18.7	\$27.5
Year 2 Pay Raise 2.5%	FY2022	15.2	30.6	4.5	8.9	\$38.4	\$67.0
Year 3 Pay Raise 2.5%	FY2023	14.8	25.8	4.6	9.0	\$53.3	\$92.9
Year 4 Pay Raise 2.5%	FY2024	16.4	28.3	-	-	\$65.1	\$112.2
Total						\$175.5	\$299.6

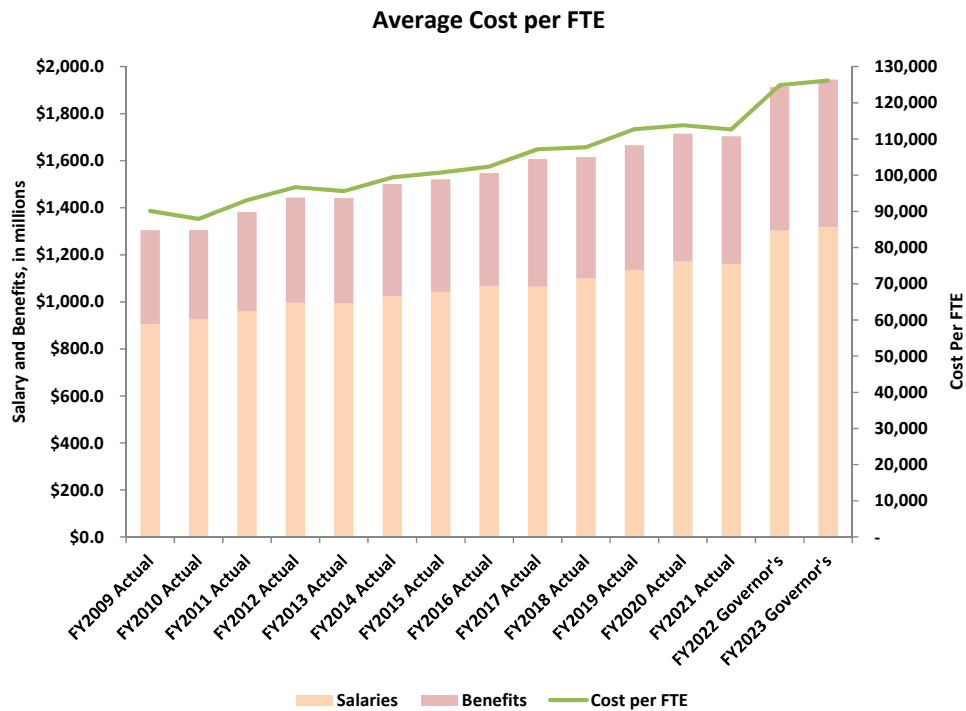
State Colleges - COLA Adjustment	Fiscal Year Impact	General				General	
		Revenue	All funds	GR Bonus	AF Bonus	Revenue	All funds
Year 1 Retroactive Pay Raise 2.5%	FY2022	\$2.0	\$2.0	\$0.0	\$0.0	\$2.0	\$2.0
Year 2 Pay Raise 2.5%	FY2022	2.2	2.2	1.7	1.7	\$5.9	\$5.9
Year 3 Pay Raise 2.5%	FY2023	2.1	2.1	1.7	1.7	\$8.0	\$8.0
Year 4 Pay Raise 2.5%	FY2024	2.1	2.1	-	-	\$8.4	\$8.4
Total						\$24.3	\$24.3

\$ in millions

\$199.8 \$323.9

AVERAGE COST PER FTE

The projected average cost per FTE position is \$126,170 in FY2023, reflecting an increase of 1.0 percent over the FY2022 Supplemental Budget. Statewide, total salary costs increased annually on average by 2.8 percent and benefit costs increased 3.4 percent since 2009. The cost per FTE position increased slightly in FY2023 as a result of the Statewide Cost of Living adjustment and bonus payment.



TURNOVER

The FY2023 Budget lists turnover as a natural account under the personnel category. This practice started with Governor's recommendation for the FY2020 Budget. As illustrated in the table, the 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 Supplemental Budget reduces the total turnover to \$44.6 million (reflecting unachieved personnel savings), thus requiring \$23.1 million to be included in the supplemental budget. At present, it is unknown whether the amount recommended in the revised budget is accurate. For FY2023, the Budget recommends turnover savings of \$38.6 million, of which \$29.2 million, or 75.5 percent reflects general revenue.

Turnover by Funding Source

Funding Source	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
General Revenue	(\$50,511,039)	(\$34,095,676)	\$16,415,363	(\$29,174,385)	\$21,336,654
Federal Funds	(7,373,045)	(6,832,881)	540,164	(6,500,995)	872,050
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)	(\$44,634,827)	\$23,102,008	(\$38,642,447)	\$29,094,388

In FY2023, turnover is stated in 34 agency budgets. The following table illustrates the top agencies with all fund turnover savings exceeding a million dollars.

Turnover by Agency					
Turnover by Agency	FY2022 Enacted	FY2022 Governor	Change	FY2023 Governor	Change
Department of Corrections	(\$3,864,897)	(\$7,978,345)	(\$4,113,448)	(\$8,177,805)	(\$4,312,908)
BHDDH	(31,230,573)	(5,492,021)	25,738,552	(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)	(2,831,767)	(755,739)	(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)	(2,160,595)	(1,469,900)
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)
Elementary and Secondary Education	(1,103,110)	(1,789,894)	(686,784)	(1,419,841)	(316,731)
Executive Office of Health and Human Services	280,000	(665,376)	(945,376)	(1,481,647)	(1,761,647)
Department of Public Safety	(869,511)	(4,060,385)	(3,190,874)	(1,139,739)	(270,228)
Rhode Island College	(10,513,656)	-	10,513,656	-	10,513,656
All Other Agencies	(5,954,184)	(5,689,189)	264,995	(3,155,942)	2,798,242
Total	(\$67,736,835)	(\$44,634,827)	\$23,102,008	(\$38,642,447)	\$29,094,388

PURCHASED SERVICES

Purchased services expenditures provide for contractors (non-state employees) who deliver special expertise to the State or where the work is temporary or project-specific. There are 10 categories of purchased services: seven of the 10 categories: Other Contracts, Information Technology, Management and Consultant Services, Training and Educational Services, Medical Services, and Design and Engineering, comprise 93.8 percent of the total FY2023 purchased service expenditure recommendation in the Budget.

Purchased Services	FY2020 Actual	FY2021 Actual	FY2022 Enacted	FY2022 Governor	FY2023 Governor	Change
Training and Educational Services	\$47.4	\$79.4	\$131.4	\$90.8	\$107.0	(\$24.4)
Management & Consultant Services	100.1	154.7	117.5	158.7	98.6	(18.9)
Information Technology	49.5	72.4	113.6	118.4	94.0	(19.6)
Design and Engineering Services	59.8	58.3	63.5	75.0	66.1	2.6
Other Contracts	19.3	53.3	90.8	75.2	30.9	(59.9)
University and College Services	21.9	21.0	24.0	24.2	23.0	(1.0)
Medical Services	22.8	151.7	115.0	190.6	22.1	(92.9)
Clerical and Temporary Services	6.0	29.6	29.6	12.2	9.8	(19.8)
Legal Services	5.7	8.6	9.9	11.3	9.7	(0.2)
Buildings and Ground Maintenance	8.3	12.6	8.4	9.6	9.6	1.1
Total	\$340.9	\$641.6	\$703.7	\$766.0	\$470.7	(\$233.0)

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

The FY2023 Budget includes \$470.7 million for purchased service expenses, of which \$245.0 million is federal funds (52.0 percent) and \$96.6 million (20.5 percent) is general revenue. Approximately \$295.7 million in the FY2022 Supplemental Budget and \$41.9 million in the FY2023 Budget reflect COVID-19 response federal funds. The FY2023 Budget reflects a decrease of \$233.0 million from the FY2022 Budget as Enacted and a decrease of \$295.2 million from the FY2022 Supplemental Budget. Eleven state departments account for \$407.2 million (86.5 percent) of the appropriation for purchased services, of which two departments have significant changes; Department of Health with a decrease of \$194.5 million (-94.3 percent); and, Elementary and Secondary Education with a decrease of \$32.8 million (-26.2 percent).

Purchased Services

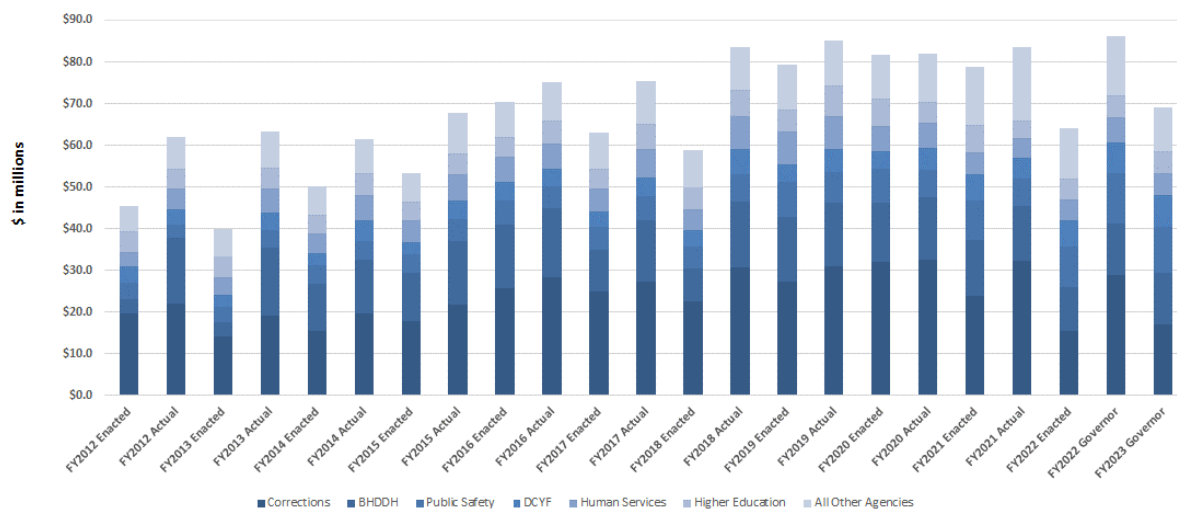
Purchased Services by Agency	FY2022 Enacted	FY2022 Governor	FY2023 Governor	Change from Enacted
EOHHS	\$108.1	\$112.9	\$114.1	\$6.0
Elementary and Secondary Education	125.2	82.3	92.3	(32.8)
Transportation	68.1	67.5	64.8	(3.2)
Human Services	37.2	37.9	34.0	(3.3)
University of Rhode Island	24.1	25.4	25.6	1.6
Administration	22.9	25.0	16.9	(5.9)
Corrections	16.0	16.0	15.0	(1.1)
BHDDH	11.4	11.0	12.2	0.8
Health	206.2	285.8	11.8	(194.5)
Revenue	10.2	11.8	10.3	0.0
Environmental Management	8.3	11.7	10.2	1.9
Labor and Training	18.1	23.7	9.2	(8.9)
Office of the Postsecondary Commissioner	1.5	1.5	6.6	5.1
DCYF	6.3	6.4	6.5	0.2
General Treasurer	6.1	6.2	6.0	(0.2)
Commerce	9.1	9.6	5.8	(3.3)
Community College of Rhode Island	3.0	4.4	3.9	1.0
All Other Agencies	22.0	27.0	25.6	3.6
Total	\$703.7	\$766.0	\$470.7	(\$233.0)

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

OVERTIME

Overtime costs in FY2023 are projected to total \$69.0 million, \$4.8 million more than the FY2022 Budget as Enacted and \$17.0 million less than proposed in the FY2022 Supplemental Budget. General revenue supports 64.5 percent of overtime expenses in FY2023 and comprises 66.7 percent of the expenses in the FY2022 Supplemental Budget, as more of the overtime costs used federal COVID-19 response funds. 33.3 percent of the total FY2022 projected overtime expenditures for the State occur with the Department of Corrections, which is projected to decrease to 24.8 percent in FY2023. As shown in the following chart, actual overtime expenses often exceed budgeted amounts.

Overtime Costs

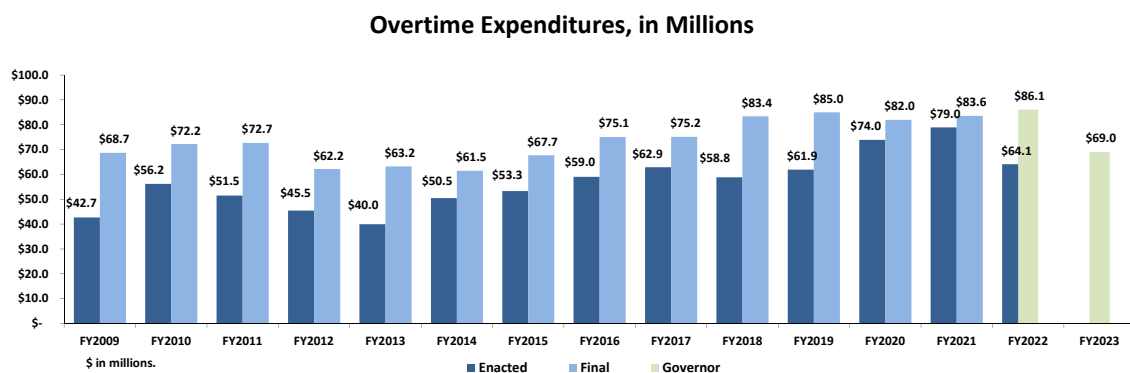


Overtime costs often result from staffing shortages, due either to high turnover rates or insufficient FTE authorizations in the enacted budget. Where there are state or federally mandated minimum staffing levels

(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 includes a net increase of \$1.1 million in overtime expenditures for Correctional Officers within the Custody and Security Program. This increase is 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 following chart illustrates the variances between the enacted and actual expenditures for overtime costs. The average variance is \$16.7 million over the FY2009 to FY2021 term of the chart.



STATE EMPLOYEE HEALTH INSURANCE RATES

The State has three different medical plan coverage to state employees (Anchor, Anchor Plus, and Anchor Choice) as well as three different dental plans and two vision plans.

Health Insurance Rates Annual Employer Cost per Employee

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	% Change
Individual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	Governor*	Governor*	FY23/FY22
Medical	\$6,559	\$7,062	\$6,967	\$7,525	\$7,358	\$7,601	\$8,363	\$8,432	\$7,503	\$7,576	\$7,970	\$8,368	5.0%
Dental	350	376	382	405	393	405	373	369	384	425	425	421	-0.9%
Vision	84	63	59	60	57	79	57	57	57	62	64	65	1.6%
Total	\$6,993	\$7,501	\$7,408	\$7,990	\$7,808	\$8,085	\$8,793	\$8,858	\$7,944	\$8,063	\$8,459	\$8,854	4.7%
Family													
Medical	\$18,386	\$19,799	\$19,531	\$21,093	\$20,626	\$21,307	\$23,445	\$23,637	\$21,035	\$21,182	\$22,342	\$23,458	5.0%
Dental	978	1,052	1,068	1,132	1,100	1,133	963	955	994	1,101	1,101	1,088	-1.2%
Vision	177	173	161	165	157	162	157	157	158	173	176	179	1.7%
Total	\$19,541	\$21,024	\$20,760	\$22,390	\$21,883	\$22,602	\$24,565	\$24,749	\$22,187	\$22,456	\$23,619	\$24,725	4.7%

Source: State Budget Office

*Average of the 3 Anchor Plans

State Employee Health Plan Costs

The FY2023 proposed total employer expenditure for state employee health plan costs is \$205.8 million, of which \$110.5 million is general revenue. This is \$506,754 higher than the FY2022 Budget as Enacted, and \$12.0 million more than the proposed FY2022 Supplemental Budget.

State Employee Health Plan Total Costs

Health Plan	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2022	FY2023	FY23 to FY22	% Change
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Enacted	Governor	Governor	Change	FY23/FY22
Medical	\$145.9	\$155.2	\$162.1	\$157.5	\$162.3	\$174.7	\$170.1	\$164.9	\$158.9	\$162.9	\$193.3	\$182.8	\$194.5	\$1.2	0.6%
Dental	9.2	9.3	9.8	9.7	9.6	8.4	7.9	8.0	8.5	8.9	10.4	9.6	9.8	(0.6)	-5.9%
Vision	1.5	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.6	1.5	1.5	(0.1)	-4.5%
Total	\$156.6	\$165.9	\$173.3	\$168.6	\$173.3	\$184.4	\$179.3	\$174.1	\$168.7	\$173.1	\$205.3	\$193.8	\$205.8	\$0.5	0.2%

\$ in millions

State Employee Health Co-shares

Since 2005, state employees are required to pay a co-share for health insurance. The rate charged to each employee is based on a percent of premium cost and assessed by salary range. These rates increased between FY2010 and FY2012, and remained constant through 2018. As of January 1, 2019, the State now has three different medical plan coverage to state employees (Anchor, Anchor Plus, and Anchor Choice) as well as three different dental plans and two vision plans. Along with the new medical plans and health cost rates, there are new employee health insurance co-share rates that are illustrated in the following tables.

Family Plan Co-share per Pay Period - Salary Ranges

		Anchor	Anchor	Anchor	Anchor	Anchor	Anchor	Anchor
		Plus	Choice	Dental	Dental	Dental	Vision	Vision
February 13, 2022	Anchor				Plus	Platinum		Plus
Below \$56,206	\$129.32	\$138.37	\$128.39	\$6.12	\$11.09	\$18.11	\$1.00	\$3.88
\$56,206 - \$108,046	172.43	184.49	171.19	8.16	13.13	20.15	1.33	4.21
Over \$108,046	215.54	230.62	213.99	10.20	15.17	22.19	1.67	4.55

Individual Plan Co-share per Pay Period- Salary Ranges

		Anchor	Anchor	Anchor	Anchor	Anchor	Anchor	Anchor
		Plus	Choice	Dental	Dental	Dental	Vision	Vision
February 13, 2022	Anchor				Plus	Platinum		Plus
Less than \$108,046	\$61.51	\$65.81	\$61.06	\$3.15	\$5.07	\$7.78	\$0.48	\$1.53
Over \$108,046	76.88	82.26	76.33	3.94	5.86	8.57	0.60	1.65

Deductibles

The medical deductibles are: Anchor \$1,000/\$2,000, Anchor Plus \$500/\$1,000, and Anchor Choice \$1,500/\$3,000 for an in-network individual/ family plan. The out-of-network deductibles are: Anchor \$2,000/\$4,000, Anchor Plus \$1,000/\$2,000, and Anchor Choice \$2,250/\$4,500 for an individual/ family plan. In addition, the new point of service co-payments are as follows:

					Anchor		
Point of Service				Anchor	Plus	Anchor Choice	
	5/1/2005	10/1/2008	7/1/2014	1/1/2022	1/1/2022	1/1/2022	
Primary Care	\$10	\$10	\$15	\$15	\$15	10% coinsurance	
Specialist Visit	10	20	25	25 / 50	25 / 50	10% referred/30% without referral	
Urgent Care	10	35	50	50	50	10% coinsurance	
Emergency Co-payment (waived if admitted)	25	100	125	150	125	10% coinsurance	
Pharmacy	Tier 1 generic	5	5	7	\$10	\$10	\$10 co-pay after deductible
	Tier 2 preferred brand	12	20	25	35	35	\$35 co-pay after deductible
	Tier 3 non-preferred brand	30	40	45	60	60	\$60 co-pay after deductible
	Tier 4 specialty				100	100	\$100 co-pay after deductible

STATE EMPLOYEES AND TEACHERS ACTUARIAL VALUATION

Gabriel Roeder Smith and Company (GRS Retirement Consulting) performed the June 30, 2021, actuarial valuation analysis of the retirement system covering state employees and teachers, municipal employees, state police, and judges.

The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2024. There is no impact to the FY2023 certified employer contribution rates. The GRS analysis reflects no changes in the assumptions for investment rate assumptions, inflation, and payroll growth. The assumed investment return remains 7.0 percent; assumed inflation is 2.5 percent, and payroll growth is 3.0 percent for state employees and 2.5 percent for teachers. The Board approved the employer contribution rates for Employee Retirement System of Rhode Island (ERSRI) as presented by GRS.

	FY2023	FY2024	
Employer Contribution Rates	Certified	Certified	Change
State Employees	28.00%	28.97%	0.97%
Teachers - State Share	11.12%	11.13%	0.01%
Teachers - Local Share	15.04%	15.03%	-0.01%
Total Teachers	26.16%	26.16%	-

Source: GRS June 30, 2021, Actuarial Valuation

Projected Employer Contribution	FY2023	FY2024	Change
State Employees	\$231.1	\$234.3	\$3.2
Teachers - State	129.4	130.8	1.4
Total State Cost	\$360.5	\$365.1	\$4.6
Teachers - Local	\$175.1	\$176.7	\$1.6
Total State and Local Cost	\$535.6	\$541.8	\$6.2

Source: GRS June 30, 2021, Actuarial Valuation

\$ in millions

Active Employee to Retiree Ratio

According to GRS, the ratio of active employees to retirees remains flat but the number of retired state employees exceeded active employees in 2021. This trend translates into less available payroll to spread out the impacts of volatile markets, leading to increased employer contribution rates.

State Employees	1999	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Change
Active	13,369	12,572	11,970	11,023	11,122	11,233	11,166	11,280	11,301	11,194	11,083	11,152	10,988	11,318	11,198	10,803	-395
Retired	9,067	10,163	10,396	11,142	11,421	11,271	11,200	11,139	11,103	11,041	11,058	11,078	11,250	11,224	11,215	11,373	158
Active to Retiree Ratio	1.5	1.2	1.2	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	

Teachers	1999	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Change
Active	13,282	14,146	13,999	13,689	13,530	13,381	13,212	13,193	13,266	13,272	13,206	13,310	13,473	13,511	13,474	13,372	-102
Retired	6,043	9,118	9,337	9,749	10,213	10,347	10,622	10,776	10,838	10,902	11,087	11,211	11,144	11,196	11,274	11,398	124
Active to Retiree Ratio	2.2	1.6	1.5	1.4	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	

Source: GRS June 30, 2019, Actuarial Valuation

FUND VALUE

In 1999, the funded ratio of the system was over 80.0 percent. By 2010, the pre-Rhode Island Retirement Security Act of 2011 (RIRSA) funded ratio was 48.4 percent for state employees and teachers. After passage of the pension reforms in 2011, the post-RIRSA funded ratio became 59.8 percent for state employees and 61.8 percent for teachers. It was projected that there would be a continued decrease in the funded rate after passage of RIRSA and then begin to increase. Passage of the pension settlement act in 2015 precipitated an increase in the Unfunded Actuarial Accrued Liability (UAAL).

According to GRS, the June 30, 2021, funded ratio is 56.7 percent for state employees and 58.7 percent for teachers. For state employees, the unfunded actuarial accrued liability (UAAL) decreased from \$2,243.5 million to \$2,100.4 million and for teachers the UAAL decreased from \$3,127.8 million to \$2,909.3 million. The decrease in the UAAL for state employees is attributable to the fund exceeding the 7.0 percent assumed rate of return (actual market ROR was 27.0 percent).

ADVANCE PAYMENT OF PENSION DEFERRALS

The FY2022 Supplemental 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.

ERSRI Funded Value History	State Employees	Teachers
1999	84.5%	82.1%
2000	81.6%	80.6%
2001	77.9%	77.4%
2002	71.7%	73.2%
2003	64.5%	64.2%
2004	59.6%	59.3%
2005	56.3%	55.4%
2006	54.6%	52.7%
2007	57.5%	55.4%
2008	61.8%	60.3%
2009	59.0%	58.1%
2010	48.4%	48.4%
2010*	59.8%	61.8%
2011	57.4%	59.7%
2012	56.3%	58.8%
2013	56.5%	59.0%
2014	56.1%	58.2%
2015	56.6%	58.8%
2016	56.0%	58.3%
2017	52.9%	54.8%
2018	52.9%	54.9%
2019**	53.3%	55.3%
2020	54.2%	56.2%
2021	56.7%	58.7%
2022	58.0%	59.9%
2023	59.4%	61.2%
2024	61.1%	62.7%
2025	63.1%	64.3%
2026	65.2%	66.1%
2027	68.4%	68.6%
2028	72.1%	71.4%
2029	75.2%	73.8%
2030	79.5%	77.0%
2031	84.2%	80.4%

Projected June 30, 2021 Valuation

Source: GRS

* Reflects post-RIRSA values

** After change of actuarial assumptions

SUMMARY OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

The Unfunded Actuarial Accrued Liability (UAAL) payment for state employees is \$2,100.4 million reflecting a decrease of \$95.5 million over last year. The amortization payment for FY2022 is \$187.0 million and \$198.5 million in FY2023. The amortization payment for FY2024 is \$203.8 million, an increase of \$5.3 million as compared to the payment for FY2023. The following table illustrates the components of the UAAL payment over three fiscal years.

State Employees

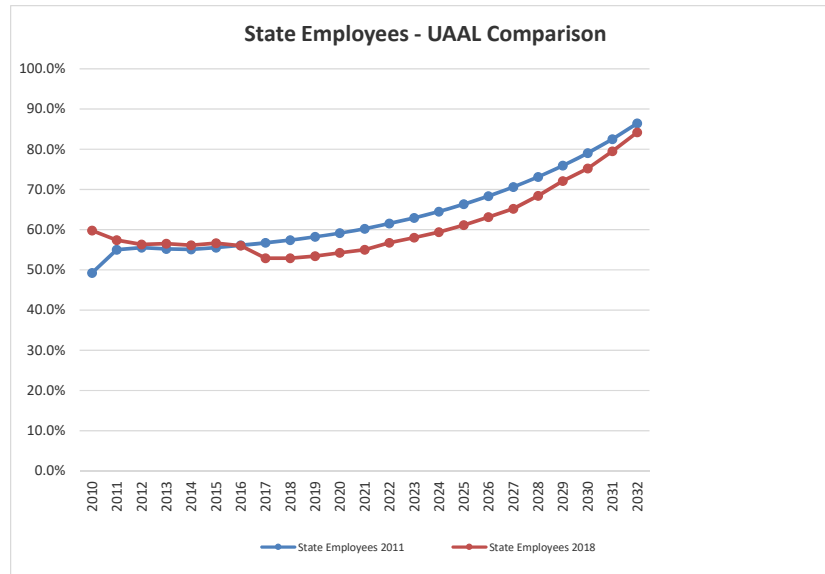
Purpose	Remaining Balance as of June 30, 2021	FY2022 Amortization Payment	FY2023 Amortization Payment	FY2024 Amortization Payment	Amortization Years Remaining
FY1991 and FY1992 Deferrals	\$26.9	\$2.5	\$2.6	\$2.7	12
Original 2011 RIRSA Base	1,701.6	159.2	163.9	168.9	12
2014 Experience Study	(46.9)	(4.2)	(4.3)	(4.4)	13
2014 Mediation Settlement	112.3	10.0	10.3	10.6	13
2015 Experience Base	(33.6)	(2.8)	(2.9)	(3.0)	14
2016 Experience Base	46.2	3.7	3.9	4.0	15
2017 Experience Base	17.4	1.4	1.4	1.4	16
2018 Experience Base	26.3	2.0	2.0	2.0	16
2019 Experience Base	7.9	0.6	0.6	0.6	16
2016 Assumption Change - FY20 Stagger	32.5	2.5	2.6	2.7	16
2016 Assumption Change - FY21 Stagger	75.0	5.8	6.0	6.2	16
2016 Assumption Change - FY22 Stagger	80.8	6.3	6.5	6.7	16
2016 Assumption Change - FY23 Stagger	80.8	-	7.0	7.2	17
2016 Assumption Change - FY24 Stagger	80.8	-	-	7.8	18
2020 New Assumptions - FY23 Stagger	(29.1)	-	(2.5)	(2.6)	16
2020 New Assumptions - FY24 Stagger	(29.1)	-	-	(2.8)	16
2020 Experience Base	19.0	-	1.5	1.5	19
New Experience Base - This Fiscal Year	(68.4)	-	-	(5.7)	20
UAAL	\$2,100.4	\$187.0	\$198.5	\$203.8	

Source: GRS 2021 Actuarial Valuation

\$s in millions

Totals may vary due to rounding.

The following charts compare the current June 30, 2021, actuarial valuation report for state employees and teachers produced by GRS to the valuation report issued by GRS on November 14, 2011, for the Rhode Island Retirement System Act (RIRSA of 2011). The chart illustrates the decrease in the funding ratio as compared to the 2011 forecast as the current valuation includes actual return on investments data and includes the 5-year smoothing decrease of the assumed rate of return from 7.5 percent to 7.0 percent.



The Unfunded Actuarial Accrued Liability (UAAL) payment for teachers is \$2,909.3 million, reflecting a decrease of \$137.1 million from last year. The amortization payment for FY2022 is \$248.0 million and is \$260.3 million in FY2023. The amortization payment for FY2024 is \$264.2 million, an increase of \$3.9 million as compared to the payment for FY2023. The following table illustrates the components of the UAAL payment over the next three fiscal years.

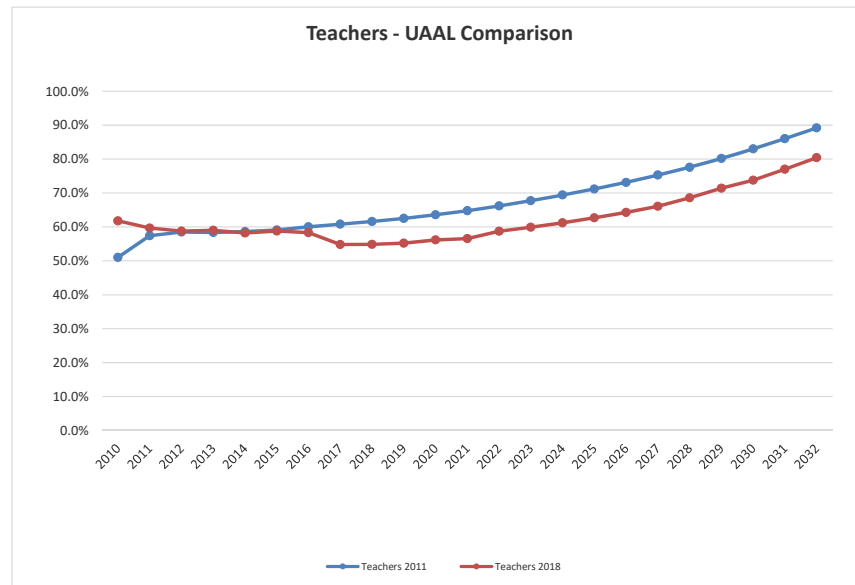
Teachers

Purpose	Remaining Balance as of June 30, 2021	FY2022 Amortization Payment	FY2023 Amortization Payment	FY2024 Amortization Payment	Amortization Years Remaining
FY1991 and FY1992 Deferrals - State	\$34.9	\$3.4	\$3.4	\$3.5	12
Original 2011 RIRSA Base - State	924.6	89.0	91.2	93.5	12
Original 2011 RIRSA Base - Local	1,491.6	120.5	123.5	126.6	16
2014 Experience Study - State	(15.6)	(1.4)	(1.5)	(1.5)	13
2014 Experience Study - Local	(24.3)	(2.0)	(2.0)	(2.1)	16
2014 Mediation Settlement - State	63.8	5.8	6.0	6.1	13
2014 Mediation Settlement - Local	99.6	8.0	8.2	8.5	16
2015 Experience Base	(48.8)	(4.3)	(4.4)	(4.5)	14
2016 Experience Base	32.5	2.7	2.8	2.9	15
2016 Assumption Change - FY20 Stagger	63.7	5.1	5.3	5.4	16
2016 Assumption Change - FY21 Stagger	97.2	7.9	8.0	8.3	16
2016 Assumption Change - FY22 Stagger	105.1	8.5	8.7	8.9	16
2016 Assumption Change - FY23 Stagger	105.1	-	9.4	9.7	16
2016 Assumption Change - FY24 Stagger	105.1	-	-	10.5	16
2017 Experience Base	67.3	5.4	5.6	5.7	16
2018 Experience Base	8.0	0.6	0.6	0.7	17
2019 Experience Base	(16.5)	(1.2)	(1.3)	(1.3)	18
2020 New Assumptions - FY23 Stagger	(38.3)	-	(3.4)	(3.5)	16
2020 New Assumptions - FY24 Stagger	(38.3)	-	-	(3.8)	16
2020 Experience Base	(0.0)	-	(0.0)	(0.0)	19
New Experience Base - This Fiscal Year	(107.4)	-	-	(9.3)	20
UAAL	\$2,909.3	\$248.0	\$260.3	\$264.2	

Source: GRS 2021 Actuarial Valuation

\$s in millions

Totals may vary due to rounding



Analyst Note: The impact on contribution rates resulting from the approved changes to the assumed investment return rates, inflation rates, and payroll inflation rates in 2018 are uniformly reflected over a five-year "smoothing" period.

10-YEAR PROJECTIONS

The following tables illustrate the 10-year projection of State Employee and Teacher fund value and contribution rates providing all factors remain steady as projected in the June 30, 2021, valuation. Amounts and ratios will change when alterations occur regarding actual investment returns and actual payroll costs are re-examined in the actuarial valuation each year.

State Employees

Fiscal Year	UAAL	Funded Ratio	Contribution Rate	Actuarial		Employer Contribution	Employee Contribution	Benefit Payments	Net Cash Flow
				Value of Fund	Payroll				
2022	\$2,100.5	56.7%	28.0%	\$2,747.7	\$762.5	\$213.5	\$38.7	\$356.1	(\$103.9)
2023	2,055.3	58.0%	28.0%	2,832.6	785.1	219.8	38.9	360.4	(101.6)
2024	2,002.3	59.4%	29.0%	2,925.8	808.6	234.3	39.2	363.5	(90.0)
2025	1,931.6	61.1%	28.9%	3,037.5	832.9	240.3	39.6	367.4	(87.6)
2026	1,849.5	63.1%	28.8%	3,159.5	857.9	247.3	40.0	374.8	(87.5)
2027	1,754.5	65.2%	28.7%	3,290.2	883.6	253.9	40.4	379.3	(84.9)
2028	1,582.9	68.4%	28.7%	3,432.6	910.1	260.8	41.0	379.2	(77.3)
2029	1,392.7	72.1%	28.6%	3,592.9	937.4	267.9	41.7	379.1	(69.4)
2030	1,244.8	75.2%	28.0%	3,772.6	965.5	270.1	42.5	385.7	(73.1)
2031	1,021.4	79.5%	27.4%	3,961.0	994.5	272.3	43.4	384.7	(68.9)
2032	780.8	84.2%	27.3%	4,167.0	1,024.3	279.9	44.4	383.1	(58.8)

Source: GRS 2021 Actuarial Valuation

\$'s in millions

Totals may vary due to rounding.

Teachers

Purpose	Remaining Balance as of June 30, 2021	FY2022 Amortization Payment	FY2023 Amortization Payment	FY2024 Amortization Payment	Amortization Years Remaining
FY1991 and FY1992 Deferrals - State	\$34.9	\$3.4	\$3.4	\$3.5	12
Original 2011 RIRSA Base - State	924.6	89.0	91.2	93.5	12
Original 2011 RIRSA Base - Local	1,491.6	120.5	123.5	126.6	16
2014 Experience Study - State	(15.6)	(1.4)	(1.5)	(1.5)	13
2014 Experience Study - Local	(24.3)	(2.0)	(2.0)	(2.1)	16
2014 Mediation Settlement - State	63.8	5.8	6.0	6.1	13
2014 Mediation Settlement - Local	99.6	8.0	8.2	8.5	16
2015 Experience Base	(48.8)	(4.3)	(4.4)	(4.5)	14
2016 Experience Base	32.5	2.7	2.8	2.9	15
2016 Assumption Change - FY20 Stagger	63.7	5.1	5.3	5.4	16
2016 Assumption Change - FY21 Stagger	97.2	7.9	8.0	8.3	16
2016 Assumption Change - FY22 Stagger	105.1	8.5	8.7	8.9	16
2016 Assumption Change - FY23 Stagger	105.1	-	9.4	9.7	16
2016 Assumption Change - FY24 Stagger	105.1	-	-	10.5	16
2017 Experience Base	67.3	5.4	5.6	5.7	16
2018 Experience Base	8.0	0.6	0.6	0.7	17
2019 Experience Base	(16.5)	(1.2)	(1.3)	(1.3)	18
2020 New Assumptions - FY23 Stagger	(38.3)	-	(3.4)	(3.5)	16
2020 New Assumptions - FY24 Stagger	(38.3)	-	-	(3.8)	16
2020 Experience Base	(0.0)	-	(0.0)	(0.0)	19
New Experience Base - This Fiscal Year	(107.4)	-	-	(9.3)	20
UAAL	\$2,909.3	\$248.0	\$260.3	\$264.2	

Source: GRS 2021 Actuarial Valuation

\$s in millions

Employer contribution includes both State and local shared payments.

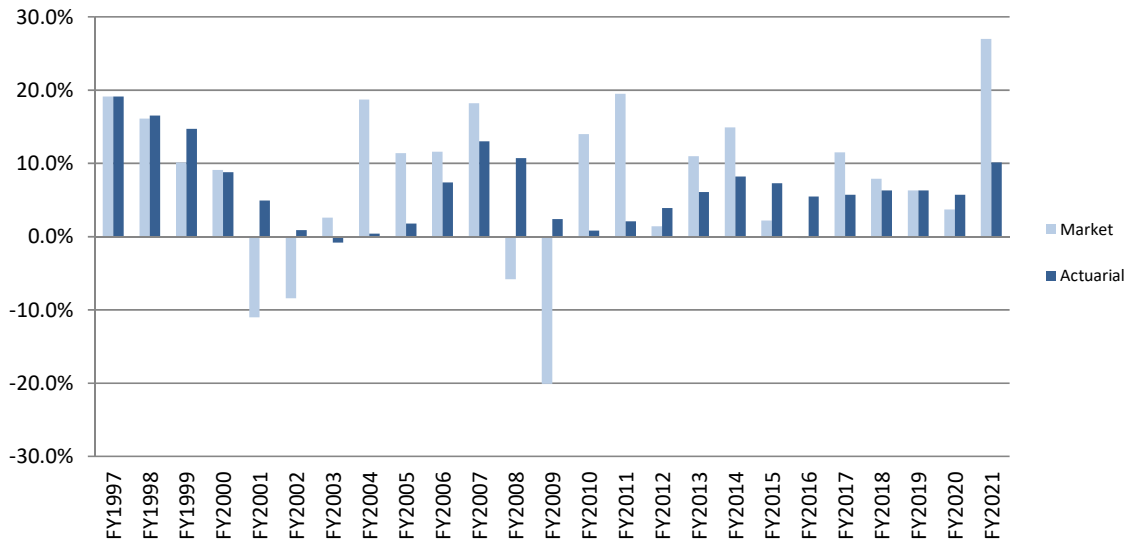
Totals may vary due to rounding

The projected UAAL continues to decrease after 2022. In addition, as the fund amount increases each year, the net cash flow, i.e. funds removed from investments, decrease.

RETURN ON INVESTMENTS

The market rate on the return on investments was 27.0 percent in FY2021, far above the 7.0 percent projected rate of return that is adopted by the State Retirement Board. The actuarial rate of return was 10.1 percent based on a 5-year average smoothing rate.

25-year Return on Investments



- The FY2024 employer contribution costs are lower but the contribution rate for the State is higher due to the contraction in active employees.
- The 2021 actuarial investment performance was 10.1 percent, above the 7.0 percent expectation.
- The cost of living adjustments (COLA) limit still increases. For 2021, it is \$27,608 and increase by 3.5 percent to \$27,901 in 2022. In 2020, the limit was \$27,184.
- As of June 30, 2031, the state employee plan is projected to be 80.4 percent funded and the teacher plan is expected to be 84.2 percent funded. An interim COLA of 3.5 percent is scheduled to occur in 2022. Interim COLAs will be granted to all units and plans every fourth year following the fourth consecutive year of the UAAL average being below 80.0 percent.
- The Plans are expected to be 100.0 percent funded FY2044.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION

GRS presented the June 30, 2021, actuarial valuation analysis of the retirement system covering municipal employees. The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2024. The GRS analysis indicates that over the past year, there was one new unit created, there were no closed units, and there were three merged unit changes. Also there were no new COLA elections in the units participating under the Municipal Employees' Retirement System (MERS). For MERS, the 2020 UAAL for all units combined is \$346.0 million compared to last year's figure of \$414.0 million, a decrease of \$68.0 million. The funded ratio for all MERS improved to 84.3 percent in 2021.

The average employer contribution rate for general employees is 12.64 percent for 2023 and is 11.87 percent for FY2024; and for police and fire personnel, the average employer contribution rate decreased from 20.17 percent in 2023 to 19.42 percent for FY2024.

- According to the actuary, 81 units possess a funding ratio exceeding 80.0 percent, there were 76 last year and 37 units have a funding ratio over 100.0 percent, an increase of 7 units from last year.

		FY2023	FY2024
Certified Employer Contribution Rates		Certified	Certified
Judges		24.16%	22.12%
Membership		30-Jun-20	30-Jun-21
Active		54	56
Retiree and Beneficiaries		27	31
Inactive		1	1
Total		82	88
Projected Payroll for Contributions		\$11.1	\$11.5
Unfunded Liability		\$6.1	\$1.2
GASB Funded Ratio		93.1%	98.7%
<i>Source: GRS June 30, 2021, Actuarial Valuation</i>			

JUDICIAL RETIREMENT BENEFITS TRUST ACTUARIAL VALUATION

GRS performed the June 30, 2021, actuarial valuation analysis of the retirement system covering judges. The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2024. There is no impact to the previously certified FY2023 employer contribution rate. The analysis does not include benefits for state judges hired before January 1, 1990, as they are funded on a pay-as-you-go basis from the State's general assets. A separate valuation is performed for these active and retired judges. Approximately 64.0 percent of the plan participants are active judges, who are contributing 12.0 percent of their salary to the Trust.

		FY2023	FY2024
Certified Employer Contribution Rates		Certified	Certified
State Police		20.87%	20.66%
Membership		30-Jun-20	30-Jun-21
Active		251	242
Retiree and Beneficiaries		79	88
Inactive		53	56
Total		383	386
Projected Payroll for Contributions		\$28.9	\$28.9
Unfunded Liability		\$29.3	\$23.8
GASB Funded Ratio		84.4%	88.0%
<i>Source: GRS June 30, 2021, Actuarial Valuation</i>			

STATE POLICE RETIREMENT BENEFITS TRUST ACTUARIAL VALUATION

GRS performed the June 30, 2021, actuarial valuation summary regarding the retirement systems covering the State Police. The actuarial valuation impacts the employer contribution rates certified by the Board for FY2024. The analysis reflects all recent pension changes enacted since 2008, but does not include benefits for State Police hired before July 1, 1987, as they are funded on a pay-as-you-go basis from annual general revenue appropriations. The GRS analysis decreased the employer contribution rates reflecting market gains and greater payroll growth.

RHODE ISLAND STATE EMPLOYEES' AND ELECTING TEACHERS OTHER POST EMPLOYMENT BENEFIT (OPEB)

The Rhode Island State Employees' and Electing Teachers Other Post Employment Benefit (OPEB) System is one system administered by the State of Rhode Island OPEB Board. The OPEB Trust System consists of six plans covering state employees, teachers, judges, state police, legislators, and Board of Governor employees. The OPEB Board consists of the State Controller, the State Budget Officer, the State Personnel Administrator and the General Treasurer, or their designees.

GRS OPEB Actuarial Valuation for June 30, 2020

The GRS Actuarial Valuation impacts FY2023 required payments. According to the actuary, the plan had a favorable experience over the past year, resulting in an actuarial gain amongst the six groups. The rate of return (ROI) on the actuarial value of assets was 8.51 percent, while the market value of assets was 8.18 percent. The assumed rate of return was 5.0 percent. The following table illustrates the actuary's Actuarially Determined Employer Contribution (ADEC) assumptions from the previous ADEC determined in the June 30, 2019, OPEB valuation. The changes lead to the new ADEC determination.

	Judges	Legislators	State Employees	Teachers	State Police	Board of Governors
Prior ADEC (June 30, 2019)	0.00%	0.00%	5.33%	\$0	23.27%	3.50%
Actuarial Impacts						
Plan Experience	0.00%	0.00%	-0.12%	-	-1.23%	-0.10%
Rate Setting Differential	0.00%	0.00%	-0.69%	-	-1.37%	-1.57%
New ADEC	0.00%	0.00%	4.52%	\$0	20.67%	1.83%

Source: GRS Actuarial Valuation June 30, 2020

As the table illustrates, the OPEB ADEC decreased for state employees, state police, and for the Board of Governors. There is no ADEC for teacher, judge, and legislator plans as those plans are fully funded at this time. The plan for teachers reached full funding on June 30, 2019. The surplus in those accounts are amortized over 30 years and the credits are applied as an offset to the normal cost contribution for those groups.

Development of the ADEC for FY2023

Contributions for	Judges	Legislators	State Employees	Teachers	State Police	Board of Governors
Employer Normal Cost	\$7,555	\$29,197	\$16,435,546	\$0	\$4,300,851	\$1,366,692
Percentage of Projected Payroll	6.00%	1.43%	1.96%	N/A	15.96%	0.93%
Amortization of Unfunded Actuarial						
Accrued Liabilities	(7,555)	(29,197)	21,466,836	0	1,269,236	1,322,604
Percentage of Projected Payroll	-0.06%	-1.43%	2.56%	N/A	4.71%	0.90%
Amortization Period	30 Years	30 Years	16 Years	N/A	16 Years	16 Years
Annual Required Contribution (ARC)	\$0	\$0	\$37,902,382	\$0	\$5,570,087	\$2,689,296
Percentage of Projected Payroll	0.00%	0.00%	4.52%	N/A	20.67%	1.83%
Projected Health Windows Revenue	-	-	303,646			
Percentage of projected Payroll			0.04%			
Net Employer Contribution			\$37,598,736			
Percentage of projected Payroll			4.48%			
Projected Payroll for the Fiscal Year Beginning July 1, 2022	\$12,591,638	\$2,041,728	\$838,548,284	N/A	\$26,947,689	\$146,956,013

Source: GRS Actuarial Valuation June 30, 2020

The Assumptions include a 5.0 percent rate of return

The employer normal cost for the Board of Governors is a net result that includes a \$1,322,604 active member contribution. The \$303,646 credit under state employees is an adjustment of the retiree health care benefits paid for employees who retired under the Voluntary Retirement Incentive in FY2020. This payment adjusts the employer contribution rate downward.

The following table illustrates the decrease over the last four actuarial valuations.

Retired Members	June 30, 2015	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
State Employees	7,305	6,730	6,730	6,698	6,698
Board of Governors	880	862	801	857	857
State Police	273	173	173	163	163
Teachers	211	146	146	99	99
Judges	50	47	47	33	33
Legislators	18	18	18	15	15
Total	8,737	7,976	7,915	7,865	7,865

Source: GRS Actuarial Valuations June 30, 2015, and June 30, 2017 through June 30, 2020

No valuation for June 30, 2016

Includes participating retirees and beneficiaries in the retiree health plans

Actuarially Determined Employer Contribution costs

The following table summarizes the all fund Actuarially Determined Employer Contribution (ADEC) costs from FY2012 to FY2023.

Contributions	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2020	FY2021	FY2022	FY2023	2012-2023	
												Change	Change
State Employees	\$44.2	\$45.8	\$49.1	\$47.8	\$40.7	\$42.7	\$42.3	\$51.5	\$43.9	\$43.4	\$37.9	(\$5.5)	(\$6.3)
State Police	5.9	6.3	7.9	8.2	6.8	7.7	7.9	7.3	5.9	6.1	5.6	(0.5)	(0.4)
Board of Governors	2.9	3.1	3.1	3.0	3.6	3.9	5.5	5.5	4.1	5.0	2.7	(2.3)	(0.2)
Teachers	2.3	2.3	2.8	2.8	2.3	2.3	2.3	-	-	-	-	-	(2.3)
Legislators	0.8	-	-	-	0.0	0.0	0.0	-	-	-	-	-	(0.8)
Judicial	0.8	0.8	0.0	0.0	-	-	-	-	-	-	-	-	(0.8)
Total	\$57.0	\$58.3	\$62.8	\$61.7	\$53.4	\$56.7	\$58.0	\$64.3	\$53.9	\$54.5	\$46.2	(\$8.3)	(\$10.8)

\$ in millions

Source: GRS Actuarial Valuations

Over the past two fiscal years, there is a scant variance between the projected and actual ADEC all fund costs. The projected FY2023 costs decrease.

Plans	FY2020			FY2021			FY2022			FY2023
	Projected	Actual	Change	Projected	Actual	Change	Projected	Actual	Change	
Judges	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Legislators	-	-	-	-	-	-	-	-	-	-
State Employees	52.0	51.5	(0.5)	47.3	43.9	(3.4)	43.4	43.4	(0.0)	37.9
Teachers	-	-	-	-	-	-	-	-	-	-
State Police	6.9	7.3	0.4	6.5	5.9	(0.5)	6.1	6.1	(0.0)	5.6
Board Governors	5.6	5.5	(0.1)	4.5	4.1	(0.5)	5.0	5.0	-	2.7

OPEB Unfunded Actuarial Accrued Liability

The June 30, 2020, valuation decreased the OPEB Unfunded Actuarial Accrued Liability (UAAL) by \$116.9 million as compared to the previous valuation of June 30, 2019. Overall, the UAAL has decreased by \$488.9 million since the June 30, 2009, valuation.

OPEB UAAL Status	June 30, 2009	June 30, 2011	June 30, 2013	June 30, 2015	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	2009-2020	
	Valuation	Valuation	Valuation	Valuation	Valuation	Valuation	Valuation	Valuation	Change	Change
State Employees	\$673.6	\$774.7	\$597.5	\$530.7	\$525.5	\$439.2	\$401.9	\$317.2	(\$84.7)	(\$356.4)
State Police	67.1	80.3	60.8	55.9	46.4	32.2	26.4	19.2	(7.2)	(47.9)
Board of Governors	58.5	50.6	48.2	54.5	53.5	39.6	41.4	20.0	(21.4)	(38.4)
Teachers	13.5	9.5	9.3	6.4	3.5	0.4	(2.8)	(5.6)	(2.8)	(19.1)
Legislators	11.8	0.0	(0.7)	(1.2)	(1.3)	(1.7)	(1.9)	(2.3)	(0.4)	(14.1)
Judicial	8.7	1.8	(1.1)	(2.1)	(2.2)	(2.7)	(3.9)	(4.3)	(0.4)	(13.0)
Total	\$833.2	\$916.9	\$714.1	\$644.2	\$625.4	\$506.9	\$461.1	\$344.3	(\$116.9)	(\$488.9)

\$ in Millions

Source: GRS Actuarial Valuations June 30, 2009, June 30, 2011, and June 30, 2020

The Assumptions include a 5.0 percent rate of return

Funding Projections of the ADEC and UAAL as of June 30, 2020

There is no UAAL for teacher, judge, and legislator plans as those plans are fully funded at this time. The UAAL will be fully amortized as of June 30, 2038, for state employees, State Police, and the Board of Governors. Presently the three plans will reach 80.0 percent as of June 30, 2032, for state employees and June 30, 2022, for Board of Governors. The plan for the State Police became 80.0 percent funded as of June 30, 2021.

Revenue Changes

The Governor's FY2023 Budget increases general revenue collections by an estimated \$167.2 million above the November 2021 revenue estimate. New revenue initiatives include reauthorizing the State's hospital license fee, reducing the penalty interest for delinquent payment of taxes, reducing the corporate minimum tax, phasing in the exemption of military pensions from the income tax, fee changes within various Department of Environmental Management (DEM) programs, and tax and licensing revenue associated with a new adult-use marijuana program.

Governor's Recommended Revenue Initiatives	FY2023
EOHHS Revenue Initiatives	\$170.6
Miscellaneous Revenue Initiatives	(4.2)
DEM Fee Changes	0.6
Adult-Use and Medical Marijuana Programs Revenue Impacts	0.1
DBR Assessment Changes	0.1
Total	\$167.2
<i>\$ in millions</i>	

EOHHS Revenue Initiatives

\$170.6 million

The Budget includes a net \$170.6 million increase related to revenue changes associated with the following EOHHS initiatives:

- **Hospital License Fee:** Article 12 reauthorizes the collection of the hospital license fee in FY2023. The article includes a fee of 3.607 percent of patient revenues for hospitals located in Washington County and 5.725 percent of patient revenues for all other non-psychiatric community hospitals, including the State-run Eleanor Slater Hospital. These rates are consistent with the fee structure used in the FY2022 Budget as Enacted. The Governor's Budget includes \$170.2 million in new revenues that were not included in the November 2021 adopted revenue estimate.
- **Medicaid Revenue Changes:** The Budget increases revenue collections by \$313,600 to reflect the impact of a number Medicaid expenditure changes which affect collections from the 2.0 percent insurance premium tax and 5.5 percent nursing home tax. These initiatives are described within the Executive Office of Health and Human Services section of this analysis.

Medicaid Revenue Changes	
Nursing Homes Alternative Rate Adjustment	\$171,307
Postpartum Coverage Extension	103,500
Cover All Kids Initiative	31,584
Meals on Wheels	7,209
Total	\$313,600

Miscellaneous Revenue Initiatives

(\$4.2 million)

The Budget includes a \$4.2 million reduction in revenue related several initiatives primarily associated with the Governor's small business assistance proposals included in Article 8.

Miscellaneous Revenue Initiatives

Penalty Interest Rate Reduction	(\$2,485,363)
Minimum Corporate Tax Reduction	(812,138)
Military Pension Income Tax Phase-Out	(735,663)
Sales Tax Exemption - Motorcycle Trade-in	(145,087)
Cottage Food Manufacture License	12,610
Total	(\$4,165,641)

- **Penalty Interest Rate Reduction:** The Governor recommends lowering the penalty interest rate for the delinquent payment of non-trust fund taxes from 18.0 percent to 12.0 percent.

Current Rhode Island law (RIGL 44-1-7) requires that interest be imposed on any delinquent taxes. The statute restricts the rate to a percentage ranging from 18.0 percent to 21.0 percent per year.

Article 8 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).

The Office of Revenue Analysis prepared the fiscal impact estimate for this proposal based on the following assumptions, data, and calculations:

- ORA used historical tax data from FY2020 (FY2021 data reflect certain pandemic relief policies related to collections that likely would distort an estimate.
- ORA analyzed the amount of interest collected each day in FY2020, grouped by general ledger, tax period, tax type, and trust fund vs non-trust fund category to determine how the collection was distributed. ORA then calculated the category and combined impact of a 1.0 percent interest rate change.
- Using accrual-based accounting and factoring in the January 1, 2023, implementation date, ORA estimated that the revenue loss in FY2023 would be \$2.5 million and grow to \$6.3 million in FY2024.

FY	Impact
FY2022	-
FY2023	\$(2,485,363)
FY2024	(6,264,399)
FY2025	(6,839,812)
FY2026	(7,233,627)

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.

- **Minimum Corporate Tax Reduction:** The Governor recommends reducing the minimum corporate tax by \$25, from \$400 to \$375 annually. Under current Rhode Island law corporations are required to remit taxes on 7.0 percent of net income or the \$400 minimum business corporation tax, whichever is greater. Article 8 of the Budget reduces the annual minimum business corporations tax by \$25, from \$400 to \$375, for tax years beginning on January 1, 2023, and thereafter. The article also sets an implementation date of January 1, 2023.

The Office of Revenue Analysis prepared the fiscal impact estimate for this proposal based on the following assumptions, data, and calculations:

- ORA used the total number of taxpayers paying the corporate minimum tax as provided by the Division of Taxation in the November 2021 Revenue Estimating Conference (\$64,971, see table) and multiplied it by the amount of the reduction (\$25). This provides an estimated annual revenue loss of \$1.6 million.
- Using accrual-based accounting and factoring in the January 1, 2023, implementation date, ORA estimated that the revenue loss in FY2023 would be half of the estimated annual \$1.6 million, or \$812,137.

Business Class	TY2019 Min. Filers
C-Corporation	6,396
L.L.C.	16,646
S-Corporation	26,094
L.L.P.	535
L.P.	2,961
S.M.L.L.C.	10,553
Undeclared	1,786
Total	64,971

Source: Taxation, November 2021 REC

- **Military Pension Income Tax Phase-Out:** The Governor recommends phasing out military service pension income for purposes of State personal income taxation.

Article 6 of the Budget permits taxpayers to subtract up to 20.0 percent of the military service pension that is included in federal AGI beginning in Tax Year 2023. For each successive year the percentage reduction allowed increases by 20.0 percent until it reaches 100.0 percent (TY2027).

The Office of Revenue Analysis prepared the fiscal impact estimate for this proposal based on the following assumptions, data, and calculations:

- ORA used federal fiscal year 2019 data from the U.S. Department of Defense on the number military retirees in RI, broken down by categories (officers, enlisted, disabled, and non-disabled, etc.) and the average annual pension amounts by category to estimate the current amount of taxable military pensions received by Rhode Islanders, and in turn apply the percentage reductions of the proposed phase-out to obtain the overall revenue impact estimates.

Retiree Category	Retirees in RI	Total Monthly Payments	Avg. Annual Payment
Non-Disabled and Reserve Officers	1,719	\$6,595,000	\$46,038
Disabled Officers	64	166,000	31,125
Non-Disabled and Reserve Enlisted	2,823	4,539,000	19,294
Disabled Enlisted	255	217,000	10,212
Total	4,861	\$11,517,000	

Source: ORA and US Department of Defense - October 1, 2019 - September 30, 2020 data

- Estimates factored in the \$15,000 exemption currently offered under existing law and the Article 6 limitation prohibits combined exemptions from exceeding the amount of a taxpayer's annual pension income. ORA assumed all retirees 66 years old and older also received the \$15,000 exemption, applied the appropriated reductions across age groups. ORA also factored in eligible non-resident taxpayers.
- Using accrual-based accounting and factoring in the January 1, 2023 implementation date, ORA estimated that the revenue loss in FY2023 would be \$812,137 and \$2.1 million in FY2024 reflecting a full year of the reduction in effect.

Tax Year	Deduction	Fiscal Year Impact
2023	20.0%	2023/2024
2024	40.0%	2024/2025
2025	60.0%	2025/2026
2026	80.0%	2026/2027
2027	100.0%	2027/2028

- **Sales Tax Exemption – Motorcycle Trade-in:** The Governor recommends exempting the trade-in value of a motorcycle from the sales tax when a subsequent motorcycle is purchased. Article 8 of the Budget amends RIGL 44-18-30 to include a specific exemption for the trade-in value of a motorcycle from the State's 7.0 percent sales tax when purchasing a motorcycle.

The Office of Revenue Analysis prepared the fiscal impact estimate for this proposal based on the following assumptions, data, and calculations:

- ORA used Rhode Island Division of Motor Vehicles (DMV) registry sales receipt data by vehicle type from 2021. Vehicles types included passenger cars, truck, buses, mopeds, trailers, and motorcycles. There were 5,229 motorcycles purchased and registered in the State in FY2021. Total gross sales price of the motorcycles was \$27,887,930.
- ORA used DMV data on Rhode Island registered motorcycles that were purchased in Massachusetts and whose transaction included the sales tax paid to Massachusetts. Total gross sales price was \$727,382 and total trade-in value was \$66,049. Trade-in allowance percentage for these motorcycles was calculated to be 9.08 percent.
- The trade-in percentage was applied to the 2021 Rhode Island figures to get a trade-in value for all RI-registered motorcycles. The 7.0 percent sales tax rate was then applied to this figure to generate an estimate of the revenue loss had Article 8 been in effect in FY2021. ORA applied growth rates adopted at the November 2021 Revenue Estimating Conference to get revenue loss estimates for FY2022 and FY2023.
- Using accrual-based accounting and factoring in the October 1, 2023, implementation date, ORA estimated that the revenue loss in FY2023 would be \$145,087, increasing to \$199,291 in FY2024.
- **Cottage Food Manufacture:** The Governor recommends the expansion of cottage food manufacturing in Rhode Island and Article 8 of the Budget establishes a statutory and regulatory framework authorizing and supporting preparation and retail sale of certain baked 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 Office of Management and Budget prepared the fiscal impact estimate for this proposal based on the following assumptions, data, and calculations:

- Each registrant would pay an annual registration fee of \$65 which would be deposited into the general fund.
- OMB reviewed “uptake in neighboring states that have already permitted cottage foods” and scaled down by population to obtain an estimate of 194 registrants. Multiplying this by the fee yields the \$12,610 in new revenue in FY2023.

DEM Fee Changes

\$574,212

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 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 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.

Estimated Revenue from Proposed Permit and Fee Increases

Permit/Fee	Estimated			
	Current Amount	Proposed Amount	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

- **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.

Adult Use and Medical Marijuana Programs Revenue Impacts**\$127,926**

The Budget includes \$127,926 in net new general revenue attributable to the implementation of an adult-use marijuana market under Article 11, based on an anticipated retail sales start date in May 2022. FY2023 revenues are artificially depressed because the proposal shifts more of what would be collected as general revenues to the restricted accounts for state departments operating the program. This is reflective of higher start-up costs in the first year. Beginning in FY2024, revenues would transfer at the normal proposed statutory rates.

Adult-Use and Medical Marijuana Programs Revenue Impacts	
Reduced Surplus Revenue Transfer - Medical	(\$700,000)
Cannabis Licensing Fees - Adult-Use	418,881
Reduction of Fees re: Expungement - Adult-Use	(362,048)
Cultivator Excise Tax - Adult-Use	329,858
Retail Excise Tax - Adult-Use	259,550
Sales Tax - Adult-Use	181,685
Total	\$127,926

DBR Assessment Changes**\$67,000**

The Budget includes \$67,000 in additional revenue from proposed fee increases at the Department of Business Regulation (DBR).

DBR Assessment Changes	
Insurance Examination Assessment	\$42,000
Banking Examination Assessment	25,000
Total	\$67,000

- **Assessment Increases:** 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.

Municipal Aid

The Governor's FY2023 Budget proposal increases direct state aid for municipalities by \$26.8 million. For FY2023, the Distressed Community Relief Aid and Payment in Lieu of Taxes (PILOT) programs are level funded at \$12.4 million and \$46.1 million, respectively (PILOT reimburses municipalities at a rate of 25.7 percent). 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 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Payment in Lieu of Taxes	\$46.1	\$46.1	-	-	\$46.1	-	-
Distressed Communities	12.4	12.4	-	-	12.4	-	-
Motor Vehicle Excise Tax	139.7	126.5	(13.1)	-9.4%	166.6	26.9	19.3%
State Aid to Libraries							
Grant-in-Aid	9.6	9.6	0.0	0.4%	9.6	0.0	0.0
Library Construction	2.1	2.1	(0.0)	-0.1%	1.9	(0.2)	-9.6%
Total Direct Aid	\$209.8	\$196.7	(\$13.1)	-6.2%	\$236.6	\$26.8	12.8%
Public Service Corporations Tax	\$12.6	\$12.6	-	-	\$12.6	-	-
Meals & Beverage Tax	27.2	31.8	4.6	16.8%	33.5	6.3	23.0%
Hotel Tax	7.6	11.3	3.7	48.7%	11.9	4.3	56.6%
Airport Impact Aid	1.0	1.0	-	0.0%	1.0	-	0.0%
Total Indirect Aid	\$48.5	\$56.8	\$8.3	17.0%	\$59.1	\$10.6	21.8%
Total Aid	\$258.3	\$253.5	(\$4.8)	-1.9%	\$295.7	\$37.3	14.5%

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

DIRECT AID TO LOCAL GOVERNMENT

Payment in Lieu of Taxes (PILOT)

The Payment in Lieu of Taxes (PILOT) program was established in 1986 to reimburse cities and towns for property taxes that would have been due on real property owned by 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.

The Governor proposes \$46.1 million in general revenue for the State's PILOT program in FY2023, level with the FY2022 enacted level.

Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The Governor's recommendation for FY2023 represents a rate of 25.7 percent.

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	46.1	0.0%	25.7%

\$ in millions.

* includes additional federal pandemic relief funds

Distressed Community Relief

The Distressed Community Relief program was established in 1990 to provide State assistance to communities with the highest property tax burdens relative to the wealth of taxpayers. The Governor

recommends \$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	
		Governor	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	-

* includes additional federal pandemic relief funds

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.

The following table shows the updated phase-out schedule, estimated aid amounts, and the changes in State aid under the program.

Motor Vehicle Tax Phase-out and Forecast Based on Current Law							
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
State Assessment Ratio	95.0%	90.0%	85.0%	80.0%	75.0%	70.0%	-
Rate Cap	\$60.0	\$50.0	\$35.0	\$35.0	\$30.0	\$20.0	-
Exemption Amount	1,000	2,000	3,000	4,000	5,000	6,000	-
FY2011 Base Phase-out	10,000,000	10,000,000	10,000,000	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

Additional Aid from Previous FY 24,543,927 21,737,684 33,983,835 \$33,266,382 2,988,518 40,074,250 65,379,760

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

Analyst Note: The variance between the values provided by ORA and those included in the FY2022 Revised Budget is the result of updated estimates made by ORA subsequent to the submission of the Governor's proposal.

For FY2023, the Budget includes \$166.6 million in total general revenue reimbursement funding for cities and towns, consistent with the current law, \$26.9 million more than the FY2022 enacted level.

State Aid to Libraries

Grant-in-Aid: State aid to libraries is distributed based on the city or town's expenditure level as a percentage of the total expenditures by all communities statewide. In order to be eligible for these funds, cities and towns must maintain their level of support for public library services at 100.0 percent of the previous year's funding from the local tax base. The Budget provides cities and towns with \$9.6 million in total direct library aid in FY2022. This includes a \$701,052 in funding for the Statewide Reference Library Resource Grant that supports interlibrary services for all municipal libraries. Distribution of direct library aid is based on qualifying data from the statutory reference year. Current law requires reimbursement of 25.0 percent of second prior year expenses, but allows for a ratable reduction if the appropriation is less than this amount. The FY2023 appropriation is funded at 22.4 percent.

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	9.6	1.9	11.5	-1.7%

\$ in millions.

*Inclusive of the Statewide Reference Library Resources Grant

Construction Reimbursement: Rhode Island law grants authority to the Office of Library and Information Services (OLIS) to award grants to a municipality or a free public library for construction or capital improvements. Grants are limited to a maximum of 50.0 percent of the total eligible costs as determined by the Office of Library and Information Services and are paid on an installment basis, based on a community's debt service requirement, for a period of up to 20 years.

For 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.

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

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	12.6	-

\$ in millions.

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 \$12.6 million to be distributed to municipalities on July 31, 2021.

Meals and Beverage Tax

During the 2003 session, the General Assembly enacted a 1.0 percent gross receipt tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The revenue from this tax flows through the State; it is not appropriated. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered.

For FY2022, the Office of Revenue Analysis anticipates \$31.8 million in collections, increasing to \$33.5 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	31.8	31.2%
2023	33.5	5.3%

\$ 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.

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	11.3	-47.9%
2023	11.9	-32.8%

\$ in millions.

The FY2016 Budget as Enacted expanded the hotel tax to include vacation home rentals, small bed and breakfasts, hotel room resellers, and unlicensed lodging rentals (such as those listed on the Airbnb.com website).

The Budget includes \$11.3 million in hotel tax distribution in FY 2022 and \$11.9 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:

Airport	FY2022	FY2023*	Change
Warwick T.F. Green	\$784,348	\$784,348	-
Block Island	35,706	35,706	-
Middletown - Newport Airport	47,094	47,094	-
North Central - Smithfield	25,003	25,003	-
North Central - Lincoln	25,003	25,003	-
North Kingstown - Quonset	47,442	47,442	-
Westerly	45,440	45,440	-
Total	\$1,010,036	\$1,010,036	-

* Airport Impact Aid is based on Senate Fiscal Office estimates and are based on May 2021 landing data. Final distribution amounts will be adjusted based upon updated data in May 2022.

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	Board
		Date	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			Library Grant-in-Aid	Governor's FY2023	Change from FY2022 Enacted
		Payment in Lieu of Taxes	Communities Relief Fund	Motor Vehicle Excise Tax			
Barrington	\$3,948,759	\$17,255	-	\$4,442,492	\$293,430	\$4,753,177	\$696,867
Bristol	2,992,820	1,340,127	-	1,605,156	197,714	3,142,997	(142,117)
Burrillville	3,489,385	100,149	-	3,870,050	180,942	4,151,141	429,825
Central Falls	1,785,089	-	235,462	1,739,467	32,808	2,007,737	222,648
Charlestown	570,399	-	-	516,068	57,653	573,721	3,322
Coventry	3,338,356	-	-	3,237,936	200,907	3,438,843	100,487
Cranston	22,869,637	4,761,971	1,342,778	17,439,442	699,781	24,243,972	1,374,335
Cumberland	3,382,494	-	-	3,258,801	302,252	3,561,053	148,715
East Greenwich	1,718,994	736,665	-	912,981	121,281	1,770,927	2,743
East Providence	6,307,364	268,367	-	6,755,542	459,406	7,483,315	1,121,960
Exeter	1,234,275	-	-	1,564,804	51,312	1,616,116	351,940
Foster	1,062,224	-	-	1,250,448	35,329	1,285,777	223,553
Glocester	1,287,169	-	-	1,478,368	85,356	1,563,724	276,555
Hopkinton	933,552	-	-	960,602	37,727	998,329	64,777
Jamestown	292,136	-	-	158,502	115,315	273,817	(18,319)
Johnston	6,628,400	-	-	7,941,051	118,037	8,059,088	1,430,688
Lincoln	2,612,923	-	-	3,652,032	209,822	3,861,854	1,248,931
Little Compton	142,504	-	-	103,638	39,139	142,777	273
Middletown	921,413	-	-	919,620	150,605	1,070,225	103,807
Narragansett	613,241	-	-	537,544	89,530	627,074	13,833
Newport	2,689,322	1,607,219	-	848,630	435,366	2,891,215	201,893
New Shoreham	186,389	-	-	96,719	87,097	183,816	(65,898)
North Kingstown	2,317,743	1,093	-	2,748,554	309,217	3,058,864	741,121
North Providence	7,887,025	-	1,075,446	7,867,397	215,681	9,158,524	1,271,499
North Smithfield	2,742,782	-	-	3,292,438	85,342	3,377,780	634,998
Pawtucket	14,187,255	2,912	1,651,225	13,679,656	345,066	15,678,859	1,491,604
Portsmouth	1,196,871	-	-	1,300,336	118,348	1,418,684	221,813
Providence	66,911,152	34,041,052	6,171,331	29,201,972	1,357,842	70,772,197	3,214,599
Richmond	783,056	-	-	854,261	28,138	882,399	99,343
Scituate	684,074	-	-	964,460	116,307	1,080,767	396,693
Smithfield	5,058,736	866,869	-	5,126,090	325,807	6,318,766	1,260,030
South Kingstown	2,110,827	206,559	-	1,816,922	234,588	2,258,069	147,242
Tiverton	654,324	-	-	470,683	130,938	601,621	(352,324)
Warren	1,171,806	-	-	1,375,292	68,651	1,443,943	272,137
Warwick	15,283,208	1,502,042	-	17,895,813	658,109	20,055,964	4,772,756
Westerly	3,445,481	187,778	-	3,992,668	368,242	4,548,688	849,440
West Greenwich	703,470	-	-	665,198	50,392	715,590	12,120
West Warwick	4,133,868	-	1,063,602	3,927,673	182,145	5,173,420	1,039,552
Woonsocket	8,479,087	449,445	844,614	7,915,029	202,788	9,411,876	932,789
SRL ¹	701,052	-	-	-	701,052	701,052	-
ILG ²	62,609	-	-	-	62,609	62,609	-
Fire Districts	171,125	-	-	210,266	-	210,266	39,141
Total	\$207,692,396	\$46,089,504	\$12,384,458	\$166,594,596	\$9,562,072	\$234,630,633	\$24,835,371

¹ SRL: Statewide Reference Library Resources Grant² ILG: Grant-in-Aid to Institutional Libraries

Total Library Construction Aid FY2023 is \$1.9 million

FY2022 Direct Municipal Aid to Cities and Towns

Municipality	FY2022 Enacted	Distressed				Governor's FY2022	Change from FY2022 Enacted
		Payment in Lieu of Taxes	Communities Relief Fund	Motor Vehicle Excise Tax	Library Grant- in-Aid		
Barrington	\$3,948,759	\$17,094	-	\$3,277,446	\$365,527	\$3,660,067	(\$396,243)
Bristol	2,992,820	1,327,172	-	1,315,414	190,810	2,833,396	(451,718)
Burrillville	3,489,385	98,835	-	2,881,079	186,270	3,166,184	(555,132)
Central Falls	1,785,089	-	220,713	1,419,847	31,902	1,672,462	(112,627)
Charlestown	570,399	-	-	409,712	53,533	463,245	(107,154)
Coventry	3,338,356	-	-	2,667,501	197,001	2,864,502	(473,854)
Cranston	22,869,637	4,778,876	2,685,555	13,521,221	664,578	21,650,230	(1,219,407)
Cumberland	3,382,494	-	-	2,641,329	308,514	2,949,843	(462,495)
East Greenwich	1,718,994	729,131	-	574,015	123,871	1,427,017	(341,167)
East Providence	6,307,364	260,127	-	4,616,780	447,125	5,324,032	(1,037,323)
Exeter	1,234,275	-	-	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	(133,890)
Jamestown	292,136	-	-	121,883	109,968	231,851	(60,285)
Johnston	6,628,400	-	-	5,962,368	126,270	6,088,638	(539,762)
Lincoln	2,612,923	-	-	2,034,347	217,473	2,251,820	(361,103)
Little Compton	142,504	-	-	81,955	37,355	119,310	(23,194)
Middletown	921,413	-	-	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	186,389	-	-	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	(176,650)
Providence	66,911,152	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	(320,863)
South Kingstown	2,110,827	209,069	-	1,369,885	242,750	1,821,704	(289,123)
Tiverton	654,324	-	-	365,326	127,469	492,795	(461,150)
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	3,445,481	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	-	-	-	701,052	701,052	-
ILG ²	62,609	-	-	-	62,609	62,609	-
Fire Districts	171,125	-	-	211,511	-	211,511	40,386
Total	\$207,692,396	\$46,089,503	\$12,384,458	\$126,519,933	\$9,562,076	\$194,555,929	(\$15,239,333)

¹ SRL: Statewide Reference Library Resources Grant² ILG: Grant-in-Aid to Institutional Libraries

Total Library Construction Aid FY2022 is \$2.1 million

FY2023 - Indirect Municipal Aid to Cities and Towns

Municipality	FY2022 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	Governor's FY2023	Change from FY2022
							Enacted
Barrington	\$373,105	\$192,114	\$3,177	\$209,372	-	404,663	\$31,558
Bristol	769,969	263,739	79,822	578,357	-	921,918	151,949
Burrillville	400,418	197,557	100	244,515	-	442,172	41,754
Central Falls	362,378	231,392	102	168,323	-	399,817	37,439
Charlestown	327,368	92,883	71,738	206,167	-	370,788	43,420
Coventry	922,728	412,395	95,369	552,207	-	1,059,971	137,243
Cranston	2,900,036	967,705	34,264	2,386,323	-	3,388,292	488,256
Cumberland	921,720	415,003	445	622,715	-	1,038,163	116,443
East Greenwich	863,149	155,790	2,468	862,738	-	1,020,996	157,847
East Providence	1,640,185	565,505	95,853	1,278,106	-	1,939,464	299,279
Exeter	189,761	79,366	318	137,118	-	216,802	27,041
Foster	75,942	56,130	6,154	23,488	-	85,772	9,830
Glocester	200,244	120,775	4,256	95,575	-	220,606	20,362
Hopkinton	150,601	96,432	2,983	62,572	-	161,987	11,386
Jamestown	184,035	65,431	47,270	98,739	-	211,440	27,405
Johnston	1,030,772	349,035	19,002	856,674	-	1,224,711	193,939
Lincoln	1,159,470	258,808	113,535	908,267	25,000	1,305,610	146,140
Little Compton	123,387	41,553	40,816	69,652	-	152,021	28,634
Middletown	1,763,128	190,768	1,323,366	938,204	42,340	2,494,678	731,550
Narragansett	1,088,761	184,599	378,077	812,296	-	1,374,972	286,211
Newport	4,581,254	293,727	3,699,760	2,871,529	-	6,865,016	2,283,762
New Shoreham	957,827	10,909	889,953	464,236	31,017	1,396,115	438,288
North Kingstown	1,047,532	312,449	148,126	732,265	64,987	1,257,827	210,295
North Providence	776,856	387,825	2,086	507,955	-	897,866	121,010
North Smithfield	462,236	147,834	5,108	388,589	-	541,531	79,295
Pawtucket	1,815,464	855,635	98,875	1,163,046	-	2,117,556	302,092
Portsmouth	488,570	206,787	23,587	333,700	-	564,074	75,504
Providence	9,312,032	2,137,706	1,295,018	6,767,163	-	10,199,887	887,855
Richmond	241,659	91,144	20,737	179,970	-	291,851	50,192
Scituate	195,342	126,647	11,618	79,384	-	217,649	22,307
Smithfield	1,217,151	258,355	186,303	999,381	25,000	1,469,039	251,888
South Kingstown	1,419,088	365,054	229,823	1,108,968	-	1,703,845	284,757
Tiverton	456,780	187,862	7,134	339,276	-	534,272	77,492
Warren	441,385	124,908	1,187	393,119	-	519,214	77,829
Warwick	5,590,211	964,596	1,000,497	3,610,776	780,829	6,356,698	766,487
Westerly	1,786,536	268,491	1,544,274	1,123,782	40,863	2,977,410	1,190,874
West Greenwich	292,017	74,125	145,729	152,616	-	372,470	80,453
West Warwick	832,471	344,712	158,257	487,336	-	990,305	157,834
Woonsocket	1,089,525	495,479	63,318	695,964	-	1,254,761	165,236
Total	\$48,451,093	\$12,591,223	\$11,850,506	\$33,510,462	\$1,010,036	\$58,962,229	\$10,511,136

¹ Airport Impact Aid distributions are Senate Fiscal Office Estimates and are based on May 2020 landing data. Final distribution levels will be adjusted based on updated CY2021 data.

FY2022 - Indirect Municipal Aid to Cities and Towns

Municipality	FY2022 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	Governor's FY2022 Revised	Change from FY2022 Enacted
Barrington	\$373,105	\$192,114	\$3,177	\$198,875	-	394,166	\$21,061
Bristol	769,969	263,739	76,177	549,362	-	889,278	119,309
Burrillville	400,418	197,557	100	232,257	-	429,914	29,496
Central Falls	362,378	231,392	102	159,884	-	391,378	29,000
Charlestown	327,368	92,883	71,047	195,831	-	359,761	32,393
Coventry	922,728	412,395	90,395	524,522	-	1,027,312	104,584
Cranston	2,900,036	967,705	32,666	2,266,687	-	3,267,058	367,022
Cumberland	921,720	415,003	445	591,496	-	1,006,944	85,224
East Greenwich	863,149	155,790	2,434	819,485	-	977,709	114,560
East Providence	1,640,185	565,505	90,998	1,214,030	-	1,870,533	230,348
Exeter	189,761	79,366	318	130,244	-	209,928	20,167
Foster	75,942	56,130	5,832	22,310	-	84,272	8,330
Glocester	200,244	120,775	4,037	90,783	-	215,595	15,351
Hopkinton	150,601	96,432	2,906	59,435	-	158,773	8,172
Jamestown	184,035	65,431	46,785	93,789	-	206,005	21,970
Johnston	1,030,772	349,035	18,036	813,726	-	1,180,797	150,025
Lincoln	1,159,470	258,808	107,549	862,732	25,000	1,254,089	94,619
Little Compton	123,387	41,553	39,723	66,160	-	147,436	24,049
Middletown	1,763,128	190,768	1,257,241	891,169	42,340	2,381,518	618,390
Narragansett	1,088,761	184,599	366,435	771,573	-	1,322,607	233,846
Newport	4,581,254	293,727	3,519,649	2,727,569	-	6,540,945	1,959,691
New Shoreham	957,827	10,909	854,821	440,962	31,017	1,337,709	379,882
North Kingstown	1,047,532	312,449	142,025	695,554	64,987	1,215,015	167,483
North Providence	776,856	387,825	2,086	482,490	-	872,401	95,545
North Smithfield	462,236	147,834	4,840	369,107	-	521,781	59,545
Pawtucket	1,815,464	855,635	93,748	1,104,738	-	2,054,121	238,657
Portsmouth	488,570	206,787	23,160	316,970	-	546,917	58,347
Providence	9,312,032	2,137,706	1,230,381	6,427,900	-	9,795,987	483,955
Richmond	241,659	91,144	20,056	170,948	-	282,148	40,489
Scituate	195,342	126,647	11,011	75,404	-	213,062	17,720
Smithfield	1,217,151	258,355	176,564	949,278	25,000	1,409,197	192,046
South Kingstown	1,419,088	365,054	220,387	1,053,371	-	1,638,812	219,724
Tiverton	456,780	187,862	7,119	322,267	-	517,248	60,468
Warren	441,385	124,908	1,187	373,410	-	499,505	58,120
Warwick	5,590,211	964,596	949,069	3,429,755	780,829	6,124,249	534,038
Westerly	1,786,536	268,491	1,468,177	1,067,443	40,863	2,844,974	1,058,438
West Greenwich	292,017	74,125	138,057	144,965	-	357,147	65,130
West Warwick	832,471	344,712	149,956	462,904	-	957,572	125,101
Woonsocket	1,089,525	495,476	60,031	661,073	-	1,216,580	127,055
Total	\$48,451,093	\$12,591,223	\$11,288,727	\$31,830,459	\$1,010,036	\$56,720,443	\$8,269,350

¹ Airport Impact Aid distributions are Senate Fiscal Office Estimates and are based on May 2020 landing data. Final distribution levels will be adjusted based on updated CY2021 data.

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 \$23.0 million to fully fund the formula, hold districts harmless relative to the FY2022 funding formula distribution, and correct for a property tax data error that occurred in FY2022. Categorical aid is level funded, except that group home aid decreases by \$662,927.

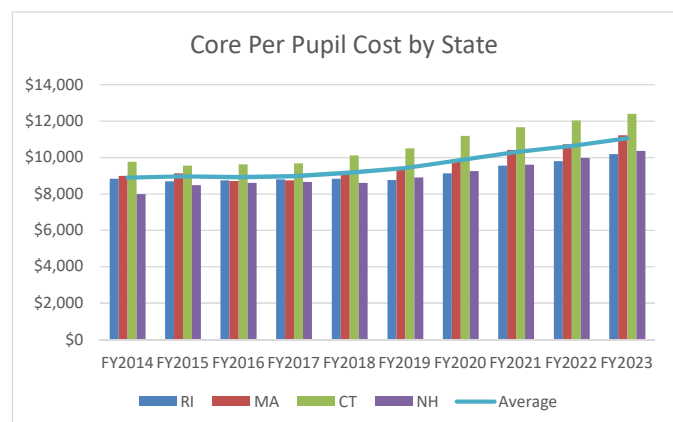
HOW THE FORMULA WORKS

Step 1 - Student Enrollment: Student enrollment is based on resident average daily membership (RADM), which refers to the average number of students who are residents of the community and were enrolled in the school district during the prior school year. The Budget is based on enrollment data as of March 2021 with projected charter school enrollments.

Analyst Note: In an effort to hold local education agencies (LEAs) harmless from enrollment declines due to the COVID-19 pandemic, the FY2022 Budget as Enacted provided that, in FY2022, the enrollment used to calculate education aid would be the greater of March 2020 or March 2021, adjusted for charter school growth.

Step 2 - Core Instruction Amount: The core instruction amount provides a base level of funding per pupil (\$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 whole and a higher concentration of child poverty look relatively poorer, while districts with a higher capacity to raise revenue and lower concentrations of poverty look relatively wealthier. Those poorer districts with the higher SSR will receive a greater portion of the calculated education costs as state aid than the wealthier districts.

The EWAV share ratio is based on each community's total assessed property value and median family income, relative to districts across the State. The total community property value includes motor vehicles, personal property and State payments in lieu of taxes. These values are brought to full market value based on market experience and then adjusted by the median family income. The higher the EWAV share ratio, the less capacity the community has relative to the rest of the state for generating locally derived revenue to support schools and the more state aid the community will receive. While similar to the share ratio used in the school construction formula to determine the state's share of debt service obligations, the Education Adequacy Act adjusted the EWAV calculation to increase the State share of total education budget.

The distribution includes an update to the median family income (MFI) component of the EWAV based on the socio-economic data from the American Community Survey (ACS) provided by the United States Census Bureau. The index used to adjust for MFI is the ratio of the median family income of the municipality relative to the median family income statewide as reported in the American Community Survey (ACS) provided by the United States Census Bureau.

Step 6 - State Share of Foundation Budget: The State's share of the total foundation budget equals the state share ratio, discussed above, times the total foundation budget. Unlike many foundation formulas, the statute neither requires a minimum nor sets a maximum local spending level beyond the limits in the maintenance of effort requirements found in RIGL 16-7-23 and 16-7-23.1. Nonetheless, a municipality is responsible, to some degree, for the difference between the state share and the total foundation amount.

TABLE

The table on the following page provides a step-by-step calculation of each district's recommended formula distribution for FY2023.

FY2023 Governor's Education Aid Calculator¹

Districts	Poverty RADM (based on March 2021 Data)				Student Success				FY2022 Enacted (excludes group home and categorical)			
	PK-12 RADM (based on March 2021 Data)	adjusted for projected FY2023 P5OC growth)	adjusted for projected FY2023 P5OC growth)	adjusted for projected FY2023 P5OC growth)	Core Instruction Funding (C = \$11,050)	Factor Funding (F = 0.4*\$11,050 = \$4,420)	% Poverty PK6	EWAV	State Share Ratio	State Share of Foundation Budget	K	J-K-L
	A	B	C	D	E	F	G	H	I	J	K	L
Barrington	3,383	124	537,382,150	5548,080	\$37,930,230	4.3%	36.2%	25.8%	\$9,777,358	\$7,924,118	\$1,853,240	
Burrillville	2,090	577	23,094,500	2,550,340	25,644,840	31.7%	59.0%	47.4%	12,145,330	13,780,456	(1,635,127)	
Charlestown	721	127	7,967,050	561,340	8,528,390	19.4%	-	13.7%	1,169,914	1,291,300	(121,387)	
Coventry	4,352	809	48,089,600	3,575,780	51,665,380	20.4%	61.1%	45.5%	23,532,914	24,066,104	(533,190)	
Cranston	10,041	3,074	110,953,050	13,587,080	124,540,130	34.4%	64.3%	51.6%	64,218,825	68,482,484	(4,263,658)	
Cumberland	4,501	666	49,736,050	2,943,720	52,679,770	18.9%	38.9%	51.6%	20,469,904	20,401,578	68,326	
East Greenwich	2,534	140	28,000,700	618,800	28,619,500	6.8%	24.7%	18.1%	5,184,515	4,305,850	878,666	
East Providence	4,863	2,130	53,736,150	9,414,600	63,150,750	43.7%	60.2%	52.6%	33,217,925	36,103,488	(2,885,563)	
Foster	204	56	2,254,200	247,520	2,501,720	25.3%	49.8%	39.5%	988,121	1,057,919	(69,798)	
Glocester	532	63	5,878,600	278,460	6,157,060	12.0%	51.5%	37.4%	2,302,218	2,422,153	(119,935)	
Hopkinton	1,101	186	12,166,050	822,120	12,988,170	18.2%	55.5%	41.3%	5,364,201	5,590,417	(226,216)	
Jamestown	643	31	7,105,150	137,020	7,242,170	4.3%	-	3.0%	220,202	291,969	(71,766)	
Johnston	3,206	907	35,426,300	4,008,940	39,435,240	32.2%	55.0%	45.1%	17,771,779	19,496,027	(1,724,248)	
Lincoln	3,168	728	35,006,400	3,217,760	38,224,160	25.7%	51.1%	40.4%	15,460,007	15,940,955	(480,948)	
Little Compton	312	38	3,447,600	167,960	3,615,560	12.8%	-	9.1%	327,243	432,020	(104,776)	
Middletown	2,045	626	22,597,250	2,766,920	25,364,170	29.5%	23.4%	26.6%	6,753,279	8,132,606	(1,379,327)	
Narragansett	1,128	127	12,464,400	561,340	13,025,740	14.3%	-	10.1%	1,317,114	2,178,394	(861,280)	
Newport	1,933	1,215	21,359,650	5,370,300	26,729,950	68.1%	-	48.2%	12,871,533	14,752,903	(1,881,371)	
New Shoreham	148	24	1,635,400	106,080	1,741,480	6.0%	-	4.2%	73,885	211,086	(137,201)	
North Kingstown	3,654	555	40,376,700	2,453,100	42,829,800	18.7%	26.1%	22.7%	9,723,874	11,216,037	(1,492,163)	
North Providence	3,428	1,517	37,879,400	6,705,140	44,584,540	44.7%	69.2%	58.3%	25,971,652	26,608,402	(636,749)	
North Smithfield	1,609	146	17,779,450	645,320	18,424,770	13.0%	47.3%	34.7%	6,390,886	6,204,807	186,079	
Pawtucket	8,284	6,049	91,538,200	26,736,580	118,274,780	72.7%	86.4%	79.8%	94,435,765	95,061,517	(625,752)	
Portsmouth	2,197	213	24,276,850	941,460	25,218,310	11.1%	-	7.8%	1,979,356	3,062,524	(1,083,168)	
Providence	20,164	16,925	222,812,200	74,808,500	297,620,700	84.2%	86.2%	85.2%	253,590,302	272,489,702	(18,899,401)	
Richmond	1,112	144	12,287,600	636,480	12,924,080	15.0%	54.8%	40.2%	5,192,232	5,149,642	42,590	
Scituate	1,228	108	13,569,400	477,360	14,046,760	10.6%	21.6%	17.0%	2,389,849	2,358,211	31,637	
Smithfield	2,366	253	26,144,300	1,118,260	27,262,560	11.1%	37.0%	27.3%	7,446,747	6,817,709	629,038	
South Kingstown	2,792	386	30,851,600	1,706,120	32,557,720	16.2%	-	11.5%	3,729,529	4,559,972	(830,443)	
Tiverton	1,666	244	18,409,300	1,078,480	19,487,780	16.0%	39.1%	29.9%	5,821,613	6,774,565	(952,952)	
Warwick	8,220	2,514	90,831,000	11,111,880	101,942,880	29.7%	42.8%	36.8%	37,552,705	39,218,717	(1,666,012)	
Westerly	2,519	687	27,834,950	3,036,540	30,871,490	30.1%	-	21.3%	6,570,661	7,937,325	(1,366,663)	
West Warwick	3,528	1,855	38,984,400	8,199,100	47,183,500	54.3%	73.7%	64.7%	30,542,306	30,857,785	(315,478)	
Woonsocket	5,645	4,360	62,377,250	19,271,200	81,648,450	77.7%	89.5%	83.8%	68,427,880	69,995,691	(1,567,811)	
Bristol-Warren ²	3,061	544	33,824,050	2,404,480	36,228,530	-	-	-	10,100,912	11,345,723	(1,244,811)	
Exeter-West Greenwich ³	1,571	190	17,359,550	839,800	18,199,350	-	-	-	4,215,272	4,242,989	(27,717)	
Charlton	-	-	-	-	-	-	-	-	-	-	-	-
Foster-Glocester ²	1,135	123	12,541,750	543,660	13,085,410	-	-	-	4,981,316	5,104,253	(122,937)	
Central Falls	2,554	2,473	28,221,700	10,930,660	39,152,360	92.4%	97.6%	95.0%	37,208,669	38,557,253	(1,348,583)	
District Total	123,638	50,934	\$1,366,199,900	\$225,128,280	\$1,591,328,180	\$894,424,651	\$849,437,793	\$894,424,651	\$849,437,793	\$894,424,651	\$849,437,793	\$849,437,793
Charter School Total	12,879	8,613	142,312,950	38,068,561	180,381,511	-	-	-	141,485,560	124,327,778	17,157,783	
Davies	893	386	9,867,650	1,706,120	11,573,770	-	-	-	8,823,425	8,589,670	233,755	
Mt School	811	576	8,961,550	2,545,920	11,507,470	-	-	-	8,397,189	8,259,898	137,291	
Urban Collaborative	119	118	1,314,950	521,560	1,836,510	-	-	-	1,558,325	1,630,145	(71,820)	
Total	138,340	60,627	\$1,528,657,000	\$267,970,441	\$1,796,627,441	\$1,009,702,293	\$1,009,702,293	\$1,009,702,293	\$1,009,702,293	\$1,009,702,293	\$1,009,702,293	\$1,009,702,293

¹ Based on March 2021 enrollment updated for projected charter school growth. Expected to be updated when March 2022 data is available.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%))

FY2023 FUNDING FORMULA ADJUSTMENTS

Pandemic Hold Harmless Fund: The Budget includes \$49.7 million to ensure districts do not experience a reduction in funding formula aid relative to FY2022 due to losses associated with the pandemic or enrollment shifts to other schools. The by-district distribution of the aid is provided in the aid 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 aid tables later in this report.

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					
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	FY2023 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.

FY2023 Governor's Education Aid		
Categorical	Change from Enacted	Total Funding
Transportation	\$0.0	\$7.7
Early Childhood	-	14.9
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
English Learners	-	5.0
Regionalization Bonus	-	-
School Resource Officer Support	-	-
Density Aid	-	1.0
Total	\$0.0	\$37.5

\$ in millions

- **Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$7.7 million in FY2023, level with the FY2022 Budget as Enacted.

- **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 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 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 \$1.0 million to level fund this category.

Analyst Note: The Budget provides \$1.0 million in funding; however, based on the qualifying new seats, only \$642,000 is distributed to districts.

The table on the following page shows the education aid including the formula distribution, categorical aid, and group home aid.

FY2023 Governor's Education Aid¹

District	FY2022 Enacted (excludes group home and categoricals)	FY2023 Formula Change	Hold Harmless	Adjustment for FY2022 Property		Density Aid	Transportation	High-cost Special Education (->\$7,350)	Group Home Aid ²	English Learners	Stabilization	
				Tax Data	Property						Funding	FY2023 Aid
Barrington	\$7,924,118	\$1,853,240	\$0	\$0	\$0	\$0	\$184,032	\$90,554	\$0	\$4,139	\$0	\$10,056,083
Burrillville	13,780,456	(1,635,127)	1,635,127	-	-	-	37,784	169,227	-	691	-	13,988,159
Charlestown	1,291,300	(121,387)	121,387	-	-	-	-	-	-	0	-	1,291,300
Coventry	24,066,104	(533,190)	533,190	-	-	-	-	22,841	79,629	3,768	-	24,194,119
Cranston	68,482,484	(4,263,659)	4,263,659	-	-	-	809,197	286,687	-	159,080	-	69,737,449
Cumberland	20,401,578	68,326	-	748,963	-	-	116,775	13,174	-	16,261	-	21,377,077
East Greenwich	4,305,850	878,666	-	-	-	-	137,717	98,980	-	1,763	-	5,422,975
East Providence	36,103,488	(2,885,563)	2,885,563	-	-	-	2,911	166,380	463,329	41,977	-	36,778,084
Foster	1,057,919	(69,798)	69,798	3,290	-	-	-	22,387	-	-	-	1,083,595
Glocester	2,422,153	(119,935)	119,935	-	-	-	-	25,901	-	-	-	2,448,054
Hopkinton	5,590,417	(226,216)	226,216	-	-	-	-	-	-	603	-	5,591,020
Jamestown	291,969	(71,766)	71,766	-	-	-	-	88,284	-	-	-	380,253
Johnston	19,496,027	(1,724,248)	1,724,248	-	-	-	179,181	282,703	-	35,744	-	19,993,656
Lincoln	15,940,955	(480,948)	480,948	-	-	5,500	-	110,853	85,944	7,676	-	16,150,928
Little Compton	432,020	(104,776)	104,776	-	-	-	-	-	-	-	-	432,020
Middletown	8,132,606	(1,379,327)	1,379,327	-	-	-	-	26,284	-	13,085	-	8,171,976
Narragansett	2,178,394	(861,280)	861,280	-	-	-	-	7,829	-	49	-	2,186,273
Newport	14,752,903	(1,881,371)	1,881,371	-	-	-	-	14,019	133,708	65,843	-	14,966,473
New Shoreham	211,086	(137,201)	137,201	-	-	-	-	21,221	-	248	-	232,555
North Kingstown	11,216,037	(1,492,163)	1,492,163	-	-	-	-	53,679	-	6,076	-	11,275,792
North Providence	26,608,402	(636,749)	636,749	-	-	25,000	177,416	452,064	127,813	55,274	-	27,445,969
North Smithfield	6,204,807	186,079	-	-	-	-	19,790	80,429	-	3,038	-	6,494,144
Pawtucket	95,061,517	(625,752)	625,752	-	-	27,500	216,277	26,853	92,961	473,999	-	95,899,107
Portsmouth	3,062,524	(1,083,168)	1,083,168	-	-	-	17,886	98,526	473,573	229	-	3,652,739
Providence	272,489,702	(18,899,401)	18,899,401	-	-	502,500	465,403	665,207	217,663	2,685,036	-	277,025,510
Richmond	5,149,642	42,590	-	-	-	-	-	-	-	782	-	5,193,014
Scituate	2,358,211	31,637	-	-	-	-	51,356	105,256	-	-	-	2,546,461
Smithfield	6,817,709	629,038	-	-	-	-	63,775	11,593	-	2,259	-	7,524,374
South Kingstown	4,559,972	(830,443)	830,443	-	-	-	137,189	123,652	121,823	1,338	-	4,943,973
Tiverton	6,774,565	(952,952)	952,952	-	-	-	-	209,562	-	727	-	6,984,854
Warwick	39,218,717	(1,666,012)	1,666,012	-	-	-	31,668	676,070	271,232	19,717	-	40,217,404
Westerly	7,937,325	(1,366,663)	1,366,663	-	-	-	-	60,496	-	5,075	-	8,002,895
West Warwick	30,857,785	(315,478)	315,478	-	-	-	36,597	-	-	24,569	-	30,918,950
Woonsocket	69,995,691	(1,567,811)	1,567,811	-	-	22,500	37,083	91,913	-	257,329	-	70,404,516
Bristol-Warren ³	11,345,723	(1,244,811)	1,244,811	-	-	-	1,578,926	93,510	106,028	6,417	-	13,130,604
Exeter-West Greenwich ³	4,242,989	(27,717)	27,717	-	-	-	1,026,722	179,859	113,304	546	-	5,563,420
Charlho	-	-	-	-	-	-	1,806,949	8,094	-	-	-	1,815,043
Foster-Glocester ³	5,104,253	(122,937)	122,937	5,233	-	-	437,464	47,977	-	364	-	5,595,290
Central Falls	38,557,253	(1,348,583)	1,348,583	-	-	47,000	67,485	50,744	-	512,851	10,145,493	49,380,826
District Total	\$894,424,652	(\$44,986,859)	\$48,676,435	\$757,486	\$642,000	\$642,000	\$7,661,360	\$4,482,808	\$2,287,007	\$4,406,553	\$10,145,493	\$928,496,936
Charter School Total	124,327,778	17,157,783	925,642	81,896	-	-	-	17,192	-	558,237	-	143,068,528
Davies	8,589,670	233,755	-	2,988	-	-	-	-	-	4,304	6,587,901	15,418,617
Met School	8,259,898	137,291	-	-	-	-	-	-	-	23,443	1,082,109	9,502,741
Urban Collaborative	1,630,145	(71,820)	71,820	212	-	-	-	-	-	7,463	-	1,637,820
Total	1,037,232,143	(\$27,529,850)	\$49,673,897	\$842,582	\$642,000	\$642,000	\$7,661,360	\$4,500,000	\$2,287,007	\$5,000,000	\$17,815,503	\$1,098,124,642

¹ Based on March 2021 enrollment updated for projected charter school growth. Expected to be updated when March 2022 data is available.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.

Source: Rhode Island Department of Education

The following table shows the difference in education aid relative to the FY2022 Budget as Enacted.

FY2023 Governor's Education Aid - Change to FY2022 Budget as Enacted¹

Districts	FY2022 Enacted (includes group home and categories)	FY2023 Formula	Adjustment for FY2022		Density Aid	Transportation	High-cost Special Education	Group Home ²	English Learners	Stabilization		FY2023 Education Aid
			Change	Property Tax						Funding	Total Change	
Barrington	\$8,232,393	\$1,853,240	\$0	\$0	\$0	\$39,481	(\$68,729)	\$0	(\$302)	\$0	\$1,823,690	\$10,056,083
Burrillville	13,994,930	(1,635,127)	1,635,127	-	(23,500)	5,803	86,699	(75,207)	(567)	-	(6,771)	13,988,158
Charlestown	1,291,375	(121,387)	121,387	-	-	-	-	-	(75)	-	(75)	1,291,300
Coventry	24,191,220	(533,190)	533,190	-	-	7,448	(1,990)	(2,299)	(261)	-	2,899	24,194,118
Cranston	69,876,885	(4,263,659)	4,263,659	-	-	(115,863)	(30,446)	-	6,873	-	(139,436)	69,737,449
Cumberland	20,556,190	68,326	-	748,963	12,000	(3,273)	(4,218)	-	(910)	-	820,888	21,377,077
East Greenwich	4,542,049	878,666	-	-	-	48,162	(46,153)	-	252	-	880,926	5,422,975
East Providence	36,956,354	(2,885,563)	2,885,563	-	-	(3,651)	(138,213)	(33,850)	(2,555)	-	(178,269)	36,778,085
Foster	1,106,412	(69,798)	69,798	3,290	-	(16,074)	(10,033)	-	-	-	(22,817)	1,083,595
Glocester	2,481,208	(119,935)	119,935	-	-	(11,701)	(21,453)	-	-	-	(33,154)	2,448,054
Hopkinton	5,590,838	(226,216)	226,216	-	-	-	-	-	182	-	182	5,591,020
Jamestown	339,230	(71,766)	71,766	-	-	-	41,043	-	(20)	-	41,023	380,253
Johnston	19,970,937	(1,724,248)	1,724,248	-	-	(57,255)	83,817	-	(3,843)	-	22,719	19,993,656
Lincoln	16,231,922	(480,948)	480,948	-	5,500	-	(85,916)	797	(1,375)	-	(80,994)	16,150,928
Little Compton	432,020	(104,776)	104,776	-	-	-	-	-	-	-	-	432,020
Middletown	8,185,474	(1,379,327)	1,379,327	-	-	-	(11,674)	-	(1,825)	-	(13,498)	8,171,976
Narragansett	2,196,991	(861,280)	861,280	-	-	-	(10,534)	-	(184)	-	(10,718)	2,186,273
Newport	15,005,285	(1,881,371)	1,881,371	-	-	-	(29,189)	3,747	(13,370)	-	(38,812)	14,966,473
New Shoreham	237,000	(137,201)	137,201	-	-	-	(3,957)	-	(489)	-	(4,445)	232,555
North Kingstown	11,302,964	(1,492,163)	1,492,163	-	-	-	(25,956)	-	(1,216)	-	(27,172)	11,275,792
North Providence	27,298,295	(636,749)	636,749	-	(14,500)	(31,364)	195,516	(2,370)	392	-	147,674	27,445,969
North Smithfield	6,372,462	186,079	-	-	-	2,708	28,044	(96,893)	1,743	-	121,682	6,494,144
Pawtucket	96,013,908	(625,752)	625,752	-	(74,500)	29,998	(74,334)	(17,103)	21,138	-	(114,801)	95,899,108
Portsmouth	3,800,557	(1,083,168)	1,083,168	-	-	17,886	(29,485)	(136,099)	(120)	-	(147,818)	3,652,739
Providence	277,047,845	(18,899,401)	18,899,401	-	(187,000)	147,788	316,273	(153,906)	(145,490)	-	(22,335)	277,025,510
Richmond	5,150,039	42,590	-	-	-	-	-	-	385	-	42,975	5,193,014
Scituate	2,535,612	31,637	-	-	-	(2,622)	(18,167)	-	-	-	10,848	2,546,460
Smithfield	7,085,404	629,038	-	-	-	(54,975)	(29,596)	(105,752)	256	-	438,970	7,524,374
South Kingstown	4,969,167	(830,443)	830,443	-	-	(55,552)	29,216	2,173	(1,031)	-	(25,194)	4,943,973
Tiverton	6,896,308	(952,952)	952,952	-	-	-	88,801	-	(254)	-	88,546	6,984,854
Warwick	40,271,672	(1,666,012)	1,666,012	-	-	417	(54,607)	(1,506)	1,429	-	(54,267)	40,217,405
Westerly	8,083,720	(1,366,663)	1,366,663	-	-	-	(80,683)	-	(142)	-	(80,825)	8,002,895
West Warwick	30,945,716	(315,478)	315,478	-	-	(9,248)	(20,533)	-	3,015	-	(26,766)	30,918,951
Woonsocket	70,423,976	(1,567,811)	1,567,811	-	(49,000)	31,300	32,922	(34,510)	(173)	-	(19,460)	70,404,516
Bristol-Warren ³	13,130,077	(1,244,811)	1,244,811	-	-	59,033	(58,414)	(43)	(50)	-	526	13,130,603
Exeter-West Greenwich ³	5,468,643	(27,717)	27,717	-	-	93,139	11,870	(10,106)	(126)	-	94,777	5,563,420
Charlho	1,847,044	-	-	-	-	18,068	(50,069)	-	-	-	(32,001)	1,815,043
Foster-Glocester ³	5,763,334	(122,937)	122,937	5,233	-	(108,564)	(64,690)	-	(22)	-	(168,043)	5,595,291
Central Falls	48,422,397	(1,348,583)	1,348,583	-	(37,500)	(31,087)	45,761	-	(18,745)	1,000,000	958,429	49,380,826
District Total	\$924,247,852	(\$44,986,859)	\$48,676,435	\$757,486	(\$368,500)	(\$0)	(\$9,074)	(\$662,927)	(\$157,478)	\$1,000,000	\$4,249,084	\$928,496,935
Charter School Total	124,745,401	17,157,783	925,642	81,896	-	-	9,074	-	148,733	-	18,323,127	143,068,528
Davies	14,437,989	233,755	-	2,988	-	-	-	-	1,230	742,655	980,628	15,418,617
Met School	9,358,555	137,291	-	-	-	-	-	-	6,895	-	144,186	9,502,741
Urban Collaborative	1,636,988	(71,820)	71,820	212	-	-	-	-	620	-	832	1,637,820
Total	\$1,074,426,785	(\$27,529,850)	\$49,673,897	\$842,582	(\$368,500)	(\$0)	(\$0)	(\$662,927)	\$0	\$1,742,655	\$23,697,857	\$1,098,124,644

¹ Based on March 2021 enrollment updated for projected charter school growth. Expected to be updated when March 2022 data is available.

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.

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 receive voter approval, or had not been previously financed, was deemed no longer eligible for reimbursement. Article 22 of the FY2015 Budget extended the moratorium from June 30, 2014, to May 1, 2015, limiting the approval of new projects between FY2012 and FY2015 to those necessitated by immediate health and safety conditions.

As part of the 2011 legislation, RIDE was charged with developing recommendations for further cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 13 of the FY2014 Budget as Enacted provided an incentive to communities to refinance existing school housing bonds by allowing communities to receive 80.0 percent of the total savings, instead of distributing the savings based on the state share ratio. The increased savings to the communities would only apply to refinancing done between July 1, 2013, and December 31, 2015. The table shows the estimated savings realized through the incentive.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

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.

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

Expenditures by Source	FY2021 Final	FY2022 Enacted	FY2022 Governor	Change to Enacted
General Revenue	\$4,078.6	\$4,550.8	\$4,998.9	\$448.1
Federal Funds	6,603.3	5,862.7	6,051.1	188.4
Restricted Receipts	237.5	372.7	448.0	75.3
Other Funds	2,067.5	2,334.6	2,264.6	(70.0)
Total	\$12,986.9	\$13,120.8	\$13,762.6	\$641.8

Expenditures by Function	FY2021 Final	FY2022 Enacted	FY2022 Governor	Change to Enacted
General Government	\$4,147.0	\$2,755.7	\$3,237.4	\$481.7
Human Services	4,789.2	5,213.3	5,800.3	587.0
Education	2,773.8	3,627.3	3,061.0	(566.3)
Public Safety	599.2	643.3	704.1	60.8
Natural Resources	89.0	113.4	148.8	35.4
Transportation	588.7	767.9	811.1	43.2
Total	\$12,986.9	\$13,120.8	\$13,762.6	\$641.8

FTE Authorization	15,124.7	15,313.2	15,320.5	7.3
--------------------------	-----------------	-----------------	-----------------	------------

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

This report provides an overview of the major changes proposed by the Governor to the FY2022 Budget as Enacted, organized by department.

DEPARTMENT OF ADMINISTRATION

Surplus to RICAP Transfer **\$338.0 million**

The Budget includes a one-time transfer of \$338.0 million in general revenue from the FY2021 surplus to the Rhode Island Capital Plan fund for key capital improvement projects including, a new \$108.2 million Long-Term Acute Care Hospital (LTACH) at the Zambarano Campus, includes \$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.

Advance Payment of Pension Deferrals **\$61.8 million**

The FY2022 Supplemental 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.

Information Technology Investment Fund Capitalization**\$50.0 million**

The Budget includes a transfer of \$50.0 million in general revenue to the Information Technology Investment Fund by the end of FY2022. The budget 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.

COVID-19 Response (federal funds)**\$96.0 million**

The Budget includes an increase of \$96.0 million in federal funds for the Department of Administration's response to COVID-19.

COVID-19 Federal	FY2022 Enacted	FY2022 Governor	Change
Central Management	\$261,031,499	\$342,242,856	\$81,211,357
Capital Asset Management and Maintenance	4,363,888	10,076,540	5,712,652
Energy Resources	-	47,602	47,602
General	-	8,370,000	8,370,000
Library and Information Services	2,230,333	2,235,229	4,896
Office of Management and Budget	-	9,507	9,507
Rhode Island Health Benefits Exchange (HealthSource RI)	-	594,702	594,702
Total	\$267,625,720	\$363,576,436	\$95,950,716

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. OER received more revenues than in past RGGI auction program years.

DEPARTMENT OF BUSINESS REGULATION**Revenue Shortfall****\$375,000**

The Budget includes a one-time appropriation of \$375,000 in general revenue in FY2022 to support operations within the State Building Commission as a result of a revenue shortfall due to the pandemic under the Contractor's Registration and Licensing Board.

New Vehicles Loan Repayment**\$263,641**

The Budget includes \$263,641 in general revenue in FY2022 within the Office of Fire Marshal for loan payments to the State Fleet Revolving Loan Fund for new trucks purchased in the program.

DEPARTMENT OF LABOR AND TRAINING**COVID-19 Response (federal funds)****(\$29.0 million)**

The Budget includes \$352.4 million, a \$29.0 million decrease from the FY2022 Enacted level in COVID relief funds to support for additional unemployment benefits related to the COVID-19 pandemic. In FY2021, the Department experienced an uptick in individuals applying for unemployment insurance requiring additional federal funds to meet the demand for the additional claims. Supplemental payment authorized through the federal government due to the pandemic also ended in September 2021, resulting in a decreased need for additional funding.

GWB Education Services (restricted receipts)**\$4.1 million**

The Governor's FY2022 Supplemental Budget includes \$13.4 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. 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.

Unemployment Benefits (other funds)**(\$66.0 million)**

The FY2022 Supplemental Budget includes \$218.1 million in other funds for unemployment insurance benefits, this is a decrease of \$66.0 million from the FY2022 Budget as Enacted. These additional funds were required in FY2021 due to the COVID-19 pandemic. The Department experienced an uptick in individuals applying for unemployment insurance requiring additional federal funds to meet the demand for the additional claims.

DEPARTMENT OF REVENUE**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	FY2023
Program	Revised	Governor
Taxation	\$1,959,728	\$1,971,991
Registry of Motor Vehicles	1,641,572	1,620,273
Lottery Division	813,588	826,378
Director of Revenue	102,758	103,294
Municipal Finance	100,983	104,116
Office of Revenue Analysis	52,752	57,842
Division of Collections	49,682	55,239
Total	\$4,721,063	\$4,739,133

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.

EXECUTIVE OFFICE OF COMMERCE**ARPA Initiatives****\$74.5 million**

The FY2022 Revised Budget includes \$74.5 million in federal American Rescue Plan Act Funds that is to be programmed and administered by the Executive Office of Commerce. The plan includes \$579.0 million through FY2026. The General Assembly appropriated the \$74.5 million in December 2021 and the Governor's proposed FY2022 Budget retains the appropriations. The following table summarizes the funding by issue area. The individual proposed initiatives are detailed within their respective programs analyses in the Executive Office of Commerce section of this Budget Analysis.

ARPA State Fiscal Relief Funds and Capital Project Funds							
Category	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Affordable Housing	\$29.0	\$82.0	\$83.0	\$53.5	\$2.5	-	\$250.0
Economic Development	-	20.0	55.0	29.0	1.0	-	105.0
Small Business Assistance	45.0	50.0	6.0	2.5	-	-	103.5
Infrastructure / Climate	-	18.0	42.4	27.0	7.6	-	95.0
Broadband	0.5	15.4	5.2	4.4	-	-	25.5
Total	\$74.5	\$185.4	\$191.5	\$116.4	\$11.1	-	\$579.0
<i>\$ in millions</i>							

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES**November 2021 Caseload Estimating Conference****(\$37.3 million)**

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. When the FY2022 Budget was enacted, the enhancement was projected end with calendar year 2021. At the time of the November 2021 CEC, the enhanced FMAP was authorized through March 31, 2022, or for three quarters of FY2022; consequently, the FY2022 Revised Budget projects an additional \$37.3 million in general revenue savings as a greater share of Medicaid expenses are shifted to the federal government.

FMAP Reserve**(\$39.0 million)**

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 enhanced FMAP was authorized through March 31, 2022, or for three quarters of FY2022, the funding is no longer necessary.

Home- and Community-Based Services eFMAP (restricted receipts)**\$50.1 million**

The revised budget includes \$50.1 million in restricted receipts to enhance and expand home- and community-based services (HCBS) in the State. The increase is associated with the enhanced FMAP of 10.0 percent on HCBS for all expenditures that take place from April 1, 2021, through March 31, 2022.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES**DCYF Provider Workforce Stabilization (federal funds)****\$12.5 million**

The Governor recommends \$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). 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.
- The Governor’s proposed amendment appropriates \$12.5 million to DCYF and 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.

This funding was enacted as a part of the ARPA “downpayment plan” in January 2022.

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 Governor 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).

DEPARTMENT OF HEALTH

Medical Examiner’s Office

\$467,374

The Budget adds \$467,374 in general revenue for forensic pathology contractors in the Medical Examiner’s Office.

COVID-19 Response

\$120,722

The Budget includes \$120,722 in general revenue and \$345.6 million in federal funds for the Department’s COVID-19 Response. This reflects an increase of \$120,722 in general revenue and \$103.5 million in federal funds. This includes \$219.1 million in reimbursements from the Federal Emergency Management Agency (FEMA) and \$126.5 million in other federal grants. The funding supports COVID-19 testing, vaccination efforts, data analysis, contact tracing, communications, COVID-19 related personnel costs, and technical development.

DEPARTMENT OF HUMAN SERVICES

SNAP Benefits (federal funds)

\$171.0 million

The FY2022 Supplemental Budget includes \$425.0 million in federal funds for SNAP benefits, an increase of \$171.0 million above the FY2022 Budget as Enacted.

In 2018, Congress passed the bipartisan Farm Bill which required the federal government to re-evaluate the Thrifty Food Plan (TFP), a federal program which is used to develop 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 from 2022 on.

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.

Office of Healthy Aging - American Rescue Plan Act (federal funds) **\$4.0 million**

The Budget includes \$4.1 million in federal funds from the American Rescue Plan Act (ARPA). These funds will be used to directly support ongoing services within the Office of Health Aging including meal delivery, COVID-19 vaccine clinics for elderly, and caregiver supports.

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 FY 2022.

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. The advances have been returned by the providers on the last day of the fiscal year with an immediate advance from the State to the providers made the following day. The temporary repayment, also called “check swap”, prevents accounting recognition of the advances in any budgetary period. The current annual advance process lacks statutory authorization, and the long duration of the advance procedure has led providers to dispute that the advances must be paid back to State.

The State Controller, with the approval of the Director of the Department of Administration, may offset outstanding liabilities with the sale of state-owned group homes, but this has not decreased the balance of outstanding advances to any material extent. The FY2022 Governor’s Revised 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.

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.

DEPARTMENT OF CORRECTIONS

Domestic Violence Justice Reinvestment Initiative (federal funds) **\$319,375**

The Budget provides \$319,375 in both FY2022 and FY2023, \$638,750 total, 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.

MILITARY STAFF

Counter Drug Training Facility (federal funds) **\$2.4 million**

The Budget includes \$5.3 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 \$2.4 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

COVID-19 Response (federal funds) **(\$490,518)**

The Supplemental Budget includes \$1.4 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 \$490,518 from the FY2022 Budget as Enacted. The Supplemental Budget decreases personnel expenses \$382,369 and decreases grant awards by \$940,445. This is offset by increasing operating expenses by \$646,796, computer equipment by \$185,000, and contracted services by \$500, resulting in a net federal fund decrease of \$490,518.

Disaster and Emergency Preparedness Grants (federal funds) **\$10.4 million**

The Budget includes \$20.1 million in federal funds for various federal grants and reimbursements received for storm, pandemic, and natural disaster events. This appropriation is \$10.4 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.

DEPARTMENT OF PUBLIC SAFETY

- **Information Technology:** The Budget includes \$879,500 in general revenue in FY2022 for information technology upgrades that will expand storage and computation capacity, replace end-of-life data systems and address the additional data needs of the body-worn camera program.
- **Emergency Medical Dispatch Staff:** The Governor recommends \$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 in order 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.

- **Forensic Equipment:** The Governor recommends \$60,000 in additional revenue in FY2022 to finance the purchase of new equipment in the State Police Forensic Unit. The equipment was originally planned to be paid for out of federal grant funds. The Unit, however, became decertified after it one forensic scientist retired unexpectedly. This decertification disqualifies the Unit from being eligible for grant money. The FY2023 Budget includes a proposal to hire a new scientist.

DEPARTMENT OF TRANSPORTATION

COVID-19 Response (federal funds)

\$14.8 million

The FY2022 Supplemental Budget includes \$32.8 million in federal funds from the Consolidated Appropriations Act (CAA) of FY2021, an increase of \$14.8 million above the FY2022 Budget as Enacted. The Act included additional federal funds for States as a result of the COVID-19 pandemic. The Department will use CAA funding to offset Highway Maintenance Account (HMA) expenditures, which will result in additional funds being available for state matching.

Highway Maintenance Account (other funds)

\$16.3 million

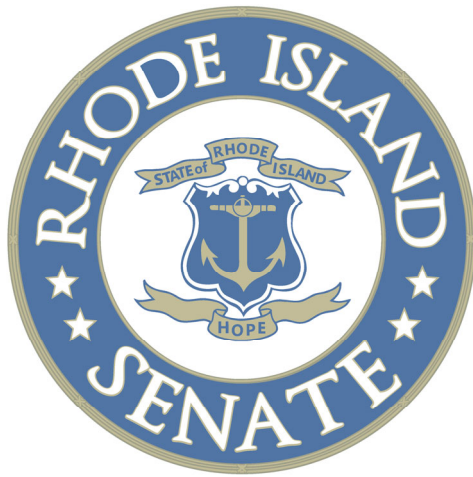
The Budget includes an additional \$16.3 million Highway Maintenance Account (HMA) funds above the FY2022 Budget as Enacted. The Budget offsets expenditures normally funding through HMA funds with federal CAA funds, allowing the additional \$16.3 million to be used to match federal funds.

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 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.

Gas Tax Transfers (other funds)

\$1.8 million

The Budget includes an additional \$1.8 million in gas tax funding within the Infrastructure Engineering program, of this \$1.3 million is set to be transferred to the Rhode Island Public Transit Authority (RIPTA) and \$522,519 will be transferred to the Rhode Island Turnpike and Bridget Authority (RITBA). The FY2022 Budget as Enacted included \$56.6 million in transfers, \$41.7 million to RIPTA and \$15.0 million to the RITBA. The FY2022 Supplemental Budget increases these transfers due to a \$149,291 increase in the per-penny yield above FY2022 Enacted levels.



FY2023 BUDGET 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 15,416.5 FTE positions reflecting a net increase of 103.3 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 \$7.7 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 funding.
- Clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021. 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 Governor	Change to Enacted
General Revenue	\$4,078.6	\$4,550.8	\$4,731.3	\$180.5
Federal Funds	6,603.3	5,862.7	5,311.0	(551.7)
Other Funds	2,067.5	2,334.6	2,350.5	15.9
Restricted Receipts	237.5	372.7	432.2	59.5
Total	\$12,986.9	\$13,120.8	\$12,825.0	(\$295.8)

\$ 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 and \$19.4 million be available for the replacement and modernization of the Legacy mainframe system in the Department of Labor and Training.
- **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.
- **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 \$16.0 million in general revenue (\$35.0 million all funds) to support direct support professional wage increases and \$5.2 million in general revenue (\$9.0 million all funds) for a Transformation and Technology Fund to remain in compliance with the action plan.
- **Graduate Medical Education:** The article allocates \$2.0 million in general revenue for the Graduate Medical Education programs, of which \$1.0 million for hospitals designated as a Level I Trauma Center and \$1.0 million for hospitals providing Neonatal Intensive Care Unit (NICU) care.
- **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. In addition, \$48.3 million of the appropriated general revenues must be used to ensure that the total amount of funds received by and local education agency (LEA) pursuant to the education funding formula in FY2023 is not less than the amount received in FY2022.

- **RIDE - Central Falls:** Requires \$1.3 million in general revenue to ensure that the total amount of funds received by and local education agency (LEA) pursuant to the education funding formula in FY2023 is not less than the amount received in FY2022.
- **Public Safety:** Provides for the reappropriation of unexpended FY2023 funds designated for the State Body-worn Camera Program to FY2024.
- **Corrections – Sex Offender Discharge:** The Budget includes allocates \$1.0 million to Crossroads Rhode Island for sex offender discharge planning.

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 103.3 FTE positions from the FY2022 Budget as Enacted. The following table lists the FTE amounts by budget function:

Expense by Function	FY2022 Enacted	FY2023 Governor	Change to Enacted
General Government	2,454.4	2,488.4	34.0
Human Services	3,682.6	3,710.3	27.7
Education	4,222.4	4,228.4	6.0
Public Safety	3,244.0	3,269.6	25.6
Natural Resources	431.0	441.0	10.0
Transportation	755.0	755.0	0.0
Subtotal	14,789.4	14,892.7	103.3
<i>Higher Ed. Sponsored Positions</i>	<i>523.8</i>	<i>523.8</i>	<i>0.0</i>
Total FTE Positions	15,313.2	15,416.5	103.3

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 recommends an appropriation of \$10.5 million in general revenue in FY2023, an increase of \$1.8 million from the previously enacted budget. The Budget recommends increasing the following grants; Elderly Nutrition \$530,000, Rhode Island Community Food Bank by \$275,000, Senior Center Support \$200,000, 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 two new CSO awards; Higher Ground International for \$50,000 and Refugee Dream Center for \$50,000.

Agency	Grant Recipient	FY2022 Enacted	FY2023 Governor	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	350,000	-
Executive Office of Commerce	International Trade And Export Programming	476,200	476,200	-
Executive Office of Commerce	Minority Entrepreneurship	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	580,000	530,000
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	600,000	-
Human Services	Higher Ground International	-	50,000	50,000
Human Services	Refugee Dream Center	-	50,000	50,000
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-
Education	Child Opportunity Zones	395,000	395,000	-
Office of Postsecondary Commissioner	Rhode Island College Crusade	355,000	355,000	-
Office of Postsecondary Commissioner	Best Buddies Rhode Island	75,000	75,000	-
University of Rhode Island	Small Business Development Center	350,000	700,000	350,000
University of Rhode Island	Special Olympics Rhode Island	50,000	50,000	-
Arts Council	WaterFire Providence	375,000	375,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-
Corrections	Crossroads Rhode Island	1,050,000	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	230,000	230,000	-
Judicial	Rhode Island Legal Services	90,000	90,000	-
Environmental Management	Conservation Districts	50,000	50,000	-
Total		\$8,701,200	\$10,456,200	\$1,755,000

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.
- 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 eleven restricted receipt accounts from the 10.0 percent indirect cost recovery charge provisions. The proposed exemptions would apply to the following accounts: Adult-Use Marijuana Program accounts within the departments of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH), Human Services, Business Regulation, Health, Revenue, the Executive Office of Health and Human Services (EOHHS), and Public Safety; the Automatic Expungement accounts within the Office of the Attorney General and Judiciary; the Adult-Use Marijuana Program Licensing account, 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 \$7.9 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 \$798,593 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 \$7.9 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 \$798,593 in FY2023 to the general fund.

Restricted Receipt	FY2022 Rev Est	FY2023 Rev Est	FY2022 10% ICR	FY2023 10% ICR
Adult Use Marijuana	\$0	\$7,265,933	\$0	\$726,593
Automatic Expungement	-	720,000	-	72,000
Statewide Opioid Abate	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN
HCBS Support- ARPA	71,912,094	-	7,191,209	-
Total	\$71,912,094	\$7,985,933	\$7,191,209	\$798,593

Source: State Budget Office

Section 2 of this article expands the list to include the following accounts:

- **Adult-Use Marijuana Program:** The article exempts all adult-use marijuana licensing and expungement accounts from recovery charges. After the accounts pay marijuana-related expenditures and municipality shares, the balance is transferred to general revenues.
- **RI Statewide Opioid Abatement:** The article establishes a new restricted receipt account to receive and expend funds from settlement agreements with opioid manufacturers, pharmaceutical distributors, pharmacies, or their affiliates, and any funds obtained from bankruptcy proceedings from the same entities. The funds will be used to combat the opioid epidemic in the State, and must be used within the limits of any settlement agreements or court orders. The article also requires an annual report submitted to the General Assembly, the Governor, and the Attorney General detailing how funds were spent.
- **Home and Community Based Services Support:** The article establishes two restricted receipt accounts to house enhanced funding provided by the American Rescue Plan Act (ARPA). ARPA provided the State with a 10.0 percent enhanced FMAP reimbursement on eligible home and community based services (HCBS). The funding received through the enhanced FMAP will be used to leverage additional federal dollars through additional reinvestments in HCBS to support services that would allow individuals to continue to live in their home or community settings. Funds deposited will be used to finance the state share of HCBS expenditures within the Executive Office of Health and Human Services; and the Departments of Children, Youth, and Families; Health; and, Behavioral Healthcare, Developmental Disabilities and Hospitals.

Public Utilities Commission

The article 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.

Rhode Island General Law 39-1-42 - Access to telephone information services for persons with disabilities: authorizes use the funds collected by telecommunication vendors to provide telecommunications services for those with special needs. The fee is calculated on either a percent of revenue or on a per line basis. Presently, the fee (surcharge) is \$0.09 per landline, per month.

The fees are collected by the Public Utilities Commission from the telecommunications service providers from the amounts of the surcharge collected from their subscribers and are used to provide the Relay service by Sprint. In addition, \$50,000 in funds from the fee are remitted to the Department of Human Services for the adaptive telephone equipment loan program and for the establishment of a new telephone access to the text of newspaper programs. Also, \$80,000 is remitted to the Rhode Island Commission on the Deaf and Hard of Hearing (RICDHH) for an emergency and public communication access program, pursuant to RIGL 23-1.8-4. Funds not expended each fiscal year are maintained in the restricted receipt account and made available in the following fiscal year.

The following table illustrates the projected receipts, expenses, and carryforward of the collected fee for the FY2022 and FY2023 budget period.

Carryover/Receipts	FY2022	FY2023
Prior Year Carryover	\$960,140	\$960,140
New receipts	318,415	318,415
Subtotal	\$1,278,555	\$1,278,555
Less : Indirect Cost Recovery	-	-
Total Available	\$1,278,555	\$1,278,555
Expenses	FY2022	FY2023
CDHH Remittance*	(\$80,000)	(\$100,000)
DHS Remittance	(50,000)	(50,000)
Relay Service (Sprint)	(188,415)	(188,415)
Subtotal	(\$318,415)	(\$338,415)
Balance/Carryforward	\$960,140	\$940,140

**FY2023 assumes passage of Article 2 language*

Source: DPUC FY2023 Budget Request

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).
- 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.

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 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.

Department of Children, Youth, and Families (DCYF) Director

Article 3 allows 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 Article 3 change is intended to help the State attract a new DCYF Director. The State has consistently struggled to recruit and retain talent to lead the Department, with child welfare advocates citing compensation as a contributing factor. The position has been vacant since July 2019. The annual salary was recently increased from \$127,500 to \$135,000, but remains among the lowest-paid cabinet positions in the State. Annual compensation for comparable positions in Massachusetts and Connecticut are set at \$150,000 and \$172,000, respectively.

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					Annual Debt	Term of Loan
Revenue Bonds	Department	Principal	Interest	Total Debt	Service	(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 \$350.0 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
Higher Education Facilities Bond	\$62.0
<i>University of Rhode Island Narragansett Bay Campus</i>	<i>\$50.0</i>
<i>Community College of Rhode Island Renovation and Modernization</i>	<i>12.0</i>
Rhode Island School Buildings	\$250.0
Green Economy Bonds	\$38.0
<i>Municipal Resiliency</i>	<i>16.0</i>
<i>Small Business Energy Loan Program</i>	<i>5.0</i>
<i>Narragansett Bay and Watershed Restoration</i>	<i>3.0</i>
<i>Forest Restoration</i>	<i>3.0</i>
<i>Brownfields Remediation and Economic Development</i>	<i>4.0</i>
<i>State Land Acquisition Program</i>	<i>3.0</i>
<i>Local Land Acquisition Matching Grant Program</i>	<i>2.0</i>
<i>Local Recreation Development Matching Grant Program</i>	<i>2.0</i>
Total	\$350.0

\$ in millions.

FISCAL IMPACT

The article permits \$350.0 million in bond referenda to be placed on the November 2022 ballot including, \$62.0 million in bonds for higher education, \$250.0 million in bonds for Rhode Island School Buildings, and \$38.0 million for Green Economy Bonds. Assuming full issuance in bond year 1 and 6.0 percent interest, annual debt service payments are estimated at \$21.6 million. Total debt service over the life of 20-year bonds would be \$508.5 million, including \$162.9 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

Higher Education Facilities Bond

The Budget includes a \$62.0 million general obligation bond authorization be placed on the November 2022 ballot for higher education facilities. Assuming full issuance in bond year 1 and 6.0 percent interest, annual debt service payments are estimated at \$5.4 million. Total debt service over a 20-year term would be \$108.1 million, including \$46.1 million in interest. The bond proceeds would be allocated as follows:

- **University of Rhode Island (URI) Narragansett Bay Campus (\$50.0 million):** The Budget includes a \$50.0 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.

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.

Analyst Note: According to URI, the proposed \$50.0 million bond will not be enough to support any single subproject of the renewal plan. Alternatively, the lowest amount that would add value to the Bay Campus is \$70.0 million to support undergraduate education and research space for Ocean Engineering and research support for the Graduate School of Oceanography, which are part of the workforce development infrastructure to drive the blue economy in Rhode Island.

URI indicates that the best value for the Narragansett Bay Campus would be a bond for \$90.0 million to replace the Horn Building, used by the Graduate School of Oceanography. It was the conditions of this building that originally spurred the need for the Master Plan.

- **Community College of Rhode Island Renovation and Modernization (\$12.0 million):** The Budget provides a \$12.0 million bond referendum for renovations and modernization at the Community College of Rhode Island (CCRI) campuses. The funds will be used across the four campuses to conduct repairs, improve safety and energy efficiency, and replace outdated technology and equipment used for teaching and learning. CCRI has requested \$52.0 million in bond funding as part of a multi-year capital improvement plan. Through a master planning process, CCRI has identified the highest priorities for physical plant improvements at each of the four campuses in Lincoln, Newport, Providence, and Warwick. The bond proceeds will allow the acceleration of ongoing upgrades to classrooms, expanding wireless capacity, and improving energy efficiency.

Assuming full issuance in bond year 1 and 6.0 percent interest, annual debt service payments are estimated at \$1.0 million. Total debt service over a 20-year term would be \$20.9 million, including \$8.9 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 \$38.0 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 \$3.3 million. Total debt service over a 20-year term would be \$66.3 million, including \$28.3 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.

Article 6: Relating to Taxation

Article 6 phases-out the inclusion of military service pension income for purposes of State personal income taxation. Specifically, it allows for a modification to the federal adjusted gross income (used as a basis when determining income for RI State income tax purposes) by a phased percentage over a five-year period.

FISCAL IMPACT

The general revenue impact of Article 6 on personal income tax collections is summarized below.

Article 6 Revenue Impact						
FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
-	(\$0.7)	(\$2.1)	(\$3.4)	(\$4.7)	(\$5.8)	(\$16.8)
\$ in millions						

ANALYSIS AND BACKGROUND

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

Article 6 phases-out the inclusion of military service pension income for purposes of State personal income taxation.

- **Phase-out:** Beginning in Tax Year 2023, a taxpayer may subtract up to 20.0 percent of the military service pension that is included in federal AGI. For each successive year the percentage reduction allowed increases by 20.0 percent until it reaches 100.0 percent (TY2027).
- **Existing Modification:** This new exemption is in addition to the existing retirement income exemption that exempts the first \$15,000 of a military pension from state personal income tax. Article 6 prohibits the combined exemptions from exceeding the full amount of the military service pension for any given tax year.
- **Military Service:** 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.

Revenue Impact Methodology

The Office of Revenue Analysis prepared the fiscal impact estimate for this proposal based on the following assumptions, data, and calculations:

- ORA used federal fiscal year 2019 data from the U.S. Department of Defense on the number military retirees in RI, broken down by categories (officers, enlisted, disabled, and non-disabled, etc.) and the average annual pension amounts by category to estimate the current amount of taxable military pensions received by Rhode Islanders, and in turn apply the percentage reductions of the proposed phase-out to obtain the overall revenue impact estimates.

Retiree Category	Retirees in RI	Total Monthly Payments	Avg. Annual Payment
Non-Disabled and Reserve Officers	1,719	\$6,595,000	\$46,038
Disabled Officers	64	166,000	31,125
Non-Disabled and Reserve Enlisted	2,823	4,539,000	19,294
Disabled Enlisted	255	217,000	10,212
Total	4,861	\$11,517,000	

Source: ORA and US Department of Defense - October 1, 2019 - September 30, 2020 data

- Estimates factored in the \$15,000 exemption currently offered under existing law and the Article 6 limitation prohibits combined exemptions from exceeding the amount of a taxpayer's annual pension income. ORA assumed all retirees 66 years old and older also received the \$15,000 exemption, applied the appropriated reductions across age groups. ORA also factored in eligible non-resident taxpayers.
- Using accrual-based accounting and factoring in the January 1, 2023 implementation date, ORA estimated that the revenue loss in FY2023 would be \$812,137 and \$2.1 million in FY2024 reflecting a full year of the reduction in effect.

Tax Year	Deduction	Fiscal Year Impact
2023	20.0%	2023/2024
2024	40.0%	2024/2025
2025	60.0%	2025/2026
2026	80.0%	2026/2027
2027	100.0%	2027/2028

Article 7: Relating to Energy and the Environment

This article amends various sections of general law for the Executive Climate Change Council and State Energy Efficiency Program. Specifically, the article:

- Establishes a dedicated funding source to allocate \$6.0 million annually in restricted receipts from the Energy Efficiency Fund to the Executive Climate Change Council for projects including energy efficiency, renewables, clean transportation, clean heating, energy storage, and other climate change projects.
- 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. The program will use federal funds from the Infrastructure Investment and Jobs Act (IIJA) that require a state match. The article requires the OER to provide an annual report to the Governor and General Assembly until the federal funds are exhausted.
- Allows hearing officers for the Coastal Resources Management Council (CRMC) to be appointed on a part-time basis, instead of only on a full-time basis, and prohibits a hearing officer from participating in any case in which they are an interested party. The article eliminates the prohibition against a hearing officer practicing law, or being a partner or associate of person practicing law.

FISCAL IMPACT

Section 1 of the article transfers \$6.0 million in restricted receipts from the demand side management gas and electric funds to the Officer of Energy Resources (OER) for the Executive Climate Change Council.

Section 2 of the article will increase federal fund expenses an aggregate of \$22,861,460 between FY2022 through to FY2026 in Infrastructure Investment and Jobs Act (IIJA) funds. The Department of Transportation capital plan assumes an annual allocation of \$4,572,292. In addition, the Budget assumes an addition level funded allocation for FY2027. The total required 20.0 percent state match from FY2022 to FY2027 is \$6,858,438, or \$1,143,073 annually, assuming a federal IIJA allocation in FY2027. In the FY2023 Budget, the state match is a combination of Highway Maintenance Account, G.O. Bond Proceeds (P.L. 2020 Chapter 80), and RICAP and in FY2024 the state match will come from the general revenue surplus channeled through RICAP. Presently, the Budget does not fully identify the out-year funding for the state match from FY2025 to FY2027.

Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
IIJA	\$4,572,292	\$4,572,292	\$4,572,292	\$4,572,292	\$4,572,292	\$4,572,292	\$27,433,752
State	1,143,073	1,143,073	1,143,073	1,143,073	1,143,073	1,143,073	6,858,438
Total	\$5,715,365	\$5,715,365	\$5,715,365	\$5,715,365	\$5,715,365	\$5,715,365	\$34,292,190

The Budget assumes IIJA allocation for FY2027

ANALYSIS AND BACKGROUND

Executive Climate Change Council

This article requires an annual transfer of \$6.0 million in restricted receipts, beginning January 1, 2023, from the demand side management gas and electric funds also referred to as the Energy Efficiency Fund (Fund) to the Office of Energy Resources (OER) for the Executive Climate Change Council.

This annual Fund is generated by a surcharge approved by the Public Utilities Commission and assessed on both gas and electric customers. The fund finances several programs that help businesses and homes achieve greater energy efficiency. The Fund serves both gas and electric customers and is administered by National Grid. The annual energy efficiency programs, budgets, and incentives are designed in the

summer/fall each year by the Office of Energy Resources, National Grid, Division of Public Utilities and Carriers, and the Energy Efficiency Resource Management Council (EERMC).

The Executive Climate Change Council will allocate these funds for projects including energy efficiency, renewable energy, clean transportation, clean heating, energy storage, and other climate change projects that support the reduction of greenhouse gases. The article requires the Executive Climate Change Council to provide an annual report to the Governor and General Assembly on how the funds were expended to meet the objectives set forth in the 2021 Act on Climate.

Analyst Note: This article requires the annual transfer of \$6.0 million in restricted receipts from the demand side management gas and electric funds to the Officer of Energy Resources (OER). This transfer will require approval from the Public Utilities Commission each year, and may increase costs to electric and gas utility ratepayers.

Electric Vehicle Charging Investment Program

Section 2 of the article establishes the Electric Vehicle Charging Investment Program within the Office of Energy Resources (OER) at the Department of Administration (DOA) in consultation with the Department of Environmental Management (DEM) and the Department of Transportation (DOT), for the purpose of developing an electric vehicle charging infrastructure investment program. The article requires the OER to provide an annual report to the Governor and General Assembly until the federal funds are exhausted. However, the actual EV Infrastructure program is within the DOT operating budget as well as folded into the DOT Highway Improvement Program of the capital budget.

The program proposes to use \$22.9 million in federal IIJA funds to support the infrastructure investment program over a 5-year period, requiring a state match of \$5.7 million. The federal requirement when the State receives the IIJA funds will require a state match. OER is waiting on guidance from the federal DOT/DOE on how the EV charging station funds can be specifically used by the states. These federal funds are only eligible for the charging infrastructure and cannot be used for an EV car rebate type incentive.

Coastal Resources Management Council

The article allows hearing officers for the Coastal Resources Management Council (CRMC) to be appointed on a part-time basis, instead of only on a full-time basis, and prohibits a hearing officer from participating in any case in which they are an interested party. The article eliminates the prohibition against a hearing officer practicing law, or being a partner or associate of a person practicing law.

Article 8: Relating to Small Business

Article 8 establishes or makes changes to various tax policies that primarily impact small businesses in Rhode Island, including:

- **Taxpayer Steward:** Establishes a new dedicated position within Taxation to assist taxpayers and coordinate the resolution of complaints and problems.
- **Minimum Corporate Tax Reduction:** Reduces the minimum corporate tax by \$25, from \$400 to \$375 annually.
- **Tangible Tax Changes:** Enables all municipalities and fire districts to provide exemptions to tangible property taxes without seeking General Assembly authorization.
- **Penalty Interest Rate Reduction:** Reduces the penalty interest rate for the delinquent payment of non-trust fund taxes from 18.0 percent to 12.0 percent.
- **Alcoholic Beverage Take-out:** Permanently authorizes the sale of alcoholic beverages for take-out by restaurants and brewpubs.
- **Sales Tax Exemption – Motorcycle Trade-in:** Exempts the trade-in value of a motorcycle from the sales tax.
- **Cottage Food Manufacture:** Establishes a statutory and regulatory framework authorizing and supporting preparation and retail sale of certain baked food goods from a residential or leased commercial kitchen.
- **Small Business Development Fund Changes:** Modifies the Small Business Development Fund (SBDF) program administered by the Rhode Island Commerce Corporation.

FISCAL IMPACT

The general revenue impact of Article 8 is summarized in the following table.

Initiative	FY2023		FY2024	
	Revenue	Expenditure	Revenue	Expenditure
Taxpayer Steward	-	\$145,000	-	\$145,000
Minimum Corporate Tax Reduction	(812,137)	-	(1,624,275)	-
Tangible Tax Changes	-	-	-	-
Penalty Interest Rate Reduction	(2,485,363)	-	(6,264,399)	-
Alcoholic Beverage Take-out	-	-	-	-
Sales Tax Exemption – Motorcycle Trade-in	(145,087)	-	(199,291)	-
Cottage Food Manufacture	12,610	177,730	12,610	177,730
Small Business Development Fund Changes	-	-	-	-
Total	(\$3,429,977)	\$322,730	(\$8,075,355)	\$322,730

ANALYSIS AND BACKGROUND

Taxpayer Steward

- **Background:** Formal taxpayer advocacy offices exist at the national level (the Taxpayer Advocate Service within the Internal Revenue Service) and in 29 states, including Massachusetts, Connecticut, Vermont, and Maine. Although the overall structure of each office varies, offices generally focus on providing taxpayers with assurances that they will be treated fairly and that an independent resource is available when necessary. Some offices are distinctly independent from a state's taxation authority, while others are housed within the respective revenue agencies.

Rhode Island does not currently have a formal taxpayer advocate. The Division of Taxation, however, does have formal policies and processes in place to ensure fairness and resolve complaints and includes these principles in its stated mission and values.

- **Article 8 Changes:** Article 8 makes the following changes:
 - Section 8 of the article creates a Taxpayer Steward, within the Rhode Island Department of Revenue's Division of Taxation and charges the official with the following responsibilities:
 - Coordinating the resolution of taxpayer complaints, and problems (if requested by the taxpayer),
 - Providing recommendations to Taxation for informal publications and education programs needed to reduce or eliminate error or improve voluntary compliance,
 - Providing recommendations for simplification or other improvements needed in tax laws, regulation, forms, systems, and procedures, to promote better understanding and voluntary compliance, and
 - Preparing and submitting to the Tax Administrator and Director of the Department of Revenue a report that summarizes the Tax Steward's activities during the immediate preceding fiscal year, including the recommendations described above, progress made in implementing recommendation, and any other information deemed relevant by the Tax Steward. The report is due October 1, 2023, and each year thereafter.
- **Fiscal Impact:** The Governor recommends \$145,000 in annual, recurring general revenue personnel expenses to support a new 1.0 Taxpayer Steward FTE position beginning in FY2023.

Minimum Corporate Tax Reduction

- **Background:** Under current Rhode Island law corporations are required to remit taxes on 7.0 percent of net income or the \$400 minimum business corporation tax, whichever is greater.

Business Corporations Tax - Regional Comparison		
State	Rate	Minimum Tax
Massachusetts	8.0%	\$456
Rhode Island	7.0%	400
Connecticut	7.5%	250
Vermont	8.5%	300
Maine	8.9%	-
New Hampshire	7.7%	-

- **Article 8 Changes:** Section 11 of the article reduces the annual minimum business corporations tax by \$25, from \$400 to \$375, for tax years beginning on January 1, 2023, and thereafter. The article also sets an implementation date of January 1, 2023.
- **Fiscal Impact:** The Office of Revenue Analysis prepared the fiscal impact estimate for this proposal based on the following assumptions, data, and calculations:

- ORA used the total number of taxpayers paying the corporate minimum tax as provided by the Division of Taxation in the November 2021 Revenue Estimating Conference (\$64,971, see table) and multiplied it by the amount of the reduction (\$25). This provides an estimated annual revenue loss of \$1.6 million.

Business Class	TY2019 Min. Filers
C-Corporation	6,396
L.L.C.	16,646
S-Corporation	26,094
L.L.P.	535
L.P.	2,961
S.M.L.L.C.	10,553
Undeclared	1,786
Total	64,971

Source: Taxation, November 2021 REC

- Using accrual-based accounting and factoring in the January 1, 2023, implementation date, ORA estimated that the revenue loss in

FY2023 would be half of the estimated annual \$1.6 million, or \$812,137.

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 8 Changes:** Article 8 makes the following changes:
 - Section 9 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 10 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 10 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 8 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 \$10,000 in Tangible Assessments	Estimated Tangible Tax Loss due to Exemption	Estimated Calculated Levy from Gross Assessments (NOT CERTIFIED LEVY)	Estimated Percent of 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 assesment 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 calucations

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 muniipaliteis 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

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.

Interest Rate on Underpayments (delinquencies)		
From	To	Rate (%)
1/1/2021	12/31/2021	18.0
1/1/2020	12/31/2020	18.0
1/1/2019	12/31/2019	18.0
1/1/2018	12/31/2018	18.0
1/1/2017	12/31/2017	18.0
1/1/2016	12/31/2016	18.0
1/1/2015	12/31/2015	18.0
1/1/2014	12/31/2014	18.0
1/1/2013	12/31/2013	18.0
1/1/2012	12/31/2012	18.0
1/1/2011	12/31/2011	18.0
1/1/2010	12/31/2010	18.0
1/1/2009	12/31/2009	18.0
1/1/2008	12/31/2008	18.0
1/1/2007	12/31/2007	18.0
10/1/2006	12/31/2006	18.0
1/1/1994	9/30/2006	12.0

Source: Taxation ADV 2021-37

- **Article 8 Changes:** Section 7 of 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.

- **Fiscal Impact:** The Office of Revenue Analysis prepared the fiscal impact estimate for this proposal based on the following assumptions, data, and calculations:
 - ORA used historical tax data from FY2020 (FY2021 data reflect certain pandemic relief policies related to collections that likely would distort an estimate.
 - ORA analyzed the amount of interest collected each day in FY2020, grouped by general ledger, tax period, tax type, and trust fund vs non-trust fund category to determine how the collection was distributed. ORA then calculated the category and combined impact of a 1.0 percent interest rate change.
 - Using accrual-based accounting and factoring in the January 1, 2023, implementation date, ORA estimated that the revenue loss in FY2023 would be \$2.5 million and grow to \$6.3 million in FY2024.

FY	Impact
FY2022	-
FY2023	\$(2,485,363)
FY2024	(6,264,399)
FY2025	(6,839,812)
FY2026	(7,233,627)

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.

Alcoholic Beverage Take-out

- **Background:** In response to negative impact of COVID-19 pandemic on the hospitality sector, Governor Raimondo issued an executive order in March 2020, permitting brewpubs and restaurants to sell beer and wine with food takeout order, a practice previously prohibited. This was later expanded to include mixed alcoholic beverages. In June 2021, the General Assembly enacted legislation extending the sale of beer, wine, and mixed alcoholic beverages until March 2022.

According to the Distilled Spirits Council, 39 states have legalized the sale of alcoholic beverages to go in some manner, including all of the New England states. Most of these policies were enacted as temporary relief measures related to the pandemic. No New England state has yet to permanently codify the practice.
- **Article 8 Changes:** Sections 1 and 2 of the article permanently authorizes the sale of alcoholic beverages for take-out by brewpubs and restaurants, respectively, by eliminating the existing statutory sunset of March 1, 2022. The article would permanently allow brewpubs and restaurants to sell the following with takeout food orders: two 750 millimeter bottles of wine, 144 ounces of draft beer, or 72 ounces of mixed alcoholic beverages. All beverages must be sealed, and mixed beverages may not contain more than 9 ounces of distilled spirits.
- **Fiscal Impact:** The Governor's FY2023 Budget proposal does not include any additional revenue or expenditures related to the legalization of the sale of take-out alcoholic beverages. In its budget documents, the Office of Management and Budget notes that to any extent that the practice increases sales, the revenue impact on related taxes would be positive.

Sales Tax Exemption – Motorcycle Trade-in

- **Background:** 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.

- **Article 8 Changes:** Section 12 of the article amends RIGL 44-18-30 to include a specific exemption for the trade-in value of a motorcycle from the State's 7.0 percent sales tax when purchasing a motorcycle.
- **Fiscal Impact:** The Office of Revenue Analysis prepared the fiscal impact estimate for this proposal based on the following assumptions, data, and calculations:
 - ORA used Rhode Island Division of Motor Vehicles (DMV) registry sales receipt data by vehicle type from 2021. Vehicles types included passenger cars, truck, buses, mopeds, trailers, and motorcycles. There were 5,229 motorcycles purchased and registered in the State in FY2021. Total gross sales price of the motorcycles was \$27,887,930.
 - ORA used DMV data on Rhode Island registered motorcycles that were purchased in Massachusetts and whose transaction included trade-in credit that discounted the sales tax paid to Massachusetts. Total gross sales price was \$727,382 and total trade-in value was \$66,049. Trade-in allowance percentage for these motorcycles was calculated to be 9.08 percent.
 - The trade-in percentage was applied to the 2021 Rhode Island figures to get a trade-in value for all RI-registered motorcycles. The 7.0 percent sales tax rate was then applied to this figure to generate an estimate of the revenue loss had Article 8 been in effect in FY2021. ORA applied growth rates adopted at the November 2021 Revenue Estimating Conference to get revenue loss estimates for FY2022 and FY2023.
 - Using accrual-based accounting and factoring in the October 1, 2023, implementation date, ORA estimated that the revenue loss in FY2023 would be \$145,087, increasing to \$199,291 in FY2024.

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 8 Changes:** Article 8 establishes a new statutory and regulatory framework that authorizes and supports expanded cottage food manufacturing. Specifically,
 - Section 3 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 4 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 \$25,000 per calendar year and all sales are subject to applicable sales tax.
- Section 5 adds a new \$65 annual fee for the registration of a Cottage Food Manufacturer.
- **Fiscal Impact:** The Office of Management and Budget prepared the fiscal impact estimate for this proposal based on the following assumptions, data, and calculations:
 - Each registrant would pay an annual registration fee of \$65 which would be deposited into the general fund.
 - OMB reviewed “uptake in neighboring states that have already permitted cottage foods” and scaled down by population to obtain an estimate of 194 registrants. Multiplying this by the fee yields the \$12,610 in new revenue in FY2023.
 - The Governor recommends \$177,730 to general revenue expenditures to support 2.0 DOH FTE positions to support the new framework.

Small Business Development Fund Changes

- **Background:** The Small Business Development Fund (SBDF) program is an economic development tool specifically aimed at providing financing to small businesses. The program involves the creation of multiple private capital funds designed to invest in small, Rhode Island-based businesses. Investors are incentivized to participate through State-issued tax credits. Credits cannot be redeemed for three years and are capped at \$42.0 million, with no one fund receiving more than \$20.0 million. Funding is targeted at the gap in financing that exists for many small businesses and start-ups. The program is administered by the Rhode Island Commerce Corporation (Commerce). The Governor’s proposal does include a fiscal impact in FY2023 and the program will not until three years after the first SBDF is awarded and meets program criteria.

Analyst Note: The State has not estimated the potential economic impact of the program. In testimony before the Senate Finance Committee in January 2019, Enhanced Capital’s hired economic consultant, the Economic Impact Group, estimated that the full \$42.0 million in tax credit revenue loss would be realized by FY2026 (\$14.0 million per year from FY2024-FY2026). Cumulative new revenue from SBDF-related job creation and retention and small businesses development was estimated to reach \$74.6 million by FY2026 and continue to grow to \$151.0 million by FY2030.

- **Program Elements:** The Small Business Development Fund program model includes the following features:
- **Fund Approval:** Investment companies apply to Commerce for authorization to form a Rhode Island Small Business Development Fund (SBDF). Applicants have to meet certain federal and State criteria in order to qualify, including being a federally-licensed Small Business Investment Company (SBIC) or a Rural Business Investment Company (RBIC).
- **Raising Capital:** Once approved, fund managers are awarded the authority to raise money for their designated SBDF. Private investors provide capital to the funds in exchange for investment returns. A portion of these returns come from delayed, at-risk State tax credits. The program requires that at least 45.0 percent of the capital raised comes from sources other than the investor awarded the tax credit. SBDF fund managers must provide at least 10.0 percent.
- **Capital Investment:** Commerce is permitted to authorize up to \$65.0 million in capital investments, with no more than \$20.0 million to any one SBDF. These funds must be invested in small, Rhode Island-based businesses within three years.

- Small businesses are defined as those with fewer than 250 employees and less than \$15.0 million in net income.
- The businesses must be within one of the State's target growth sectors.
- Investments may take the form of debt or equity.
- **Tax Credit Incentive:** Upon making an investment in a SBDF, an investor earns a vested right to a non-transferable credit against the investor's State insurance premium tax liability. The credit is equal to the applicable percentage for the credit allowance date multiplied by the purchase price paid to the small business fund for the capital investment. The credit may not be taken within the first three years or prior to the deployment of 100.0 percent of a fund's capital. The aggregate number of credits that can be claimed per year is capped at approximately \$14.0 million per year. Credits may only be carried forward seven years.
- **Accountability and Claw-backs:** The SBDF includes several precautions to protect the State's investment and ensure accountability. Commerce may recapture credits from any fund manager that:
 - Does not invest 100.0 percent of its capital within the first three years of the first credit allowance.
 - Fails to maintain all its qualified investments for six years after the first credit allowance.
 - Makes a payout to investors that result in less than 100.0 percent of the authorized capital being deployed in its qualified investments.
 - Fails to make at least 10.0 percent of its qualified investments in minority business enterprises.
 - Invests in an entity that is itself a SBDF.

If the number of jobs created or retained by a business receiving a qualified investment from a SBDF is less than 60.0 percent of the projected amount agreed on in the SBDF's plan approved by Commerce, then at the time of exiting the program, the State shall receive 30.0 percent of any distribution or payment to SBDF investors. If the number of jobs is greater than 60.0 percent but less than 100.0 percent, then the State shall receive 15.0 percent. Each SBDF is required file an annual report on its investments and the number of jobs created or retained to Commerce for the first three years.

- **Applications and Rulemaking:** Article 12 of the FY2019 Budget as Enacted required that Commerce begin taking applications from potential SBDF managers 90 days after July 5, 2019, or October 3, 2019.

At its September 16, 2019, board of directors meeting, Commerce board members expressed concerns over the lack of guardrails and taxpayer protections for the program. Commerce staff was authorized to draft expedited, emergency regulations prior to the planned October 3 deadline, which were adopted in September. The regulations included:

- Augmenting the statutory application provisions to require sufficient information for Commerce to fully vet applicants;
- Enhancing the requirements for the applicant's business plan and proof of investment history;
- Authorizing the Commerce Board to approve fund applications (the statute does not provide for this, rather applicants who meet the criteria are automatically approved on a first-come-first-served basis);

- Proposing a reduction of the tax credit allocation in those instances where a SBDF investment fails to result in a positive economic impact to the State or if an SBDF breaches the covenants within the business plan;
- Creating various reporting requirements in addition to those provided for in the statute;
- Incorporating elements designed to prevent SBDFs from exiting before the promised outcomes and returns to the State are realized;
- Permitting Commerce the option to retain the authority to approve individual business applications to a fund.

In October 2019, three investment companies submitted applications to Commerce: Advantage Capital, Enhanced Capital, and Stonehenge Capital. During the review period, Commerce staff made a determination that none of the applications were complete and notified applicants on October 30, 2019, that they had 15 days to submit additional information or the applications would not be certified. Each of the applicants submitted an updated application response on October 31, 2019; however, these responses were also deemed incomplete. At Commerce's December 20, 2019, board of directors meeting, the applications were formally denied. In February 2020, Commerce held public hearings on formal rules for the program and promulgated final rules.

- **Pandemic Recovery:** With the onset of the coronavirus pandemic and its devastating impact on the Rhode Island economy, Commerce revisited the SBDF program with the intent of utilizing it as an economic recovery tool for small businesses. From March through July 2020, Commerce engaged in negotiations with Enhanced Capital that resulted in the latter being approved on July 16, 2020, to form an SBDF, being awarded \$20.0 million in tax credits, and authorized to begin lending \$20.0 million to Rhode Island businesses.

The terms of the agreement required Enhanced Capital to invest 75.0 percent of the funds in certain coronavirus affected businesses that could show a 33.0 percent of revenues from January to May 2020 compared with the same period in 2019. Loans must be for a minimum period of five years with a 0.0 percent interest rate for the first six months. After the first six months, interest is capped at 5.0 percent for two years, and 8.0 percent until maturity. The agreement also included additional claw-back measures and a series of penalties in the event that the firm fails to meet certain thresholds. According to Enhanced Capital, the firm made loans to approximately 50 companies, in amounts ranging from \$10,000 to \$1.0 million.

- **Article 8 Changes:** Section 6 of the article modifies the small business development fund program as follows:
 - **Eligibility:** The article expands the types of eligible applicants to include mission-oriented community financial institutions. These would include community development financial institutions, minority depository institutions, certified development companies, microloan intermediaries, or organizations with demonstrated experience in making capital investments in small businesses. According to Commerce, these community financial institutions are primary vehicles for federal pandemic business assistance and relief and Rhode Island has several that are locally-based. To date only, one entity has been approved to create an SBDF and it is based in Louisiana.
 - **Application and Selections Process:** The article modifies the process for reviewing and approving applications. It eliminates the mandated \$5,000 application fee and authorizes Commerce to set the fee by regulation. Commerce is granted the discretion to impose additional application requirements that it deems appropriate. Under current law, any eligible applicant that meets the statutory criteria and submits a timely application is automatically eligible to create a SBDF and

receive tax credits. Article 8 eliminates these automatic provisions and provides Commerce with the authority establish the application process, the discretion to approve or deny applications, and the discretion to determine the level of tax credits to be awarded.

- **Financing and Tax Credits:** Under current law, credits under the program may only be used against a State insurance premium tax liability. Article 8 expands the types of taxes to which the tax credits can apply to include business corporations taxes, public service corporations taxes, bank deposit taxes, and personal income taxes. Article 6 also eliminates the current prohibition against the credits being transferred, conveyed, or sold and provides Commerce with the ability to recapture credits that have been fraudulently transferred without notice. Lastly, the article eliminates the requirement that at least 10.0 percent of any SBDF be capitalized by the fund managers.
- **Rules and Regulations:** Article 8 authorizes Commerce to promulgate rules and regulations for the SBDF program, an element currently not codified.
- **Fiscal Impact:** There is no fiscal impact in FY2023 and there will not be one until three years after the first SBDF is awarded and meets program criteria.

Article 9 Relating to Economic Development

Article 9: Relating to Economic Development

Article 9 reauthorizes State economic development incentives, expands the program cap limit on the Rebuild RI tax credit program, and expands the Stay Invested in RI Wavemaker Fellowship program to specifically include healthcare professionals. It also establishes an administrative framework for broadband infrastructure investment within the Executive Office of Commerce.

- **Reauthorization of Economic Development Incentive Programs:** Extends the sunset provisions on economic development incentive programs from December 31, 2022, to December 31, 2023.
- **Rebuild RI Tax Credit Program Changes:** Raises the combined credit and sales tax exemption cap from \$210.0 million to \$225.0 million.
- **Wavemaker Fellowship Program:** Expands the Wavemaker Fellowship Program to explicitly include healthcare practitioners.
- **Broadband and Digital Equity Initiatives:** Establishes a new statewide Broadband Infrastructure Investment program administered by the Executive Office of Commerce. It also establishes a broadband advisory committee.

FISCAL IMPACT

There are no revenue or expenditure impacts in FY2023 attributable specifically to the reauthorization of the incentives. The Governor's FY2023 Budget proposal include the following general revenue expenditure recommendations:

Incentive	FY2023
Rebuild RI	\$13.5
Wavemaker Fellowship	\$2.4
Air Service Development Fund	\$2.3
Innovation Initiative	\$1.0
Small Business Assistance	\$0.7
<i>\$ in millions</i>	

Broadband-related expenditures included in the FY2022 Revised Budget and the Governor's FY2023 Budget recommendations are summarized in the following table.

Initiative	Source	Revised	Governor's Proposal					Total
		FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
Broadband - Assistance and Grants	ARP CPF	-	\$15.4	\$5.2	\$4.4	-	-	\$25.0
Statewide Broadband Planning and Mapping - Commerce RI Transfer	ARP SFRF	0.5	-	-	-	-	-	0.5
Total		\$0.5	\$15.4	\$5.2	\$4.4	-	-	\$25.5
<i>\$ in millions</i>								

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 Governor's FY2023 Budget proposal include the following general revenue expenditure recommendations:

Incentive	FY2023
Rebuild RI	\$13.5
Wavemaker Fellowship	\$2.4
Air Service Development Fund	\$2.3
Innovation Initiative	\$1.0
Small Business Assistance	\$0.7
<i>\$ in millions</i>	

Rebuild RI Tax Credit Program Changes

- **Background:** Rebuild RI uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State. When the Rebuild RI tax credit program was first established by the General Assembly in 2015, several program limits were instituted to prevent awarded credits from outpacing general revenues and to ensure program performance. These limits included a \$150.0 million cap on the total amount of credits permitted to be issued and an initial sunset date of December 31, 2018. The limits ensured that the General Assembly had an opportunity to evaluate the effectiveness of the program over time and, based on its analysis, either reauthorize or curtail the program. The issuance of sales tax exemptions however, was not originally capped.

Additional limits have since been placed on the program. In 2019, the General Assembly modified the total program cap by increasing it from \$150.0 million to \$210.0 million. However, the cap now applies to the combined total of tax credits and sales tax exemptions. The program also has a \$15.0 million per-project cap. The General Assembly also modified this cap as it related to the potential Fane Tower project in the I-195 Redevelopment District. In this instance, the cap was raised to \$25.0 million, including credits and exemptions. The project also does not count against the overall program cap. The sunset date for Rebuild RI has been extended four times, most recently to December 31, 2022.

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.

- **Article 9 Changes:** Section 2 of Article 9 increases the program cap from \$210.0 million to \$225.0 million and extends the Rebuild RI sunset from December 31, 2022, to December 31, 2023.
- **Fiscal Impact:** There are no revenue or expenditure impacts in FY2023 attributable to the changes being made to the Rebuild RI. The Governor recommends a \$13.5 million in general revenue appropriation for the incentive program in FY2023.

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 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, 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:** The Governor recommends \$800,000 in general revenue in FY2023 for the Healthcare Stay Invested in RI Wavemaker Fellowship Fund. This is to support a planned cohort of 100 fellows in FY2023. The Governor also recommends \$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.

Broadband and Digital Equity Initiatives

- **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:**

- **Broadband Initiatives:** Article 9 charges EOC with providing oversight and coordination of all broadband and digital equity initiatives in Rhode Island. These include:
 - **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.
 - **Interagency Coordination:** Coordinating with all state and quasi-public agencies on any broadband initiative.
 - **Staff:** Hiring a statewide broadband coordinator and supporting staff.

Analyst Note: The article indicates that the hiring of staff is “contingent on the availability of funds, whether through Rhode Island Commerce Corporation, the Department of Business Regulation, the Executive Office of Commerce, or a combination”.

- **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.
 - EOC may appoint any state agency or quasi-public agency to administer the program.
 - Administrating agency is authorized to promulgate rules and regulations and create funds to hold appropriated monies

Article 9 language is not definitive regarding the administrative structure, leaving it to the broad discretion of the EOC. Supporting budget documents also do not provide details on how the administration will be organized.

- **Advisory Committee:** Article 9 establishes a broadband advisory committee of no more than 13 members. Members of the committee are to be appointed by the Governor. 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 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.
- **Fiscal Impact:** Broadband-related expenditures included in the FY2022 Revised Budget and the Governor’s FY2023 Budget recommendations are summarized in the following table.

Initiative	Source	Revised		Governor's Proposal				Total
		FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
Broadband - Assistance and Grants	ARP CPF	-	\$15.4	\$5.2	\$4.4	-	-	\$25.0
Statewide Broadband Planning and Mapping - Commerce RI Transfer	ARP SFRF	0.5	-	-	-	-	-	0.5
Total		\$0.5	\$15.4	\$5.2	\$4.4	-	-	\$25.5

\$ in millions

In January 2022, the General Assembly appropriated \$500,000 of federal American Rescue Plan Act (ARPA) State Fiscal Relief Funds (SFRF) to the Executive Office of Commerce to support statewide strategic broadband planning and mapping (\$400,000) and the hiring of a statewide broadband coordinator (\$100,000) at the Rhode Island Commerce Corporation. In his FY2023 Budget proposal

the Governor recommended a multi-year spending plan on broadband initiatives funded with ARPA SFRF and Capital Projects (CPF) funds totaling \$25.5 million (\$15.4 million in ARPA CPF in FY2023).

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

The article is intended to hold districts harmless from an education aid adjustment to the FY2023 distribution due to property valuation errors in the FY2022 data for the adjusted equalized weighted assessed valuation (EWAV). Additionally, should the \$250.0 million general obligation bond referendum be approved by voters in November 2022, the article requires that \$200.0 million in bond funds be offered to LEAs on pay-as-you-go basis, not as reimbursement of debt service, and requires the transfer of \$50.0 million in bond funds to the School Building Authority (SBA) to help create facility equity.

Analyst Note: While it appears that the article is intended to hold districts harmless from the property tax adjustment, the current language does not hold districts harmless from an overpayment of aid. A technical amendment is expected to correct the error.

FISCAL IMPACT

The Budget includes \$465,700 in general revenue education aid that would have been deducted from the FY2023 education aid distribution under current law to support the hold harmless provision.

ANALYSIS AND BACKGROUND

Education Aid Hold Harmless

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.

Pursuant to law, the Division of Municipal Finance (Division) is required to submit a study of the finalized adjusted equalized weighted assessed valuation (EWAV) to the Department of Elementary and Secondary Education by August 1 each year. 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. The table shows the districts that would have experienced decreases but were held harmless.

The amounts paid to districts in FY2023 due to an underpayment in FY2022 total \$842,582, including Cumberland (\$748,963), East Providence (\$3,290), and Foster-Glocester (\$5,233). Numerous charter schools received adjustments totaling \$81,896. Davies Career and Technical School will receive \$2,988, and the Urban Collaborative Accelerated Program (UCAP) will receive \$212.

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)

School Building Authority

The article provides that, if the voters approve the \$250.0 million school construction general obligation bond referendum in November 2022, \$200.0 million in proceeds will be offered to districts on a pay-as-you-go basis, instead of as a reimbursement, for approved school construction projects. This will allow projects to move forward without the district having to borrow the state share of project costs and will reduce debt service obligations.

Furthermore, if the bond is approved, \$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 article limits the transfer of excess funds transferred to the School Building Authority Capital Fund to five percent in any given year, as was provided for the 2018 bond referendum; however, it does not limit the annual issuance of bonds.

Article 11: Relating to Adult-Use Marijuana

This article proposes the legalization of marijuana for adult-use. The proposed changes are estimated to generate \$827,926 in net revenue in FY2023, based on an anticipated retail sales start date of May 2023. In FY2024, the first full year of retail sales, the anticipated net revenues increase to \$16.9 million. Revenue estimates were completed by the Office of Management and Budget (OMB) based on Rhode Island population data and adult-use marijuana revenues in other states. Specifically, the article:

- Legalizes the recreational use and purchase of marijuana for individuals aged twenty-one or older.
- Establishes the Marijuana Trust Fund, funded by taxes and fees collected from marijuana revenues, to distribute funds to municipalities, for state expenditures related to the market, and to general revenues.
- Establishes an overall tax rate on adult-use marijuana of approximately 20.0 percent, comprised of excise taxes and retail sales taxes.
- Establishes a timeline for no-fee automatic expungement of marijuana convictions that would no longer be criminal offenses.
- Includes provisions designed to ensure minority access to the industry and to ensure medical marijuana patients are not adversely impacted by the implementation of an adult-use market.

FISCAL IMPACT

The general revenue impact of Article 11 is summarized in the following tables:

Article 11 Revenues		
Initiative	FY2023	FY2024
Licensing Fees	\$3,800,000	\$2,690,000
Retail Excise Tax	2,354,579	9,418,317
Retail Sales Tax	1,648,206	6,592,822
Cultivator Excise Tax - Flower	1,231,783	4,927,133
Medical Cultivator Excise Tax	1,235,706	2,471,411
Cultivator Excise Tax - Trim	524,911	2,099,643
Total	\$10,795,185	\$28,199,326

Article 11 Net Impact		
Initiative	FY2023	FY2024
Total Revenues	\$10,795,185	\$28,199,326
State Expenditures	(2,698,796)	(7,049,832)
Additional Expenditures in Year 1	(5,287,137)	-
Share Dedicated to Municipalities	(1,619,109)	(4,229,899)
Auto-Expungement Revenue Loss	(362,048)	-
Annual General Revenue Transfer	\$827,926	\$16,919,596

Totals may vary due to rounding.

Analyst Note: Out year projections for the article's impact do not account for a court fee revenue loss in FY2024, however, since expungements are not scheduled to be completed until calendar year 2025, there will likely be some fee revenue lost from auto-expungements in FY2024.

ANALYSIS AND BACKGROUND

Adult-Use Marijuana: The article legalizes marijuana use for those aged twenty-one and older, sets possession limitations, and provides the Office of Cannabis Regulation (OCR) within the Department of Business Regulation (DBR) with the authority to oversee the proposed adult-use. The article would allow

individuals twenty-one or older to purchase up to one ounce of marijuana per day, and allows storage of up to five ounces of marijuana in a secured, locked container in their home. In households with two or more individuals aged over twenty-one, adults would be permitted to have up to ten ounces secured in a locked container. OCR would be responsible for overseeing the regulation, licensing, and control of the market. OCR will work in coordination with other impacted agencies, offer guidance to municipalities, and work in coordination with other states with a legal market.

The article provides DBR with the authority to limit the potency of products cultivated and sold, with a planned potency limit of 50.0 percent. Potency limitations would decrease production by approximately 12.9 percent. The article limits the amount of tetrahydrocannabinol (THC), which is the part of the marijuana plant that produces a high, to 5mg per serving, or 100mg per edible package. Marijuana products must not be packaged in a way that it is easy for a child to open and cannot be shaped in a way that children may find attractive, such as animals or vehicles.

The article prohibits the use of marijuana in public places, multi-unit housing (unless with explicit permission from the property owner), and places of business. The article does not permit the smoking or vaping of marijuana on public housing properties due to Housing and Urban Development (HUD) requirements for smoke-free public housing to prevent the risk of fire. While HUD does prohibit smoking on property, it does not explicitly prohibit vaping on properties and allows Public Housing Authorities to use their discretion.

Only licensed cultivators are permitted to cultivate marijuana and the article outlines penalties associated with the possession of marijuana plants without a cultivator license. Penalties range from financial penalties starting at \$2,000 per plant to criminal penalties for possession of more than twenty plants. Possessing marijuana in excess of permitted amounts is subject to an administrative penalty of \$2,000 per ounce and the forfeiture and/or destruction of the excess marijuana. Distribution to minors is a felony offense and is subject to a \$10,000 fine per violation.

The article 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.

The article establishes the Governor's Cannabis Reinvestment Task Force, comprised of 15 uncompensated members with one-year terms. The task force would include representatives from municipalities, faith-based organizations, small business owners, and at least two members of the industry. The task force must report findings and recommendations to OCR and OMB by July 1, 2023.

Massachusetts legalized adult-use marijuana in 2016, with sales beginning in 2018. There are a number of marijuana retailers close to the Rhode Island border including Fall River, Attleboro, and Uxbridge. In 2020, Massachusetts had \$702.4 million in total adult-use retail sales. Connecticut recently legalized adult-use marijuana, and anticipates retail sales to begin in late 2022.

Medical Marijuana: The article includes provisions that are intended to protect the viability of the medical marijuana program and mitigate any negative impacts on medical marijuana patients. The article permits licensed compassion centers to apply for a hybrid license, which would permit the licensee to have both a compassion center license and a retail adult-use market. A medical marijuana cultivator may also apply for a hybrid cultivator license to cultivate marijuana for both the medical marijuana program and the adult-use market. Applicants must be able to demonstrate that their expansion into the adult-use market will have no adverse impacts on the medical market or patients.

The article requires DBR, in collaboration with the Department of Health (DOH), and the Office of Management and Budget (OMB), to complete and deliver a study to the Governor, the Speaker of the House, and the President of the Senate by April 1, 2024. The study must analyze the impact that implementation of an adult-use market has had on the existing medical marijuana program and offer recommendations for avoiding adverse impacts on the medical marijuana program.

The article establishes a new weight-based cultivator excise tax, applicable to both medical and adult-use cultivators. Medical marijuana cultivators are not currently taxed. The cultivator excise tax is \$10 per ounce of flower, which is used to make products that are smoked, and \$3 per ounce of trim, which is used to make other marijuana products. The tax would be paid by the cultivator upon the transfer of marijuana. The new fee has an effective date of January 1, 2023, and is anticipated to generate \$1.2 million in revenue from the existing medical marijuana market.

Equal Opportunity Provisions: The article requires adherence with existing equal opportunity laws in the Hemp Growth Act. The article prohibits denial of cannabidiol (CBD) and any marijuana-related licenses on the basis of race, color, religion, sex, sexual orientation, gender identity or expression, age, national origin, or disability. In addition, the article requires that at least five or 20.0 percent, whichever is greater, of all the marijuana establishment licenses, must be awarded to qualifying Minority Business Enterprises (MBEs).

Marijuana Trust Fund: The article establishes the Marijuana Trust Fund as a restricted receipt account. All adult-use marijuana revenue would be deposited into the Marijuana Trust Fund; 25.0 percent of the funds would be allocated for state expenditures to be allocated to the appropriate agencies based on need, 15.0 percent of funds are dedicated to municipalities, and 60.0 percent of funds would be transferred to the general fund. The Budget allocates \$5.3 million in funding from the trust fund for expenditures related to adult-use marijuana for first-year expenditures of the adult-use marijuana program. First-year expenditures include additional training and resources for public safety departments and funding for substance use disorder prevention.

The Marijuana Trust Fund would be exempt from the indirect cost recovery provision of RIGL 35-4-27. The exclusion of the fund from indirect cost recovery requirements prevents 10.0 percent of the fund's balance from being deposited as general revenues.

Municipalities: The article outlines mechanisms for municipalities to prohibit some or all marijuana-related activities. Municipalities would have the opportunity to ban any or all marijuana licenses through zoning ordinances within their jurisdiction, but such ordinances may only remain in effect until November 8, 2022. At that point, a referendum would need to be conducted to continue the prohibitions, with a separate question for each type of license. If a referendum prohibiting a specific license were approved by a simple majority, no application for that license would be approved. For example, if a municipality prohibits retail licenses within their jurisdiction, OCR would not approve that license.

The Marijuana Trust Fund allocates 15.0 percent of revenues to municipalities, of which all municipalities would receive 25.0 percent regardless of their sales or license volume, an estimated \$10,379 per municipality in FY2023 and \$27,115 in FY2024. The remaining funding would be based on volume; 25.0 percent of the municipality allocation would be allocated based on license volume and the remaining 50.0 percent would be allocated based on sales volume. The following tables display the total municipality allocation for FY2023 and FY2024.

Estimated Municipality Distribution

Allocation	FY2023	FY2024
Sales Volume (50%)	\$809,555	\$2,114,950
License Volume (25%)	404,777	1,057,475
All Municipalities (25%)	404,777	1,057,475
Total	\$1,619,109	\$4,229,899

Public Safety: The article allows the testimony of certified drug recognition experts as evidence in cases of driving under the influence of drugs or alcohol and allows for the chemical analysis of saliva. The article amends RIGL 37-27-2.1 to add saliva to the list of chemical tests that drivers are deemed to have given consent to. The article requires a course on driving under the influence or a program for convicted individuals that meets the standards established by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH).

The Department of Public Safety and municipal police departments would require additional resources to train officers on recognizing individuals who are impaired by marijuana. The Budget allocates \$1.1 million in restricted receipts from adult-use marijuana revenues in FY2023, including \$500,000 for local police departments and \$395,931 for personnel and training, and \$184,133 for operating expenses to enforce provisions prohibiting driving under the influence.

Tax Administration: The article establishes tax rates on the retail sale of adult-use marijuana. An excise tax of \$10 per ounce of flower, which is used to make products that are smoked, is anticipated to generate \$1.2 million in FY2023 and \$4.9 million in FY2024. An excise tax of \$3 per ounce of trim, parts of the plant that can be used to make other products, is anticipated to generate \$524,911 in FY2023 and \$2.1 million in FY2024. The two weight-based excise taxes on flowers and trims equal approximately a 3.0 percent effective tax rate and would be paid upon the transfer of marijuana from the cultivator to the processor or retailer.

Retail sales would be taxed at the state sales tax rate of 7.0 percent and a 10.0 percent retail excise tax. The Budget assumes adult-use marijuana will increase sales tax revenues by \$2.3 million in FY2023 and \$6.6 million in FY2024. The retail excise tax is anticipated to generate \$2.4 million in FY2023 and \$9.4 million in FY2024. A 10.0 percent surcharge on tax payments made in cash will be collected from retail locations and deposited into a restricted receipt account for the handling of cash payments. The Budget did not assume any revenues from the cash surcharge.

Proposed Tax Rates on Adult-Use Marijuana

Initiative	Rate	FY2023	FY2024
Flower Excise Tax (per ounce)	\$10	\$1,231,783	\$4,927,133
Trim Excise Tax (per ounce)	\$3	524,911	2,099,643
Retail Excise Tax	10%	2,354,579	9,418,317
Sales Tax	7%	1,648,206	6,592,822
Total	20%	\$5,759,479	\$23,037,915

License and Application Fees: The article authorizes OCR to establish new licenses and the fees associated with applying for and obtaining licenses for adult-use marijuana retailers, labs, processors, cultivators, manufacturers, employees who work in the marijuana industry, and other ancillary licenses. The proposed licenses are separate from the existing medical marijuana cultivator and compassion center licenses. Hybrid licensees would be required to pay license fees for both the medical marijuana and adult-use markets. The anticipated revenues were estimated based on assumed regulations and are anticipated to generate \$3.8 million in FY2023 and \$2.7 million in FY2024.

- **Cultivator License:** In order to cultivate marijuana, an entity would be required to have a cultivator license with an application fee of \$5,000. Medical marijuana cultivators may apply for a hybrid license that would permit them to cultivate for both the adult-use and medical markets, however, they must demonstrate that doing so will not adversely impact the medical marijuana market. The cultivator licensing and application fees are projected to generate \$1.4 in revenues for FY2023.
- **Manufacturer License:** Manufacturers, or those who compound controlled substances to be sold or dispensed, would be required to pay an application fee of \$5,000 and an average license fee of \$15,000. The manufacturer licensing and application fees are projected to generate \$1.0 million in revenues for FY2023.

- **Retail License:** A retail license will be required to sell marijuana for adult-use. There would be a limit of 25 licenses issued per year for the first three years, for a maximum of 75 retail licenses. The retail license application fee would be \$5,000 and the license fee would be an additional \$15,000. The State estimates they will receive one-hundred applications and will approve 34 applicants, including nine hybrid licenses. Locations for marijuana retail sales cannot be within 1,000 feet of the property line of school, and must be permitted by zoning classifications or receive specific zoning approval. Retailers must have security measures in place, including video surveillance and alarms, a record-keeping system, and inventory tracking. Applications for retail locations that are in areas where residents have passed a majority referendum banning the retail sale of marijuana will be denied. The retail license fees are projected to generate \$1.0 million in revenues for FY2023.
- **Employee License:** The State estimates there would be an average of 20 employees per business, equaling 1,300 total new employee licenses. Employees must obtain an employee card at a cost of \$100 annually. The employee registration fees would generate a projected \$130,000 in revenues for FY2023.
- **Lab Testing:** Testing facilities are required to obtain a lab license with an associated application fee of \$5,000 and a license fee of \$20,000. The Budget anticipates they would receive three applications and approve two applications. The lab testing facility fees would generate \$55,000 in revenue in FY2023.
- **Ancillary Licenses:** Ancillary licenses are required by any other company providing products or services to the industry. Ancillary license fees are anticipated to generate \$225,000 at a fee of \$9,000 per license in FY2023.

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.
- Reauthorizes the collection of the hospital license fee in FY2023.
- 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 an additional 1.1 percent rate increase to nursing facilities, effective October 1, 2022, for a total inflationary increase of 3.0 percent.
- Allows for investments that are equal or greater already being made from the enhanced Home and Community Based Services to be made in lieu of the "Perry Sullivan" provision in FY2023.
- 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.
- 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.

FISCAL IMPACT

The changes result in a net general revenue expenditure increase of \$7.7 million (\$12.8 million all funds) in FY2023 relative to the November 2021 Caseload Estimating Conference (CEC) estimates.

Article 12 Expenditure Impact		
Initiative	General Revenue	All Funds
Postpartum Extension	\$4,252,695	\$6,615,000
Cover All Kids	1,923,356	2,362,338
Nursing Home Rate Increase	1,396,520	3,114,671
Meals on Wheels	165,129	360,466
Healthsource RI Auto-Enrollment	-	339,079
Total	\$7,737,700	\$12,791,554

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 License Fee

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.

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 Gov.	5.725%	170.2
FY2023 Gov.	5.725%	170.2

\$ in millions

Article 12 authorizes the hospital license fee at 5.725 percent in FY2022 and FY2023, consistent with the FY2022 Enacted Budget.

The rate is discounted by 37.0 percent in both years for hospitals located in Washington County (South County and Westerly Hospitals). The fee is assessed on hospital fiscal year 2020 revenues for FY2022 and hospital fiscal year 2021 revenues for FY2023. The Budget assumes revenues of \$170.2 million for FY2022 and FY2023.

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

Hospital Payments

Article 12 includes \$64.3 million in general revenue (\$142.5 million all funds) for payments to hospitals in FY2023, consistent with the November 2021 caseload estimate.

DSH Payment	FY2022 Enacted	FY2023 November CEC	FY2023 Governor	Change to Enacted	Change to CEC
General Revenue	\$65,418,986	\$64,293,284	\$64,293,284	(\$1,125,702)	\$0
Federal Funds	77,074,994	78,200,696	78,200,696	1,125,702	-
Total	\$142,493,980	\$142,493,980	\$142,493,980	\$0	\$0

- **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 FY2023 and FY2024, respectively. The article limits the aggregate amount of the payments to \$142.5 million all funds in FY2023 and FY2024.

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%
FY2022	FY2021	142.5	45.91%
FY2023	FY2022	142.5	45.12%
FY2024	FY2023	142.5	44.46%

\$ in millions

Nursing Home Rates

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 the article increases to 3.0 percent. The Budget includes \$1.4 million in additional general revenue costs (\$3.1 million all funds) to reflect the increase.

Perry Sullivan

The November 2021 Caseload Estimating Conference included \$17.7 million in general revenue (\$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 article allows for investments in HCBS equal or greater than the Perry Sullivan calculated appropriation to be made in lieu of the appropriation. The State received an enhanced FMAP on HCBS from the American Rescue Plan Act (ARPA). The Budget proposes using these restricted receipt funds for matchable home and community based services to further invest in HCBS. The Budget reduces general revenues by \$17.7 million (\$38.6 million all funds) to reflect the exclusion of this requirement in FY2023. The provision is satisfied by a \$25.8 million increase in restricted receipts (\$47.6 million all funds) from the ARPA enhanced FMAP for additional investments into HCBS.

Medicaid Postpartum Coverage

The article 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 which would be funded through state-only funds. The Budget includes an additional \$4.3 million in general revenue (\$6.6 million all funds) as compared to the November 2021 Caseload Estimating Conference to reflect the expanded eligibility.

Cover All Kids

The article 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 \$1.9 million in general revenue 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

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 a 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 \$165,129 in general revenue (\$360,466 all funds) for the rate increase and expanded services which are detailed in the table below.

	General Revenue	Federal Funds	All Funds
Rate Increase	\$98,839	\$116,919	\$215,758
Therapeutic Meals	66,291	78,417	144,708
Total	\$165,129	\$195,336	\$360,466

Healthsource RI Auto-Enrollment:

The article authorizes EOHHS to enter into a memorandum of understanding (MOU) with Healthsource RI (HSRI) to establish a program to automatically enroll individuals who lose Medicaid coverage upon the expiration of the public health emergency (PHE). The PHE has paused eligibility redeterminations, keeping individuals covered by Medicaid when they may otherwise have lost eligibility. Upon expiration of the PHE, individuals who lose Medicaid coverage would automatically be enrolled into one of Healthsource RI's qualified health plans (QHP) if they lack employer coverage.

HSRI will pay for the first month of coverage. According to HSRI, after the first month, the individual will likely have a very low monthly premium after tax credits. Billing will be the same as for other customers, which are mailed out monthly. If the individual were to fall behind on payment, they have a 90-day grace period to catch up before HSRI takes action, but they can only use the coverage for the first 30 days unpaid.

The amount owed will vary based on income and family size, but many will owe \$1 or less per month, with an average monthly premium of \$11 per month. The Budget includes \$339,079 in federal ARPA funds to pay for the first month of premiums.

1115 Wavier Extension

The article 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 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.

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.

FISCAL IMPACT

Article 13	Expenditures	Fund
Child Care Rates	\$4,656,596	ARPA CCDF
Postsecondard Child Care Assistance - FPL Increase	2,680,900	ARPA CCDF
Postsecondard Child Care Assistance - Remove Sunset	375,000	TANF
RI Works - Resource Limit Increase	100,000	TANF
RI Works - Earned Income Disregard Increase	150,000	TANF
Total	\$7,962,496	

The Governor includes an additional \$8.0 million in federal funds: \$7.3 million in American Rescue Plan Act (ARPA) Child Care Development Block Grant funds, and \$625,000 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 base rate will be set at the 40th percentile of the 2021 weekly market rate for infant/toddler, preschool, and school aged child care. 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 be paid on a tiered rate based on the quality rating the provider has achieved within the State's Quality Rating system. The Budget includes \$4.7 million in American Rescue Plan Act (ARPA) Child Care Development Block Grant (CCDF) funds to support the increased child care reimbursement rates.

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. 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.

Weekly Child Care Reimbursement Rates

Licensed Child Care Centers Infant/Toddler Rates	FY2019 Infant/Toddler Rates	FY2021/FY2022 Pandemic Enhanced Rates	FY2022 Infant/Toddler Rates	Art. 13 Infant/Toddler Rates	Change from FY2022	
Tier 1	\$198.48	\$257.54	\$236.36	\$260.00	\$23.64	10.0%
Tier 2	203.32	257.54	244.88	265.00	20.12	8.2%
Tier 3	218.81	257.54	257.15	270.00	12.85	5.0%
Tier 4	232.37	257.54	268.74	289.00	20.26	7.5%
Tier 5	257.54	273.00	284.39	300.00	15.61	5.5%

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	\$217.00	\$9.49	4.6%
Tier 2	169.80	195.67	212.27	222.00	9.73	4.6%
Tier 3	177.88	195.67	218.45	225.00	6.55	3.0%
Tier 4	182.73	195.67	223.50	250.00	26.50	11.9%
Tier 5	195.67	260.00	231.39	260.00	28.61	12.4%

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	\$180.38	\$188.00	\$7.62	4.2%
Tier 2	146.26	200.00	182.77	196.00	13.23	7.2%
Tier 3	146.26	200.00	185.17	200.00	14.83	8.0%
Tier 4	146.26	200.00	187.57	205.00	17.43	9.3%
Tier 5	146.26	245.00	189.97	210.00	20.03	10.5%

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.

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 \$1,000 in resources (excluding a home) and one vehicle per adult. Each month a typical family of three would receive about \$554 in assistance. Rhode Island Works (RIGL 40-5.2-5) replaced the Family Independence Program in 2008. This program is funded through the federal Temporary Assistance to Needy Families (TANF) program.

RI Works 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.

Article 14: 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
Human Services	New Lease	TBD	7,500	10- years	\$1,650,000	\$165,000	N/A
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.

Department of Human Services – New Lease

The article authorizes the Department of Human Services (DHS) to advertise a Request for Proposals seeking approximately 7,500 square feet of office space in Providence, allowing them to consolidate their Providence offices and customer facing space. The article provides the aggregate rent for a ten-year lease term not to exceed \$1.7 million, with an annual rent not to exceed \$165,000.

University of Rhode Island (URI) – Communicative Disorders Program Lease Renewal

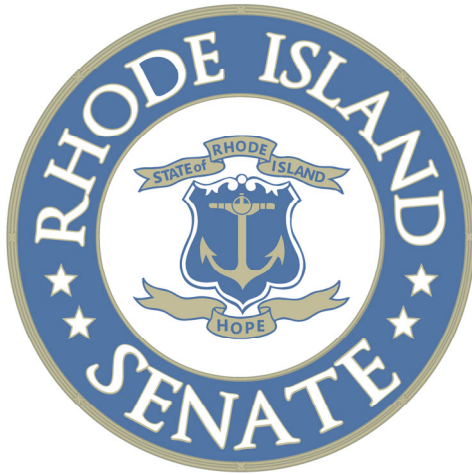
The article renews the lease with the Independence Square Foundation for 4,300 square feet of space located in Building II at 25 West Independence Way on the Kingston Campus of URI. The renewal will commence on February 1, 2023, and terminate on January 31, 2034. The lease payments will not exceed \$758,692 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 15 - Relating to Effective Date

This article provides that the Act will take effect on July 1, 2022, except as otherwise provided herein.



FY2022 SUPPLEMENTAL BUDGET ARTICLES

2022 – H-7122: Relating to Making Revised Appropriations in Support of FY2022

Article 1 outlines the appropriation amounts from all fund sources for the FY2022 Supplemental Budget. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; expenditure limits for internal service funds; and, disbursements of Lottery, Temporary Disability Insurance, Employment Security, and University and College Funds. This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also includes the following items:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,320.5 FTE positions reflecting a net increase of 7.3 FTE positions as compared to the authorized level set in the FY2022 Budget as Enacted.
- Details Community Service Objective grant funding recipients and amounts.
- 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 \$6.0 million be allocated to the Rhode Island Promise Scholarship program, \$9.6 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 1 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2022.

Expenditures by Source	FY2021 Final	FY2022 Enacted	FY2022 Governor	Change to Enacted
General Revenue	\$4,078.6	\$4,550.8	\$4,998.9	\$448.1
Federal Funds	6,603.3	5,862.7	6,051.1	188.4
Other Funds	2,067.5	2,334.6	2,264.6	(70.0)
Restricted Receipts	237.5	372.7	448.0	75.3
Total	\$12,986.9	\$13,120.8	\$13,762.6	\$641.8

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

- **Administration - Information Technology Investment Fund:** The Budget requires that \$50.0 million in general revenue be transferred to the Information Technology Investment Fund by the end of FY2022. The Budget 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 electronic medical records system for the state hospitals 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 Budget requires \$8.4 million in SFRF to support the operations and to 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.
- **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.
- **Public Safety – Body-worn Camera:** Includes \$15.0 million of one-time general revenue to support a new statewide body-worn camera program for law enforcement officers. On June 16, 2021, the State's political and law enforcement leadership announced support for a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers, across every municipal police department and the Rhode Island State Police, with body-worn cameras over by December 2022. All unexpended or unencumbered balances as of June 30, 2022, shall be reappropriated to FY2023.
- **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, \$50,000 is allocated to the Conservation Districts.

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	FY2022 Governor	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	1,351,116	(380,437)
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	\$553,111,715	\$3,902,209

FTE POSITIONS

Article 1 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. The Budget recommends 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 Governor	Change to Enacted
General Government	2,454.4	2,453.4	(1.0)
Human Services	3,682.6	3,682.3	(0.3)
Education	4,222.4	4,222.4	-
Public Safety	3,244.0	3,252.6	8.6
Natural Resources	431.0	431.0	-
Transportation	755.0	755.0	-
Subtotal	14,789.4	14,796.7	7.3
<i>Higher Ed. Sponsored Positions</i>	<i>523.8</i>	<i>523.8</i>	<i>-</i>
Total FTE Positions	15,313.2	15,320.5	7.3



APPENDIX

Summary Tables

GENERAL REVENUE BUDGET SURPLUS

	FY2020 Audited	FY2021 Prelim. Audit	FY2022 Enacted	FY2022 Governor	FY2023 Governor
Opening Surplus					
Free Surplus	\$30,502,912	\$156,188,375	\$281,411,255	\$374,956,654	\$135,509,903
Adjustment to Opening Surplus		\$93,176,701		\$212,685,030	
Reappropriated Surplus	10,296,451	5,336,653		8,446,365	
Subtotal	\$40,799,363	\$254,701,729	\$281,411,255	\$596,088,049	\$135,509,903
Total Revenues	\$4,183,713,406	4,431,578,564	\$4,410,736,347	\$4,690,263,000	\$4,750,363,927
To Cash Stabilization Fund	(126,426,490)	(137,238,234)	(140,764,428)	(151,956,590)	(146,576,215)
From Cash Stabilization Fund					
Total Available Resources	\$4,098,086,279	4,549,042,059	\$4,551,383,174	\$5,134,394,459	\$4,739,297,615
Total Expenditures	3,936,561,251	4,078,639,040	4,550,811,637	4,998,884,556	4,731,312,148
Total Surplus	161,525,028	470,403,019	571,537	135,509,903	7,985,467
Free Surplus	\$156,188,375	\$374,956,654	\$571,537	\$135,509,903	\$7,985,467
<i>Operating Surplus/(Deficit)</i>		<i>221,037,943</i>	<i>(280,839,718)</i>	<i>(452,131,781)</i>	<i>(127,524,436)</i>
Rainy Day Fund	\$90,710,816	\$228,305,616	\$234,607,380	\$253,260,983	\$244,293,692

ALL FUNDS EXPENDITURES

				Change from		Change from
General Government	FY2021 Final	FY2022 Enacted	FY2022 Governor	Enacted	FY2023 Governor	Enacted
Administration	\$717,465,965	\$595,170,045	\$1,153,108,332	\$557,938,287	\$674,988,778	\$79,818,733
Business Regulation	24,669,731	26,133,043	27,964,105	1,831,062	38,501,342	12,368,299
Executive Office of Commerce	113,501,219	192,734,874	256,684,216	63,949,342	271,935,471	79,200,597
Labor and Training	2,621,118,914	968,748,965	890,956,694	(77,792,271)	557,968,915	(410,780,050)
Revenue	572,274,026	839,568,490	763,920,391	(75,648,099)	876,904,002	37,335,512
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	14,063,777	2,006,558
General Treasurer	17,490,563	47,819,863	48,954,051	1,134,188	49,400,452	1,580,589
Board of Elections	3,368,250	2,671,768	2,783,896	112,128	6,126,861	3,455,093
Ethics Commission	1,832,317	1,867,351	1,969,646	102,295	2,029,145	161,794
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	2,041,315	132,316
Public Utilities Commission	9,203,400	12,466,346	13,777,479	1,311,133	13,419,765	953,419
Total	\$4,146,969,235	\$2,755,676,837	\$3,237,361,881	\$481,685,044	\$2,566,347,864	(\$189,328,973)
Health and Human Services						
Office of Health and Human Services	\$2,858,538,551	\$3,195,762,458	\$3,426,633,244	\$230,870,786	\$3,285,316,761	\$89,554,303
Children, Youth, and Families	246,826,715	276,478,466	291,050,746	14,572,280	295,470,910	18,992,444
Health	471,503,375	470,845,303	591,236,756	120,391,453	372,988,689	(97,856,614)
Human Services	764,833,043	742,313,985	936,892,269	194,578,284	882,471,321	140,157,336
BHDDH	443,844,959	523,599,253	550,254,356	26,655,103	596,462,607	72,863,354
Commission on Disabilities	1,266,566	1,530,481	1,567,206	36,725	1,604,382	73,901
Deaf & Hard of Hearing	755,075	818,664	780,085	(38,579)	816,876	(1,788)
Office of the Child Advocate	991,174	1,243,526	1,166,531	(76,995)	1,160,468	(83,058)
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	\$5,800,302,527	\$587,030,201	\$5,437,265,343	\$223,993,017
Education						
Elementary and Secondary Education	\$1,598,353,592	\$2,246,027,483	\$1,780,014,314	(\$466,013,169)	\$1,896,274,154	(\$349,753,329)
Public Higher Education	1,168,041,243	1,371,416,880	1,271,584,411	(99,832,469)	1,309,209,443	(62,207,437)
Council on the Arts	3,963,908	5,261,293	4,598,297	(662,996)	4,058,765	(1,202,528)
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	2,786,148	123,803	2,912,736	250,391
Total	\$2,773,789,878	\$3,627,327,574	\$3,060,995,586	(\$566,331,988)	\$3,213,991,494	(\$413,336,080)
Public Safety						
Attorney General	\$33,389,793	\$35,798,361	\$38,708,814	\$2,910,453	\$40,503,027	\$4,704,666
Corrections	247,308,161	245,921,150	261,545,866	15,624,716	250,656,965	4,735,815
Judiciary	115,918,944	130,425,354	137,846,505	7,421,151	140,314,039	9,888,685
Military Staff	22,726,458	41,224,771	47,682,785	6,458,014	46,997,278	5,772,507
Emergency Management Agency	41,275,682	22,534,686	37,019,045	14,484,359	37,111,828	14,577,142
Public Safety	126,315,297	153,862,337	166,993,536	13,131,199	161,809,686	7,947,349
Public Defender	12,301,420	13,507,264	14,312,702	805,438	14,634,150	1,126,886
Total	\$599,235,755	\$643,273,923	\$704,109,253	\$60,835,330	\$692,026,973	\$48,753,050
Natural Resources						
Environmental Management	\$84,669,020	\$107,920,372	\$142,602,476	\$34,682,104	\$123,577,644	\$15,657,272
Coastal Resources Management	4,354,930	5,460,276	6,155,198	694,922	7,407,579	1,947,303
Total	\$89,023,950	\$113,380,648	\$148,757,674	\$35,377,026	\$130,985,223	\$17,604,575
Transportation						
Transportation	588,687,688	767,880,998	811,087,770	43,206,772	784,398,131	16,517,133
Grand Total	\$12,986,901,481	\$13,120,812,306	\$13,762,614,691	\$641,802,385	\$12,825,015,028	(\$295,797,278)

GENERAL REVENUE EXPENDITURES

General Government	FY2021 Final	FY2022 Enacted	FY2022 Governor	Change from Enacted	FY2023 Governor	Change from Enacted
Administration	\$350,166,995	\$196,032,533	\$644,429,102	\$448,396,569	\$224,631,464	\$28,598,931
Business Regulation	15,221,382	19,239,606	20,790,554	1,550,948	22,949,009	3,709,403
Executive Office of Commerce	59,658,803	98,845,603	98,520,166	(325,437)	38,133,622	(60,711,981)
Labor and Training	12,667,537	15,366,720	16,633,876	1,267,156	16,357,270	990,550
Revenue	122,575,064	267,868,120	260,144,822	(7,723,298)	300,382,840	32,514,720
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	11,727,015	1,951,944
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	6,126,861	3,455,093
Ethics Commission	1,832,317	1,867,351	1,969,646	102,295	2,029,145	161,794
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	1,632,904	146,323
Public Utilities Commission	-	-	-	-	-	-
Total	\$628,516,561	\$669,129,112	\$1,120,943,775	\$451,814,663	\$684,577,562	\$15,448,450
Health and Human Services						
Office of Health and Human Services	\$909,547,935	\$1,100,190,655	\$1,023,899,791	(\$76,290,864)	\$1,163,179,267	\$62,988,612
Children, Youth, and Families	166,024,592	193,284,942	195,690,266	2,405,324	200,369,523	7,084,581
Health	207,495,587	31,030,190	33,225,823	2,195,633	32,752,820	1,722,630
Human Services	99,159,088	123,896,295	125,717,323	1,821,028	127,939,433	4,043,138
BHDDH	189,777,370	271,942,823	279,157,219	7,214,396	305,683,880	33,741,057
Governor's Commission on Disabilities	834,302	1,090,710	1,118,123	27,413	1,141,489	50,779
Governor's Commission on the Deaf	575,032	655,862	699,765	43,903	716,876	61,014
Office of the Child Advocate	937,682	1,036,219	1,104,557	68,338	1,152,930	116,711
Office of the Mental Health Advocate	635,517	680,190	721,334	41,144	738,882	58,692
Total	\$1,574,987,105	\$1,723,807,886	\$1,661,334,201	(\$62,473,685)	\$1,833,675,100	\$109,867,214
Education						
Elementary and Secondary Education	\$1,280,130,112	\$1,330,848,245	\$1,333,374,881	\$2,526,636	\$1,372,667,896	\$41,819,651
Public Higher Education	238,027,137	259,968,593	266,524,498	6,555,905	263,669,406	3,700,813
Council on the Arts	2,002,290	2,048,651	2,112,307	63,656	2,134,088	85,437
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	1,462,059	71,355	1,572,452	181,748
Total	\$1,522,546,480	\$1,595,332,363	\$1,604,613,096	\$9,280,733	\$1,641,190,605	\$45,858,242
Public Safety						
Attorney General	\$28,341,623	\$29,820,364	\$32,022,145	\$2,201,781	\$32,301,963	\$2,481,599
Corrections	108,846,160	236,349,944	248,193,611	11,843,667	234,393,527	(1,956,417)
Judiciary	99,677,787	107,908,680	114,094,038	6,185,358	115,267,766	7,359,086
Military Staff	2,730,654	2,723,714	2,965,991	242,277	3,145,133	421,419
Emergency Management Agency	12,648,865	2,710,290	2,798,313	88,023	4,038,154	1,327,864
Public Safety	43,129,422	120,604,312	123,920,921	3,316,609	113,379,333	(7,224,979)
Public Defender	12,163,523	13,431,599	14,217,650	786,051	14,568,485	1,136,886
Total	\$307,538,034	\$513,548,903	\$538,212,669	\$24,663,766	\$517,094,361	\$3,545,458
Natural Resources						
Environmental Management	\$42,594,254	\$46,183,840	\$70,791,943	\$24,608,103	\$51,597,245	\$5,413,405
Coastal Resources Management Council	2,456,606	2,809,533	2,988,872	179,339	3,177,275	367,742
Total	\$45,050,860	\$48,993,373	\$73,780,815	\$24,787,442	\$54,774,520	\$5,781,147
Transportation						
Transportation	\$0	-	-	-	-	-
Grand Total	\$4,078,639,040	\$4,550,811,637	\$4,998,884,556	\$448,072,919	\$4,731,312,148	\$180,500,511

PERSONNEL

	FY2021	FY2022	FY2022	Change	FY2023	Change
	Actual	Enacted	Governor	from	Governor	from
				Enacted		Enacted
General Government						
Administration	647.7	650.7	650.7	-	660.7	10.0
Business Regulation	161.0	162.0	162.0	-	176.0	14.0
Executive Office of Commerce	14.0	16.0	16.0	-	21.0	5.0
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	-	90.0	1.0
Board of Elections	13.0	13.0	13.0	-	13.0	-
Ethics Commission	12.0	12.0	12.0	-	12.0	-
Office of the Governor	45.0	45.0	45.0	-	45.0	-
Commission for Human Rights	14.5	14.0	14.0	-	14.0	-
Public Utilities Commission	52.0	54.0	54.0	-	54.0	-
Total	2,441.9	2,454.4	2,453.4	(1.0)	2,488.4	34.0
Human Services						
Office of Health and Human Services	192.0	190.0	190.0	-	200.0	10.0
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)	1,047.0	(0.1)
BHDDH	1,188.4	1,190.4	1,190.4	-	1,201.4	11.0
Office of the Child Advocate	10.0	10.0	10.0	-	10.0	-
Governor's Commission on the Deaf	4.0	4.0	4.0	-	4.0	-
Governor's Commission on Disabilities	4.0	4.0	4.0	-	4.0	-
Office of the Mental Health Advocate	4.0	4.0	4.0	-	6.0	2.0
State Council on Developmental Disabilities		0	0		0	
Total	3,571.6	3,682.6	3,682.3	(0.3)	3,710.3	27.7
Education						
Elementary and Secondary Education	325.1	326.1	326.1	-	328.1	2.0
Public Higher Education	3,860.5	3,862.5	3,862.5	-	3,866.5	4.0
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	-	4,228.4	6.0
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	-	733.3	7.0
Military Staff	92.0	92.0	92.0	-	93.0	1.0
Emergency Management	32.0	33.0	33.0	-	33.0	-
Public Safety	593.6	622.6	631.2	8.6	635.2	12.6
Public Defender	96.0	99.0	99.0	-	99.0	-
Total	3,190.0	3,244.0	3,252.6	8.6	3,269.6	25.6
Natural Resources						
Environmental Management	394.0	401.0	401.0	-	410.0	9.0
Coastal Resources Management Council	30.0	30.0	30.0	-	31.0	1.0
Total	424.0	431.0	431.0	-	441.0	10.0
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	15,320.5	7.3	15,416.5	103.3

MUNICIPAL AID: DIRECT AID

FY2023 Direct Municipal Aid to Cities and Towns

Municipality	FY2022 Enacted	Distressed				Governor's FY2023	Change from FY2022 Enacted
		Payment in Lieu of Taxes	Communities Relief Fund	Motor Vehicle Excise Tax	Library Grant- in-Aid		
Barrington	\$3,948,759	\$17,255	-	\$4,442,492	\$293,430	\$4,753,177	\$696,867
Bristol	2,992,820	1,340,127	-	1,605,156	197,714	3,142,997	(142,117)
Burrillville	3,489,385	100,149	-	3,870,050	180,942	4,151,141	429,825
Central Falls	1,785,089	-	235,462	1,739,467	32,808	2,007,737	222,648
Charlestown	570,399	-	-	516,068	57,653	573,721	3,322
Coventry	3,338,356	-	-	3,237,936	200,907	3,438,843	100,487
Cranston	22,869,637	4,761,971	1,342,778	17,439,442	699,781	24,243,972	1,374,335
Cumberland	3,382,494	-	-	3,258,801	302,252	3,561,053	148,715
East Greenwich	1,718,994	736,665	-	912,981	121,281	1,770,927	2,743
East Providence	6,307,364	268,367	-	6,755,542	459,406	7,483,315	1,121,960
Exeter	1,234,275	-	-	1,564,804	51,312	1,616,116	351,940
Foster	1,062,224	-	-	1,250,448	35,329	1,285,777	223,553
Glocester	1,287,169	-	-	1,478,368	85,356	1,563,724	276,555
Hopkinton	933,552	-	-	960,602	37,727	998,329	64,777
Jamestown	292,136	-	-	158,502	115,315	273,817	(18,319)
Johnston	6,628,400	-	-	7,941,051	118,037	8,059,088	1,430,688
Lincoln	2,612,923	-	-	3,652,032	209,822	3,861,854	1,248,931
Little Compton	142,504	-	-	103,638	39,139	142,777	273
Middletown	921,413	-	-	919,620	150,605	1,070,225	103,807
Narragansett	613,241	-	-	537,544	89,530	627,074	13,833
Newport	2,689,322	1,607,219	-	848,630	435,366	2,891,215	201,893
New Shoreham	186,389	-	-	96,719	87,097	183,816	(65,898)
North Kingstown	2,317,743	1,093	-	2,748,554	309,217	3,058,864	741,121
North Providence	7,887,025	-	1,075,446	7,867,397	215,681	9,158,524	1,271,499
North Smithfield	2,742,782	-	-	3,292,438	85,342	3,377,780	634,998
Pawtucket	14,187,255	2,912	1,651,225	13,679,656	345,066	15,678,859	1,491,604
Portsmouth	1,196,871	-	-	1,300,336	118,348	1,418,684	221,813
Providence	66,911,152	34,041,052	6,171,331	29,201,972	1,357,842	70,772,197	3,214,599
Richmond	783,056	-	-	854,261	28,138	882,399	99,343
Scituate	684,074	-	-	964,460	116,307	1,080,767	396,693
Smithfield	5,058,736	866,869	-	5,126,090	325,807	6,318,766	1,260,030
South Kingstown	2,110,827	206,559	-	1,816,922	234,588	2,258,069	147,242
Tiverton	654,324	-	-	470,683	130,938	601,621	(352,324)
Warren	1,171,806	-	-	1,375,292	68,651	1,443,943	272,137
Warwick	15,283,208	1,502,042	-	17,895,813	658,109	20,055,964	4,772,756
Westerly	3,445,481	187,778	-	3,992,668	368,242	4,548,688	849,440
West Greenwich	703,470	-	-	665,198	50,392	715,590	12,120
West Warwick	4,133,868	-	1,063,602	3,927,673	182,145	5,173,420	1,039,552
Woonsocket	8,479,087	449,445	844,614	7,915,029	202,788	9,411,876	932,789
SRL ¹	701,052	-	-	-	701,052	701,052	-
ILG ²	62,609	-	-	-	62,609	62,609	-
Fire Districts	171,125	-	-	210,266	-	210,266	39,141
Total	\$207,692,396	\$46,089,504	\$12,384,458	\$166,594,596	\$9,562,072	\$234,630,633	\$24,835,371

¹ SRL: Statewide Reference Library Resources Grant² ILG: Grant-in-Aid to Institutional Libraries

Total Library Construction Aid FY2023 is \$1.9 million

MUNICIPAL AID: INDIRECT AID**FY2023 - Indirect Municipal Aid to Cities and Towns**

Municipality	FY2022	Public Service	Hotel Tax	Meals and	Airport	Governor's	Change from
	Enacted	Corp. Tax		Beverage Tax	Impact Fees¹	FY2023	FY2022
Barrington	\$373,105	\$192,114	\$3,177	\$209,372	-	404,663	\$31,558
Bristol	769,969	263,739	79,822	578,357	-	921,918	151,949
Burrillville	400,418	197,557	100	244,515	-	442,172	41,754
Central Falls	362,378	231,392	102	168,323	-	399,817	37,439
Charlestown	327,368	92,883	71,738	206,167	-	370,788	43,420
Coventry	922,728	412,395	95,369	552,207	-	1,059,971	137,243
Cranston	2,900,036	967,705	34,264	2,386,323	-	3,388,292	488,256
Cumberland	921,720	415,003	445	622,715	-	1,038,163	116,443
East Greenwich	863,149	155,790	2,468	862,738	-	1,020,996	157,847
East Providence	1,640,185	565,505	95,853	1,278,106	-	1,939,464	299,279
Exeter	189,761	79,366	318	137,118	-	216,802	27,041
Foster	75,942	56,130	6,154	23,488	-	85,772	9,830
Glocester	200,244	120,775	4,256	95,575	-	220,606	20,362
Hopkinton	150,601	96,432	2,983	62,572	-	161,987	11,386
Jamestown	184,035	65,431	47,270	98,739	-	211,440	27,405
Johnston	1,030,772	349,035	19,002	856,674	-	1,224,711	193,939
Lincoln	1,159,470	258,808	113,535	908,267	25,000	1,305,610	146,140
Little Compton	123,387	41,553	40,816	69,652	-	152,021	28,634
Middletown	1,763,128	190,768	1,323,366	938,204	42,340	2,494,678	731,550
Narragansett	1,088,761	184,599	378,077	812,296	-	1,374,972	286,211
Newport	4,581,254	293,727	3,699,760	2,871,529	-	6,865,016	2,283,762
New Shoreham	957,827	10,909	889,953	464,236	31,017	1,396,115	438,288
North Kingstown	1,047,532	312,449	148,126	732,265	64,987	1,257,827	210,295
North Providence	776,856	387,825	2,086	507,955	-	897,866	121,010
North Smithfield	462,236	147,834	5,108	388,589	-	541,531	79,295
Pawtucket	1,815,464	855,635	98,875	1,163,046	-	2,117,556	302,092
Portsmouth	488,570	206,787	23,587	333,700	-	564,074	75,504
Providence	9,312,032	2,137,706	1,295,018	6,767,163	-	10,199,887	887,855
Richmond	241,659	91,144	20,737	179,970	-	291,851	50,192
Scituate	195,342	126,647	11,618	79,384	-	217,649	22,307
Smithfield	1,217,151	258,355	186,303	999,381	25,000	1,469,039	251,888
South Kingstown	1,419,088	365,054	229,823	1,108,968	-	1,703,845	284,757
Tiverton	456,780	187,862	7,134	339,276	-	534,272	77,492
Warren	441,385	124,908	1,187	393,119	-	519,214	77,829
Warwick	5,590,211	964,596	1,000,497	3,610,776	780,829	6,356,698	766,487
Westerly	1,786,536	268,491	1,544,274	1,123,782	40,863	2,977,410	1,190,874
West Greenwich	292,017	74,125	145,729	152,616	-	372,470	80,453
West Warwick	832,471	344,712	158,257	487,336	-	990,305	157,834
Woonsocket	1,089,525	495,479	63,318	695,964	-	1,254,761	165,236
Total	\$48,451,093	\$12,591,223	\$11,850,506	\$33,510,462	\$1,010,036	\$58,962,229	\$10,511,136

¹ Airport Impact Aid distributions are Senate Fiscal Office Estimates and are based on May 2020 landing data. Final distribution levels will be adjusted based on updated CY2021 data.

EDUCATION AID

FY2023 Governor's Education Aid - Change to FY2022 Budget as Enacted¹

Districts	FY2022 Enacted (includes group home and categoricals)	FY2023 Formula Change	Hold Harmless	Adjustment for FY2022 Property Tax Data	Density Aid	Transportation	High-cost Special Education	Group Home ²	English Learners	Stabilization Funding	Total Change	FY2023 Education Aid
Barrington	\$8,232,393	\$1,853,240	\$0	\$0	\$0	\$39,481	(\$68,729)	\$0	(\$302)	\$0	\$1,823,690	\$10,056,083
Burrillville	13,994,930	(1,635,127)	1,635,127	-	(23,500)	5,803	86,699	(75,207)	(567)	-	(6,771)	13,988,158
Charlestown	1,291,375	(121,387)	121,387	-	-	-	-	-	(75)	-	(75)	1,291,300
Coventry	24,191,220	(533,190)	533,190	-	-	7,448	(1,990)	(2,299)	(261)	-	2,899	24,194,118
Cranston	69,876,885	(4,263,659)	4,263,659	-	-	(115,863)	(30,446)	-	6,873	-	(139,436)	69,737,449
Cumberland	20,556,190	68,326	-	748,963	12,000	(3,273)	(4,218)	-	(910)	-	820,888	21,377,077
East Greenwich	4,542,049	878,666	-	-	-	48,162	(46,153)	-	252	-	880,926	5,422,975
East Providence	36,956,354	(2,885,563)	2,885,563	-	-	(3,651)	(138,213)	(33,850)	(2,555)	-	(178,269)	36,778,085
Foster	1,106,412	(69,798)	69,798	3,290	-	(16,074)	(10,033)	-	-	-	(22,817)	1,083,595
Glocester	2,481,208	(119,935)	119,935	-	-	(11,701)	(21,453)	-	-	-	(33,154)	2,448,054
Hopkinton	5,590,838	(226,216)	226,216	-	-	-	-	-	182	-	182	5,591,020
Jamestown	339,230	(71,766)	71,766	-	-	-	41,043	-	(20)	-	41,023	380,253
Johnston	19,970,937	(1,724,248)	1,724,248	-	-	(57,255)	83,817	-	(3,843)	-	22,719	19,993,656
Lincoln	16,231,922	(480,948)	480,948	-	5,500	-	(85,916)	797	(1,375)	-	(80,994)	16,150,928
Little Compton	432,020	(104,776)	104,776	-	-	-	-	-	-	-	-	432,020
Middletown	8,185,474	(1,379,327)	1,379,327	-	-	-	(11,674)	-	(1,825)	-	(13,498)	8,171,976
Narragansett	2,196,991	(861,280)	861,280	-	-	-	(10,534)	-	(184)	-	(10,718)	2,186,273
Newport	15,005,285	(1,881,371)	1,881,371	-	-	-	(29,189)	3,747	(13,370)	-	(38,812)	14,966,473
New Shoreham	237,000	(137,201)	137,201	-	-	-	(3,957)	-	(489)	-	(4,445)	232,555
North Kingstown	11,302,964	(1,492,163)	1,492,163	-	-	-	(25,956)	-	(1,216)	-	(27,172)	11,275,792
North Providence	27,298,295	(636,749)	636,749	-	(14,500)	(31,364)	195,516	(2,370)	392	-	147,674	27,445,969
North Smithfield	6,372,462	186,079	-	-	-	2,708	28,044	(96,893)	1,743	-	121,682	6,494,144
Pawtucket	96,013,908	(625,752)	625,752	-	(74,500)	29,998	(74,334)	(17,103)	21,138	-	(114,801)	95,899,108
Portsmouth	3,800,557	(1,083,168)	1,083,168	-	-	17,886	(29,485)	(136,099)	(120)	-	(147,818)	3,652,739
Providence	277,047,845	(18,899,401)	18,899,401	-	(187,000)	147,788	316,273	(153,906)	(145,490)	-	(22,335)	277,025,510
Richmond	5,150,039	42,590	-	-	-	-	-	-	385	-	42,975	5,193,014
Scituate	2,535,612	31,637	-	-	-	(2,622)	(18,167)	-	-	-	10,848	2,546,460
Smithfield	7,085,404	629,038	-	-	-	(54,975)	(29,596)	(105,752)	256	-	438,970	7,524,374
South Kingstown	4,969,167	(830,443)	830,443	-	-	(55,552)	29,216	2,173	(1,031)	-	(25,194)	4,943,973
Tiverton	6,896,308	(952,952)	952,952	-	-	-	88,801	-	(254)	-	88,546	6,984,854
Warwick	40,271,672	(1,666,012)	1,666,012	-	-	417	(54,607)	(1,506)	1,429	-	(54,267)	40,217,405
Westerly	8,083,720	(1,366,663)	1,366,663	-	-	-	(80,683)	-	(142)	-	(80,825)	8,002,895
West Warwick	30,945,716	(315,478)	315,478	-	-	(9,248)	(20,533)	-	3,015	-	(26,766)	30,918,951
Woonsocket	70,423,976	(1,567,811)	1,567,811	-	(49,000)	31,300	32,922	(34,510)	(173)	-	(19,460)	70,404,516
Bristol-Warren ³	13,130,077	(1,244,811)	1,244,811	-	-	59,033	(58,414)	(43)	(50)	-	526	13,130,603
Exeter-West Greenwich ³	5,468,643	(27,717)	27,717	-	-	93,139	11,870	(10,106)	(126)	-	94,777	5,563,420
Chariho	1,847,044	-	-	-	-	18,068	(50,069)	-	-	-	(32,001)	1,815,043
Foster-Glocester ³	5,763,334	(122,937)	122,937	5,233	-	(108,564)	(64,690)	-	(22)	-	(168,043)	5,595,291
Central Falls	48,422,397	(1,348,583)	1,348,583	-	(37,500)	(31,087)	45,761	-	(18,745)	1,000,000	958,429	49,380,826
District Total	\$924,247,852	(\$44,986,859)	\$48,676,435	\$757,486	(\$368,500)	(\$0)	(\$9,074)	(\$662,927)	(\$157,478)	\$1,000,000	\$4,249,084	\$928,496,935
Charter School Total	124,745,401	17,157,783	925,642	81,896	-	-	9,074	-	148,733	-	18,323,127	143,068,528
Davies	14,437,989	233,755	-	2,988	-	-	-	-	1,230	742,655	980,628	15,418,617
Met School	9,358,555	137,291	-	-	-	-	-	-	6,895	-	144,186	9,502,741
Urban Collaborative	1,636,988	(71,820)	71,820	212	-	-	-	-	620	-	832	1,637,820
Total	\$1,074,426,785	(\$27,529,850)	\$49,673,897	\$842,582	(\$368,500)	(\$0)	(\$0)	(\$662,927)	\$0	\$1,742,655	\$23,697,857	\$1,098,124,644

¹ Based on March 2021 enrollment updated for projected charter school growth. Expected to be updated when March 2022 data is available.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.

Source: Rhode Island Department of Education

COMMUNITY SERVICE OBJECTIVE GRANTS

Agency	Grant Recipient	FY2022 Enacted	FY2022 GOV REC	Change	FY2023 GOV REC	Change
Administration	City Year - Whole School Whole Child Program	\$130,000	\$130,000	\$0	\$130,000	\$0
Executive Office of Commerce	Polaris Manufacturing Technical Assistance Program	350,000	350,000	-	350,000	-
	International Trade and Export Programming	476,200	476,200	-	476,200	-
	Minority Entrepreneurship	140,000	140,000	-	140,000	-
	East Providence Waterfront Commission	50,000	50,000	-	50,000	-
		\$1,016,200	\$1,016,200	\$0	\$1,016,200	\$0
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	530,000	530,000	-	530,000	-
	Senior Center Support	800,000	800,000	-	1,000,000	200,000
	Elderly Nutrition	50,000	580,000	530,000	580,000	530,000
		\$1,830,000	\$2,360,000	\$530,000	\$2,560,000	\$730,000
Human Services	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
	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	-
	Higher Ground International	-	-	-	50,000	50,000
	Refugee Dream Center	-	-	-	50,000	50,000
		\$2,442,000	\$2,617,000	\$175,000	\$3,117,000	\$675,000
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	-
		\$430,000	\$430,000	\$0	\$430,000	\$0
University of Rhode Island	Small Business Development Center	350,000	700,000	350,000	700,000	350,000
	Special Olympics Rhode Island	50,000	50,000	-	50,000	-
		\$400,000	\$750,000	\$350,000	\$750,000	\$350,000
Arts Council	WaterFire Providence	375,000	375,000	-	375,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-	30,000	-
Corrections	Crossroads	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		\$8,701,200	\$9,756,200	\$1,055,000	\$10,456,200	\$1,755,000

STATE FISCAL RECOVERY FUNDS

Governor's Proposed State Fiscal Recovery Fund Plan

Department	Initiative	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Administration	Auto-Enrollment Program HSRI	\$502,526	\$339,079	-	-	-	-	\$841,605
Administration	Aid to the Convention Center	8,370,000	17,700,000	13,425,000	5,540,000	2,000,000	-	47,035,000
Administration	OER Electric Heat Pumps	-	4,900,500	10,233,000	10,665,000	8,377,000	2,824,500	37,000,000
Administration	Eligibility Extension Compliance (HSRI)	92,176	125,618	-	-	-	-	217,794
Administration	COVID-19 Ongoing Response	50,000,000	75,000,000	25,052,439	-	-	-	150,052,439
Administration	Nonprofit Assistance / Food Insecurity	-	10,000,000	-	-	-	-	10,000,000
Administration	Enterprise Resource Planning (ERP)	-	2,200,000	-	-	-	-	2,200,000
Administration	Reserve/Contingency	-	-	-	-	-	-	-
Attorney General	Mental Health Court Pilot Program	-	204,005	210,179	220,687	-	-	634,871
BHDDH	Crisis Intervention Trainings	-	550,000	550,000	550,000	550,000	-	2,200,000
BHDDH	Emergency Staffing ESH	-	194,557	-	-	-	-	194,557
BHDDH	Emergency Staffing ESH Zambrano	-	167,775	-	-	-	-	167,775
BHDDH	Emergency Staffing ESH State Psychiatric Hospital	-	92,168	-	-	-	-	92,168
Business Regulation	Blockchain Digital Identity	-	1,500,000	1,000,000	-	-	-	2,500,000
Business Regulation	OHIC Health Spending Accountability and Transparency Program	-	500,000	-	-	-	-	500,000
Commerce	Development of Affordable Housing	15,000,000	20,000,000	30,000,000	25,000,000	-	-	90,000,000
Commerce	Housing Stability	1,500,000	7,000,000	7,000,000	6,000,000	-	-	21,500,000
Commerce	Site Acquisition	12,000,000	3,000,000	5,000,000	5,000,000	-	-	25,000,000
Commerce	OHCD Predevelopment and Capacity Building	500,000	500,000	500,000	-	-	-	1,500,000
Commerce	Small Business Financial and Technical Assistance	32,000,000	13,000,000	-	-	-	-	45,000,000
Commerce	Aid to Tourism, Hospitality, and Events Industries	13,000,000	15,500,000	-	-	-	-	28,500,000
Commerce	Statewide Broadband Planning and Mapping	500,000	-	-	-	-	-	500,000
Commerce	Minority Business Accelerator	-	1,500,000	6,000,000	2,500,000	-	-	10,000,000
Commerce	Down Payment Assistance in Hard Hit Neighborhoods	-	15,000,000	20,000,000	15,000,000	-	-	50,000,000
Commerce	Workforce Housing	-	12,000,000	8,000,000	-	-	-	20,000,000
Commerce	Affordable Housing Predevelopment Program	-	2,500,000	2,500,000	2,500,000	2,500,000	-	10,000,000
Commerce	Community Revitalization	-	15,000,000	10,000,000	-	-	-	25,000,000
Commerce	Port of Davisville	-	6,000,000	19,360,000	27,000,000	7,640,000	-	60,000,000
Commerce	Statewide Housing Plan	-	2,000,000	-	-	-	-	2,000,000
Commerce	South Quay Marine Terminal	-	12,000,000	23,000,000	-	-	-	35,000,000
Commerce	Homelessness Infrastructure	-	5,000,000	-	-	-	-	5,000,000
Commerce	Blue Economy Investments	-	10,000,000	40,000,000	20,000,000	-	-	70,000,000
Commerce	Bioscience Investments	-	5,000,000	15,000,000	9,000,000	1,000,000	-	30,000,000
Commerce	SBA Loan Interest Subsidy	-	20,000,000	-	-	-	-	20,000,000
Commerce	Main Streets Revitalization	-	5,000,000	-	-	-	-	5,000,000
Corrections	Wi-Fi and Tech at the ACI	-	3,100,000	100,000	50,000	50,000	25,000	3,325,000
Corrections	Radio System	-	2,700,000	-	-	-	-	2,700,000
DCYF	DCYF Provider Workforce Stabilization	12,500,000	-	-	-	-	-	12,500,000
DCYF	Psychiatric Residential Treatment Facility	-	6,000,000	-	-	-	-	6,000,000
DCYF	Lead Abatement & Fire Safety Upgrades in Foster Homes	-	1,500,000	375,000	-	-	-	1,875,000
Elementary and Secondary Education	Municipal Learning Centers	-	5,000,000	5,000,000	5,000,000	-	-	15,000,000
Environmental Management	Galilee Port Rehabilitation	-	6,000,000	4,000,000	10,000,000	16,000,000	10,000,000	46,000,000
Environmental Management	Permit and Licensing IT Investments	-	2,825,000	2,000,000	500,000	500,000	-	5,825,000
EOHHS	Pediatric Health Care Recovery	7,500,000	7,500,000	-	-	-	-	15,000,000
EOHHS	Early Intervention Recovery	5,500,000	5,500,000	-	-	-	-	11,000,000
EOHHS	Eligibility Extension Compliance (EOHHS)	10,094	56,722	-	-	-	-	66,816
EOHHS	Certified Community Behavioral Health Clinics	-	28,100,000	-	-	-	-	28,100,000
EOHHS	9-8-8 Hotline	-	1,875,000	-	-	-	-	1,875,000
Human Services	Child Care Investment: Retention Bonuses	18,700,000	18,700,000	-	-	-	-	37,400,000
Human Services	Child Care Investment: Workforce Registry and Quality Improvements	-	950,000	550,000	500,000	-	-	2,000,000
Human Services	Child Care Investment: Increasing Supply of Family Providers	300,000	300,000	-	-	-	-	600,000
Human Services	RIbridges Mobile Access and Childcare Tracking	-	2,400,000	2,400,000	1,900,000	-	-	6,700,000
Human Services	Child Care Investment: Enhanced TEACH Program	-	1,333,000	667,000	-	-	-	2,000,000
Human Services	Eligibility Extension Compliance (DHS)	527,915	36,182	-	-	-	-	564,097
Human Services	Emergency Staffing RIVH	-	95,500	-	-	-	-	95,500
Judiciary	Mental Health Court Pilot Program	-	107,900	108,732	114,169	-	-	330,801
Judiciary	Mental Health Court Pilot Program	-	844,582	826,969	868,317	-	-	2,539,868
Labor and Training	Unemployment Insurance Trust Fund Contribution	-	30,000,000	-	-	-	-	30,000,000
Labor and Training	Enhanced Real Jobs	-	10,000,000	15,000,000	15,000,000	-	-	40,000,000
Mental Health Advocate	Mental Health Court Pilot Program	-	234,447	232,880	244,523	-	-	711,850
Public Higher Education	Higher Education Academies OPC	-	6,504,000	4,500,000	4,500,000	4,500,000	2,496,000	22,500,000
Public Safety	Support for Survivors of Domestic Violence	-	1,000,000	3,500,000	-	-	-	4,500,000
Revenue	Tax Modernization/STAARS Cloud Migration and Other IT	-	750,000	1,500,000	-	-	-	2,250,000
Transportation	RIPTA - Pawtucket/Central Falls Bus Hub Passenger Facility	-	4,000,000	1,000,000	-	-	-	5,000,000
Transportation	Administration	-	16,965,916	-	-	-	-	16,965,916
Totals		\$178,502,711	\$447,851,951	\$278,591,198	\$167,652,697	\$43,117,000	\$15,345,500	\$1,131,061,057

Senate Fiscal Office

Stephen H. Whitney

Senate Fiscal Advisor

Children, Youth, and Families
Child Advocate

Robert C. Bromley

Senior Legislative Fiscal Analyst

Administration
Board of Elections
Commission on Disabilities
Convention Center Authority
Ethics Commission
General Treasurer
Governor
Health
HealthSource RI
Human Rights Commission
I-195 Redevelopment Commission
Lieutenant Governor
Military Staff
Public Defender
Public Utilities Commission
Quonset Development Corporation
RI Emergency Management Agency
Secretary of State

Kelly M. Carpenter

Senior Legislative Fiscal Analyst

Arts Council
Atomic Energy Commission
Coastal Resources Management Council
Elementary and Secondary Education
Environmental Management
Health & Educational Building Corporation
Higher Education
Judiciary
Narragansett Bay Commission
Resource Recovery Corporation
RI Infrastructure Bank
Student Loan Authority
Revenue
RI Commerce Corporation
RIHMFC (RI Housing)

Brittany A. Church

Legislative Fiscal Analyst I

Behavioral Healthcare, Developmental
Disabilities, and Hospitals
Business Regulation
Commission on Deaf and Hard of Hearing
Executive Office of Health and Human Services
Mental Health Advocate

David Tremblay

Deputy Senate Fiscal Advisor

Executive Office of Commerce
Legislature
Public Safety
Revenue
RI Commerce Corporation
RIHMFC (RI Housing)

Shanna Vecchio-Schubert

Legislative Fiscal Analyst I

Attorney General
Corrections
Historic Preservation and Heritage Commission
Human Services
Labor and Training
RI Airport Corporation
RI Public Transit Authority
RI Turnpike & Bridge Authority
Transportation

