



SENATE FISCAL OFFICE
REPORT

FY2026 BUDGET AS ENACTED

2025-H-5076 SUBSTITUTE A

BUDGET ANALYSIS

SEPTEMBER 24, 2025

Senate Committee on Finance

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EXECUTIVE SUMMARY

Executive Summary

The Budget represents the \$14.3 billion spending plan for the State for the fiscal year ending June 30, 2026, (FY2026). Also included is the revised spending plan for the current fiscal year ending June 30, 2025, (FY2025). The Budget Reserve and Cash Stabilization Account (Rainy Day Fund) would be fully-funded \$299.8 million. The following document summarizes key budget initiatives and changes.

Expenditures by Source	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted	FY2026 Enacted	Change from Enacted
General Revenue	\$5,236.1	\$5,594.9	\$5,597.6	\$2.7	\$5,809.4	\$214.5
Federal Funds	4,936.5	5,066.5	5,612.7	546.1	5,108.5	41.9
Restricted Receipts	473.7	463.1	491.6	28.5	458.5	(4.6)
Other Funds	2,948.6	3,471.7	3,728.5	256.8	3,584.0	112.3
Total	\$13,594.9	\$14,596.3	\$15,430.4	\$834.1	\$14,960.4	\$364.1

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

FTE Authorization	15,652.8	15,772.8	15,772.8	-	15,921.8	149.0

GENERAL REVENUE SURPLUS STATEMENT

Opening Surplus	FY2024 Audited	FY2025 Enacted	FY2025 Final	FY2026 Enacted
Free Surplus	\$412,262,973	\$279,019,055	\$326,355,037	\$230,213,058
Reappropriated Surplus	45,152,130	-	34,569,423	-
Adjustment to Opening Surplus	6,530,494	-	-	-
Adjustment to Fund Balance	23,811,475	-	-	-
Subtotal	\$487,757,072	\$279,019,055	\$360,924,460	\$230,213,058

Revenues	\$5,418,703,841	\$5,489,117,361	\$5,624,275,831	\$5,766,583,094
To Cash Stabilization Fund	(175,124,919)	173,044,092	(178,518,926)	(179,903,885)
Total Available Resources	\$5,731,335,994	\$5,595,092,324	\$5,806,681,365	\$5,816,892,267
Expenditures	\$5,236,111,578	\$5,594,861,257	\$5,597,598,073	\$5,809,363,121
Total Surplus	\$495,224,416	\$231,067	\$209,083,292	\$7,529,146
Free Surplus	\$326,355,037	\$131,067	\$230,213,058	\$1,029,146
Rainy Day Fund	291,548,341	289,306,286	297,531,543	299,839,808

REVENUE CHANGES:

- **Excess Revenue Transfer to ERSRI:** Restores the \$21.6 million transfer of excess FY2024 revenues to the Employees Retirement System of RI.
- **OTP Tax on Nicotine Pouches:** The Budget clarifies general law definitions to subject nicotine pouches and similar products to the Other Tobacco Products (OTP) tax and realizes \$7.5 million of general revenue in FY2026 as a result. The Office of Revenue Analysis estimates that with an October 1, 2025, effective date, the State will collect \$7.5 million in FY2026 and \$12.0 million in FY2027.
- **Sales Tax on Parking:** The Budget expands the state's 7.0 percent sales tax to include short-term parking services. This is estimated to produce \$1.6 million in FY2026 and \$3.2 million in FY2027.
- **Motion Picture Tax Credit Cap:** The Budget adjusts the total program cap on the state's motion picture production tax credit program for tax years 2022 and 2023. This is included to address an oversubscription in credits in 2022 resulting from one project completing production significantly earlier than anticipated. This results in a revenue loss of \$3.2 million.
- **Real Estate Conveyance Tax Increase:** The Budget increases the first-tier of the real estate conveyance tax from \$2.30 for each \$500 to \$3.75. in the second-tier (portion above \$800,000 tax is increased from \$2.30 per \$500 to \$3.75. The Budget does not include the Governor's proposed third-tier of the RECT of \$1.65 per \$500 for the portion of sale value above \$800,000. Article 5 also shifts the distribution of the revenue as follows:

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MPPTC Program Cap		
Tax Year	Current Law	GBA #27
2022	\$30.0	\$35.0
2023	40.0	35.0
2024	40.0	4.0
\$ in millions		

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Fund	Current		Governor		Article 5	
	Portion < \$800K	Portion > \$800K	Portion < \$800K	Portion > \$800K	Portion < \$800K	Portion > \$800K
	Per \$500	Per \$500	Per \$500	Per \$500	Per \$500	Per \$500
State	\$1.20	\$3.50	\$1.20	\$5.15	\$1.95	\$5.70
General Revenue	0.60	0.60	0.60	0.44	0.95	0.95
Distressed Communities	0.30	0.30	0.30	0.30	0.50	0.50
Housing Resources and Homelessness Fund	0.30	0.30	0.30	1.95	0.50	1.75
Housing Production Fund	-	2.30	-	2.46	-	2.50
Local Government	1.10	1.10	1.10	1.10	1.80	1.80
Total	\$2.30	\$4.60	\$2.30	\$6.25	\$3.75	\$7.50

The increase is expected to generate an additional \$8.4 million in general revenue in FY2026.

- **Primary Care Health Assessment:** The Budget includes \$15.0 million in additional revenue in FY2026 from a new assessment on insurance providers, similar to the child and adult immunization program assessment. This annualizes to \$30.0 million in FY2027 and later. The new revenue is intended to support primary care and other critical healthcare programs.
- **Governor's Proposals Not Included:** The Budget does not include the proposed digital advertising tax, the increase in the cigarette tax, or the sales tax on Firearm Safety Products.

STATEWIDE:

- **Protections Against Federal Budgetary Actions:** The Budget includes several provisions designed to buttress the State's revenue and healthcare policies from detrimental budgetary actions enacted by Congress. These include:
 - **Proactive Revenue Base Protection:** The Budget amends the definitions of net income for state business corporation tax purposes and Rhode Island income for state personal income tax purposes (beginning tax year 2025) to mean the amount of any income, deduction, or allowance that would be subject to federal income tax "but for the Congressional enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment. The enactment of such changes or any IRS changes to forms, regulations, and other actions made during the current tax year and 6 months into

the next, shall be grounds for the promulgation of emergency regulations for the purpose of preserving the tax base.

▪ **Convening Advisory Working Groups:**

- **Revenue:** The first group will assist the Governor in reviewing and analyzing the potential impacts on state revenue of any adopted federal tax actions. Members include tax administrator, ORA chief, OMB director, designees from businesses, state agencies, healthcare, public sector unions, and advocates.
- **Medicaid:** Second group will assist the Governor on review and analysis of impact of federal actions related to Medicaid programs. Members include Secretary of HHS, Director of Management and Budget, and designees from state agencies, businesses, healthcare public sector unions, and advocates.
- **OMB Analysis:** Article 3 of the Budget directs the Office of Management and Budget to monitor federal grants and identify impacts of federal funding rescission or cuts and directs agencies to report on the reasons, the types of activities and FTEs impacted. OMB and DOA divisions are to coordinate administrative options to address the impacts.
- **Reporting:** All three groups must report to governor, speaker, and president its findings, recommendations, and options for consideration in order to become compliant with federal changes prior to Governor's budget submission. Due October 1, 2025.

GENERAL GOVERNMENT:

- **RICAP Adjustments:** The Budget includes a net decrease of \$52.6 million in RICAP funds based on current expenditures and projections on various projects, including the elimination of \$31.0 million for the acquisition, redevelopment, and moving costs of a 210,000 square foot commercial property located at 115 Tripps Lane in East Providence for state office use, and shifting \$26.1 million from FY2026 to FY2030 for the new Long-Term Acute Care Hospital (LTACH) on the Zambarano Campus.
- **Contract Reserve Distribution:** The Budget shifts the \$19.0 million in general revenue to the Department of Corrections, Department of Public Safety, and the Department of Elementary and Secondary Education, where the outstanding collective bargaining units have ratified the new contracts. In addition, there are corresponding COLA reserve shifts of \$1.0 million in federal funds, \$389,706 in other funds, and \$243,816 in restricted receipts.

There is a corresponding shift of \$11.2 million in general revenue as part of the FY2025 Revised Budget, based on a calculation using the same 12.0 percent COLA disbursement as agreed to by other contract bargaining units.

- **FEMA Contingency Reserve:** The Budget includes \$2.5 million contingency reserve funding for FEMA reserve and contingency payments in the event that the federal FEMA reimbursements for COVID-19 response costs differ from the State estimation and assumptions.
- **DCAMM Project Managers:** Restores \$2.0 million in general revenue personnel costs at DCAMM that were removed by the Governor to reflect a policy change to charge project manager personnel costs.
- **Primary Care Health Assessment State Cost:** The Budget adds \$750,000 in general revenue reflecting the State's cost as an employer for the primary care health assessment. The Budget contains legislation establishing an assessment, similar to the child and adult immunization program assessments, to generate \$30.0 million annually to support primary care and other critical healthcare programs. The current assessments are based on a per member per month fee applied to all covered lives including self-insured. The State's cost as an employer is \$1.4 million, of which \$750,000 is from general revenues.

- **Statewide Voter List:** The Budget includes \$750,000 in general revenues to conduct a statewide mailing to update the state's voter registration list to ensure that state voter rolls are as accurate as possible for future elections. The mailing would be a one-time expense in a non-election year.
- **Work-Based Learning Initiative:** The Budget reduces general revenue in the Department of Labor and Training by \$2.0 million and removes the work-based learning initiative for Rhode Island's youth that was proposed by the Governor.
- **Expansion of JDF Assessment to Non-Profit Employers:** The Budget reduces restricted receipts in the Department of Labor and Training by \$2.6 million and removes the Governor's proposal to subject non-profit employers to the Job Development Fund (JDF) assessment.
- **Livable Home Modification Grant Program:** The Budget decreases the grant program at the Governor's Commission on Disabilities by \$250,000 in general revenue to reflect current service levels. The FY2025 Revised Budget continues funding for the Livable Home Modification Grant Program and includes \$1.4 million in general revenue to support the program. The FY2025 Budget includes proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year.

ECONOMIC AND WORKFORCE DEVELOPMENT:

- **Rebuild RI - Superman Building:** Article 6 of the Budget modifies the Rebuild RI Tax Credit incentive by allowing the developers of projects that include affordable housing such as the Superman Building project to access an additional 30.0 percent in sales tax exemptions on qualified expenses even if they have reached their maximum project cap. The total program cap remains unchanged at \$225.0 million total program.
- **Wavemaker Fellowship – Cohorts:** The Budget provides \$2.6 million for the Stay Invested in RI Wavemaker Fellowship program, \$1.6 million more than the Governor's recommendation. The original funding was estimated to cover current cohorts of fellows and an additional 85 spots to accommodate the recent expansion to include primary care healthcare practitioners. Article 6 continues the expansion of the program to include healthcare providers that operate as sole proprietors or L.L.C.'s
- **Reauthorization of Incentives:** Reauthorizes 10 economic development incentives.

HOUSING:

- **Housing Resources and Homelessness Shift:** Shifts \$4.0 million from FY2025 to FY2026 in the Housing Resources and Homelessness restricted receipt account to align each year's expenditures with the Department's third quarter report.
- **Housing Production Fund Dedicated Revenue:** Adds a dedicated revenue stream for the Housing Production Fund resulting from increases of both the first and second-tier real estate conveyance tax to 0.75 percent. The revenue stream adds \$281,139 in restricted receipts funding for the Housing Production Fund in FY2026.
- **Housing Resources and Homelessness Fund Dedicated Revenue:** Retains the proposed two new dedicated revenue streams for the Housing Resources and Homelessness restricted receipt account for a total of \$5.9 million in dedicated restricted receipts funding in FY2026. The FY2026 funding reflects a \$1.5 million increase as compared to the Governor's proposed budget due to updates to the format of both revenue streams. The 5.0 percent whole-home short-term rental tax extension is updated to provide 50.0 percent of revenues for the restricted receipt account and 25.0 percent each for the municipalities and tourism districts, resulting in a decrease of \$1.0 million as compared to the Governor's proposed budget. The real-estate conveyance tax is updated from an increase of only the second-tier on the portion of a residential property's value above \$800,000 to an increase of both the first and second-tier to 0.75 percent, an increase of \$2.5 million.

- **LIHTC Fund Transfer:** Shifts \$4.0 million in general revenues into the Low-Income Housing Tax Credit (LIHTC) Fund restricted receipt account. The FY2024 allocation of LIHTC funds was reclassified as a fund transfer rather than a general revenue expenditure as authorized in FY2023, but the Governor's FY2025 revised and FY2026 recommendations did not reflect this reclassification. The shift corrects this. There is no change to the funding commitment amount.
- **Non-Owner-Occupied Property Tax:** Establishes a new tax on non-owner-occupied real estate properties valued at over \$1.0 million. The rate is \$2.50 per \$500 on the assessed value over \$1.0 million. Revenue from the tax are deposited into low-income housing tax credit fund.

EDUCATION:

- **Education Aid – Funding Formula:** Adds \$12.0 million to support the March 2025 enrollment update under current law with the student success factor weight at 40.0 percent for all districts. In addition, Article 7 requires new reporting on the matching and verification of data for use in identifying students in poverty and high-cost special education, and requires an estimate of education aid using expended direct certification with Medicaid be submitted with the Department's budget FY2027 budget request. Total Ed Aid is \$59.2 million above the FY2025 Budget as Enacted level.
- **Education Aid – High-Cost Special Education:** Increases funding by \$2.4 million over the Governor's recommendation.
- **Education Aid – Group Home Aid:** Adds \$2.1 million to eliminate the formula adjustment such that districts receive formula aid in addition to the \$17,000 per bed.
- **Education Aid – Group Home CRAFT beds:** Reduces aid by \$468,000 to reflect the elimination of aid paid to East Providence for group home beds associated with Bradley Hospital CRAFT Program and provides that the student's school district of origin will be responsible for providing education services to students in those beds.
- **Learn365 Out of School Time:** Eliminates \$2.5 million in new funding for FY2026 and recommends reappropriating unspent balance from FY2025.
- **COLA Adjustment:** Transfers \$1.5 in general revenue (\$2.0 million all funds) in FY2026 and \$697,078 in general revenue (\$976,407 all funds) in FY2025 for COLA adjustments for personnel in unions that had not ratified new contracts in time for inclusion in the Governor's Recommended Budget from the Department of Administration where the funds were held in reserve.

LOCAL/MUNICIPAL ISSUES AND AID:

- **State Library Aid:** The Budget provides an additional \$239,594 in general revenue to fully fund Resource Sharing State Library Aid at \$12.1 million, which reflects the current law level of 25.0 percent of the second prior fiscal year's local tax expenditures for library services.
- **PILOT State Aid Program:** The Budget fully funds the state's payment in lieu of taxes (PILOT) state aid program. The program provides municipalities up to 27.0 percent of the tax that would have been owned on property that is otherwise exempted from taxation by the state. The Governor recommended \$49.2 million for FY2026 which represents 25.9 percent. The Budget provides \$51.3 million to meet the 27.0 percent.
- **Distressed Communities State Aid Program:** The Budget provides \$14.9 million for the state's Distressed Community Relief state aid program. This is \$2.5 million more than the Governor's recommendation. The program assists municipalities with the highest property tax burdens relative to the wealth of taxpayers.

- **Sales Tax Adjustment – Car Tax State Aid Program:** The Governor proposes eliminating the annual sales tax growth adjustment that is provided to municipalities as part of the Motor Vehicle Excise Tax State Aid program. The Budget does not include this proposal, but rather keeps current law to allow for growth; however, it limits the annual increase to only 2.0 percent. The Budget provides a total of \$239.5 million for the program in FY2026.
- **Local Hotel Tax Increase:** Article 5 of the Budget increases the local hotel tax from the 1.0 percent to 2.0 percent. It also provides 25.0 percent of the new whole home short-term rental tax to the municipality from where it is generated. Local tourism councils also receive 25.0 percent of tax, and the remainder is dedicated for housing.

HEALTH AND HUMAN SERVICES:

- **Medicaid Primary Care Rates:** Adds \$8.3 million general revenue (\$26.4 million all funds) to increase Medicaid primary care rates to 100.0 percent of Medicare rates, effective October 1, 2025.
- **Family Medicine Residency Program:** Includes \$500,000 in general revenue as the state share to support the Thundermist Health Center’s Family Medicine Residency Program. The program will grow to support 12 residents, 4 residents per year for 3 years, who will provide primary care to patients.
- **Primary Care Health Assessment:** Adds \$2.1 million in general revenue (\$7.0 million all funds) to pay the Medicaid portion of an assessment on insurance providers, similar to the child and adult immunization program assessments, to generate \$30.0 million annually to support primary care and other critical healthcare programs, pursuant to Article 10. This is estimated to be approximately \$4/person/month.
- **Primary Care Rate Review:** Article 8 provides a general revenue increase of \$200,000, with a corresponding \$200,000 federal funds increase to advance the first biennial report on rate recommendations for primary care services to September 1, 2026, instead of September 1, 2027.
- **Federally Qualified Health Care Center Rates:** Adds \$4.0 million in general revenue (\$10.5 million all funds) to increase reimbursements to FQHCs effective July 1, 2025.
- **Hospitals - Long-Term Care Behavioral Health Beds:** Provides \$3.2 million in general revenue (\$7.5 million all funds) to support placement in community hospitals. Article 8 requires the Secretary to pursue a state plan amendment needed to establish a rate methodology to support long-term behavioral health inpatient units for non-government owned hospitals.
- **Hospitals – Restore UPL and Rate Increase:** Adds \$10.5 million in general revenue (\$30.3 million all funds) to restore Upper Payment Limit (UPL) payments to that were established to ensure that Medicaid rates are comparable to Medicare rates, and to increase reimbursement rates by the 3.4 percent for fee-for-services and 2.9 percent for managed care provided in current law instead of the 2.3 percent recommended by the Governor.
- **Community Health Worker Program Integrity:** Decreases projected expenses for the program by \$4.4 million in general revenue (\$15.0 million all funds) to correct updated projections after adjusting for inappropriate expenses that led to a program review and the rules to secure the integrity of the program.
- **Medicare Savings Program Expansion:** Includes \$700,000 in general revenue (\$7.1 million all funds) to expand program eligibility by increasing income disregards for the Qualified Medicare Savings Program to 125.0 percent of federal poverty and Qualified Individual Medicare Savings Program eligibility up to 168.0 percent of federal poverty. Pursuant to Article 8, the Secretary will discontinue enrollment when Part B premiums meet the federal allotment. A similar expansion provided in the FY2025 Budget as Enacted could not be implemented because it increased eligibility to only one group.

- **Mobil Response and Stabilization Services (MRSS):** Adds \$900,000 in general revenue to support uninsured and underinsured recipients, and cover costs not reimbursed by Medicaid or other insurers.
- **Nursing Home Minimum Staffing Enhanced Rate:** Provides \$5.0 million in general revenue (\$12.0 million all funds) to support Article 10 amended nursing home minimum staffing levels, mirroring agreements with industry workers and unions.
- **RIPIN – Dual Ombudsman Program:** Adds \$59,000 in general revenue (\$118,000 all funds) to continue the program through the fiscal year.
- **AHEAD Model:** Pursuant to GBA, adds \$2.0 million in new federal funds to work toward federal Advancing All-Payer Health Equity Approaches and Development ([AHEAD](#)) model. In September 2023, the Centers for Medicare & Medicaid Services (CMS) announced this voluntary, total cost of care (TCOC) model intended to curb health care cost growth, improve population health, and promote healthier living. According to CMS, the TCOC model holds participating states “accountable for quality and population health outcomes, while constraining costs of health care services delivered in a state or specified sub-state region. As applied by the CMS Innovation Center, this process takes places across all health care payers, including Medicare, Medicaid, and private health insurers and plans.”
- **Infrastructure for School Based Medicaid Services:** Includes \$1.0 million in federal funds in FY2026 and \$145,215 in FY2025 to reflect a three-year \$2.5 million grant to expand school-based Medicaid services. Consultants will conduct needs assessments and engage community stakeholders.
- **New Department of Housing and Urban Development Award:** Includes \$600,000 in federal funds from a new \$3.8 million Department of Housing and Urban Development (HUD) grant to identify and remove barriers to affordable housing production and preservation.
- **Child Care for Child Care Workers:** Article 10 Provides \$2.7 million to extend the Child Care for Child Care Workers Pilot through July 31, 2028.
- **Child Care Rates:** Article 10 provides \$3.1 million to increase Infant rates by 20.0 percent. The amendment separated Infant and Toddler rates, increasing infant rates only.
- **Rhode Island Veterans Memorial Cemetery:** Article 10 amends regulations related to burial liners, allowing the Director of the Office of Veterans Affairs to waive burial liner fees when federal funds become available.
- **Health Professional Loan Repayment Program:** Article 10 amends the Health Professional Loan Repayment Program, shifting administration to the Department of Health.
- **SNAP Error Rate:** Article 10 establishes legislative reports to support a fiscally responsible and high integrity SNAP Program – DHS, in consultation with DOA will submit recommendations to reduce the SNAP Error rate by 6.0 percent, due on October 1 2025. Starting January 18, 2026, DHS will submit monthly reports on SNAP performance metrics as a section of the House Oversight RIBridges Report. Congress has signaled significant changes to SNAP that could cost the State close to \$100.0 million annually – requiring State between 5.0 percent and 25.0 percent of SNAP benefit costs based on State’s error payment rate. Rhode Island SNAP error rate in FY2023 was 12.4 percent, but has reached 22.7 percent. DHS estimates that this change could result in an additional \$100.0 million in the State’s share of SNAP expenditures.
- **Residential Treatment Facility Fund Shift (RICAP):** Shifts \$4.0 million in RICAP funds from FY2026 to FY2027 related to the Exeter Female Youth Facility project. The existing project is reporting anticipated savings of \$11.0 million. \$2.0 million is retained in FY2026 for planning costs or a feasibility study for an additional in-state facility, and \$4.0 million is shifted to FY2027 for future renovation or construction costs.

- **988 Hotline (ARPA SFRF):** Adds \$1.8 million in unspent ARPA SFRF funds from FY2025 to the FY2026 funding allocation for the 988 Hotline.

PUBLIC SAFETY:

- **Attorney General Increased Staff (4.0 FTE):** The Budget increases restricted receipts in the Office of the Attorney General by \$848,389 and authorizes 4.0 new FTE positions. The Office requested \$1.7 million of general revenue to support 13.0 new FTE positions in FY2026, which the Governor did not fund.
- **RIBCO Agreement:** Pursuant to Governor's Budget Amendment 25, dated May 25, 2025, the Budget increases general revenue in the Department of Corrections by \$23.3 million to support the recently ratified agreement with the Rhode Island Brotherhood of Correctional Officers (RIBCO). The Governor reserved \$13.1 million of general revenue at the Department of Administration to fund the contract, which created a \$10.2 shortfall when the contract resolved later than expected. The agreement increases the shift differential for members working overnight, reduces the years required to earn the top-step paygrade, and provides Cost of Living Adjustments (COLA) of 12.0 percent over a 3-year period.
- **Facility Consolidation:** The Budget increases general revenue by \$6.2 million and RICAP funds by \$1.0 million in the Department of Corrections to reflect the Governor's unachieved proposal to consolidate the population held at the minimum-security facility to the medium-security facility. A feasibility study indicates the minimum capital costs to consolidate the population would be \$67.1 million.
- **RITA Agreement:** Pursuant to Governor's Budget Amendment 25, dated May 22, 2025, the Budget increases general revenue by \$5.8 million and federal funds by \$281,818 to reflect the recent agreement with the Rhode Island Troopers Association (RITA). The agreement provides Cost of Living Adjustments (COLA) of 12.0 percent over a 3-year period and an increase to the annual uniform stipend.
- **Pension Adjustments:** Reduces final average salary computation for State Police from 5-years to 3-years: The article reverses the statutory calculation for an employee's final average salary (FAS) formula from a calculation based on an average of the employee's highest five consecutive years of compensation, to an average of the employee's highest three consecutive years of compensation, to coincide with the pension reform changes included in Article 12 of the FY2025 Budget as Enacted.

The Budget also reduces the COLA threshold to reinstate COLAs from the current 80.0 percent funded ratio to 75.0 percent, for Workers Compensation Court judges who retired on or after July 1, 2012. Members will receive the full COLA when all plans exceed 75.0 percent, which is estimated to occur in 2030. This change becomes effective for these retirees on July 1, 2024, and coincides with the pension reform changes included in Article 12 of the FY2025 Budget as Enacted.

ENVIRONMENT:

- **CAD Cell Project:** Article 4 authorizes the issuance of \$23.0 million in new COPs, including \$200,000 for the costs of issuance, toward the design and construction of an additional Confined Aquatic Disposal (CAD) cell for dredge material disposal. Article 2 increases the minimum disposal fee for dredge material from \$11.65 to \$35.00 per cubic yard of material and eliminates the requirement to deposit \$11.65 of the total fee into the general fund to generate revenue, instead depositing funds into a restricted receipt account to support debt service.

TRANSPORTATION/TRANSIT:

- **Washington Bridge Project:** The Budget adds \$20.0 million of RICAP funds to FY2027 and shifts \$20.0 million of RICAP funds from FY2025 to FY2026 to reflect the updated costs and schedule for the Washington Bridge project. The FY2026 Governor's Recommended Budget included a total cost

of \$514.0 million for all phases of the project. In June 2025, the Department of Transportation selected Walsh Construction Company and design partner WSP, to complete the replacement project. Initial work is expected to begin in July 2025, with a total cost of \$572.1 million.

- **RIPTA Gas Tax and HMA:** The Budget provides the Rhode Island Public Transit Authority (RIPTA) with \$14.6 million in funding achieved through revisions to the Highway Maintenance Account (HMA) and motor fuel tax, outlined in Article 11. Article 11 increases RIPTA's percentage share of the HMA from 5.0 percent to 10.0 percent and statutory share of the gas tax from \$0.0975 to \$0.1175, inclusive of the \$0.005 environmental protection fee. The Budget also requires RIPTA to support the RIDE Anywhere paratransit program with the gasoline tax allocation.
- **Electric Vehicle Fees:** The Budget includes \$3.6 million of other funds, \$1.8 million above the Governor's recommendation from electric vehicle registration fees. The Governor's Budget includes legislation that would subject battery electric vehicles and plug-in hybrid electric vehicles to a registration fee of \$150 and \$75 per year, respectively. The Budget expands on the proposal by adding hybrid vehicles and increasing the fees to \$200 for electric vehicles, \$100 for plug-in hybrids, and \$100 for hybrid vehicles.



DEPARTMENTAL SUMMARIES

Statewide Adjustments

Summary

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

Personnel Adjustments

FY2025 \$34.4 million

FY2026 \$63.8 million

The Budget increases general revenue by reflecting changes to various salary and personnel benefits including the personnel cost increases related to the recently approved collective bargaining unit contracts that provide a statewide 12.0 percent cost of living adjustment spread over three fiscal years at 5.0 percent in FY2025, 4.0 percent in FY2026, and 3.0 percent in FY2027.

The FY2025 Final Budget includes \$34.4 million in general revenue (\$58.0 million all funds) for the statewide 5.0 percent cost of living adjustment. There are corresponding increases of \$12.3 million in federal funds, \$3.8 million in restricted receipts, and \$7.5 million in other funds. The FY2026 Budget as Enacted increases general revenues by \$63.8 million in general revenue (\$107.4 million all funds) for the statewide 4.0 percent cost of living adjustment cost, in addition to the 5.0 percent that is added in FY2025.

There are corresponding increases of \$22.5 million in federal funds, \$7.2 million in restricted receipts, and \$13.9 million in other funds. In addition to the COLAs, other personnel adjustments reflect medical rate changes, other employee benefits, anticipated turnover, and holiday pay. The following table illustrates the general revenue adjustments in each agency.

Subsequent to enactment of the FY2025 Budget, the Administration reached agreements with a majority of state employee unions that included cost-of-living adjustments of 5.0 percent for FY2025, 4.0 percent for FY2026, and 3.0 percent for FY2027, for a total of 12.0 percent.

Agency	FY2025 COLA	FY2026 COLA
BHDDH	\$6,576,033	\$12,178,304
Board of Elections	71,931	134,561
Coastal Resources Management Council	144,063	267,622
Commission on the Deaf & Hard of Hearing	22,704	41,608
Community College of Rhode Island	645	-
Department of Administration	1,223,449	2,246,543
Department of Business Regulation	837,040	1,562,480
Department of Children, Youth, and Families	3,250,717	5,929,772
Department of Corrections	1,735,292	3,207,307
Department of Environmental Management	1,410,830	2,559,707
Department of Health	1,063,220	1,973,617
Department of Housing	179,909	418,453
Department of Human Services	2,654,054	4,934,148
Department of Labor and Training	225,817	411,286
Department of Public Safety	1,487,051	2,861,717
Department of Revenue	2,421,124	4,520,372
Elementary and Secondary Education	220,585	329,944
Executive Office of Commerce	31,774	60,458
Executive Office of Health and Human Services	900,753	1,738,664
General Assembly	1,752,829	3,214,257
Governor's Commission on Disabilities	25,952	49,569
Historical Preservation and Heritage Commission	62,338	119,287
Judiciary	4,606,763	8,590,871
Military Staff	62,562	115,446
Office of Attorney General	1,471,547	2,730,906
Office of Lieutenant Governor	43,279	81,596
Office of Public Defender	658,581	1,234,275
Office of the Child Advocate	72,417	136,645
Office of the General Treasurer	119,948	229,630
Office of the Governor	362,244	675,437
Office of the Mental Health Advocate	28,845	53,445
Office of the Postsecondary Commissioner	49	-
Rhode Island Atomic Energy Commission	47,711	88,549
Rhode Island College	649	-
Rhode Island Commission for Human Rights	77,098	143,551
Rhode Island Council on the Arts	46,533	86,943
Rhode Island Emergency Management Agency	77,107	144,624
Rhode Island Ethics Commission	82,079	152,059
Secretary of State	315,690	585,650
University of Rhode Island	849	-
Total	\$34,372,061	\$63,809,303

The Governor included \$19.0 million in general revenue in FY2026 as a statewide contract reserve for the COLA adjustment in unions within the Department of Corrections, Department of Public Safety, and the Department of Elementary and Secondary Education that have yet to ratify their new contracts.

The Budget shifts \$19.0 million in general revenue to the Department of Corrections, Department of Public Safety, and the Department of Elementary and Secondary Education, where the outstanding collective bargaining units have ratified the new contracts. In addition, there are additional COLA reserve shifts of \$1.0 million in federal funds, \$389,706 in other funds, and \$243,816 in restricted receipts.

There is a corresponding shift of \$11.2 million in general revenue as part of the FY2025 Revised Budget, based on a calculation using the same 12.0 percent COLA disbursement as agreed to by other contract bargaining units.

Central Utilities Fund Adjustments

\$19.2 million

The FY2026 Budget as Enacted includes a statewide general revenue increase of \$19.2 million for electricity and natural gas costs, that will be billed directly from the Central Utilities Fund, rather than being billed as a component of the Facilities internal service fund rates. The amount does include cost increases but largely reflects the cost shift from the Facilities Management centralized service account to a separate stand-alone account.

The FY2025 Budget as Enacted included \$309,340 in general revenue for the Central Utilities Fund costs, which increased by \$19.2 million in general revenue (\$19.0 million all funds) to \$19.5 million in general revenue (\$21.1 million all funds) in the FY2026 Budget as Enacted. There is a corresponding decrease of \$790,702 in federal funds, offset by an increase of \$417,026 in restricted receipts, and an increase of \$160,248 in other funds. The table illustrates the adjustments in each agency.

Agency	FY2025 Enacted	FY2026 Enacted	Change
BHDDH	\$0	\$2,417,638	\$2,417,638
Coastal Resources Management Council	-	10,460	10,460
Department of Administration	-	1,203,061	1,203,061
Department of Business Regulation	-	152,351	152,351
Department of Children, Youth, and Families	-	704,964	704,964
Department of Corrections	-	12,066,911	12,066,911
Department of Health	-	385,970	385,970
Department of Housing	-	166,470	166,470
Department of Human Services	803	939,002	938,199
Department of Labor and Training	-	107,592	107,592
Department of Public Safety	-	85,415	85,415
Department of Revenue	-	372,876	372,876
Elementary and Secondary Education	234,528	-	(234,528)
Executive Office of Health and Human Services	-	690,670	690,670
Historical Preservation and Heritage Commission	-	20,379	20,379
Military Staff	3,652	-	(3,652)
Office of the Child Advocate	-	12,733	12,733
Office of the General Treasurer	-	49,425	49,425
Office of the Mental Health Advocate	-	21,549	21,549
Rhode Island Commission for Human Rights	10,200	11,500	1,300
Rhode Island Emergency Management Agency	4,857	4,857	-
Secretary of State	55,300	55,300	-
Total	\$309,340	\$19,479,123	\$19,169,783

Centralized Services Adjustment**(\$7.8 million)**

The FY2026 Budget as Enacted decreases general revenue expenditures by \$7.8 million to reflect billed amounts for information technology services, capital asset management and maintenance, and human resources. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

The FY2025 Budget as Enacted included \$86.1 million in general revenue (\$109.9 million all funds) for centralized services, which decreased by \$7.8 million (\$9.1 million all funds) to \$78.3 million in general revenue (\$100.8 million all funds) in the FY2026 Budget. There are corresponding decreases of \$645,963 in federal funds and \$1.2 million in restricted receipts. These are offset by an increase of \$469,679 in other funds. The table illustrates the general revenue adjustments within each agency.

Agency	FY2025 Enacted	FY2026 Enacted	Change
BHDDH	\$17,358,598	\$19,416,037	\$2,057,439
Board of Elections	135,377	159,187	23,810
Coastal Resources Management Council	26,388	202,392	176,004
Commission on the Deaf & Hard of Hearing	112,433	73,290	(39,143)
Department of Administration	10,712,212	10,667,494	(44,718)
Department of Business Regulation	2,073,020	2,141,073	68,053
Department of Children, Youth, and Families	2,654,629	2,228,131	(426,498)
Department of Corrections	22,299,252	15,409,050	(6,890,202)
Department of Environmental Management	4,067,831	3,827,230	(240,601)
Department of Health	4,073,837	2,266,104	(1,807,733)
Department of Housing	612,066	520,233	(91,833)
Department of Human Services	7,275,740	6,602,024	(673,716)
Department of Labor and Training	1,924,656	1,704,337	(220,319)
Department of Public Safety	1,992,448	1,614,878	(377,570)
Department of Revenue	6,955,798	7,153,677	197,879
Elementary and Secondary Education	1,014,644	1,012,830	(1,814)
Executive Office of Commerce	54,081	65,401	11,320
Executive Office of Health and Human Services	710,104	1,195,931	485,827
General Assembly	842	2,845	2,003
Governor's Commission on Disabilities	31,341	20,049	(11,292)
Historical Preservation and Heritage Commission	256,457	160,657	(95,800)
Judiciary	83,860	29,245	(54,615)
Military Staff	53,763	54,911	1,148
Office of Attorney General	57,112	62,705	5,593
Office of Lieutenant Governor	90,660	90,041	(619)
Office of Public Defender	13,704	(13,356)	(27,060)
Office of the Child Advocate	97,013	129,334	32,321
Office of the General Treasurer	315,325	305,629	(9,696)
Office of the Governor	208,974	310,265	101,291
Office of the Mental Health Advocate	69,022	124,706	55,684
Office of the Postsecondary Commissioner	204,860	183,814	(21,046)
Rhode Island Atomic Energy Commission	15,187	9,855	(5,332)
Rhode Island Commission for Human Rights	29,336	44,883	15,547
Rhode Island Council on the Arts	106,810	106,578	(232)
Rhode Island Emergency Management Agency	271,203	266,054	(5,149)
Rhode Island Ethics Commission	183,599	137,885	(45,714)
Secretary of State	(2,982)	48,376	51,358
Total	\$86,139,200	\$78,333,775	(\$7,805,425)

ERP Maintenance and Operations Billings**\$5.8 million**

The FY2026 Budget as Enacted includes a statewide general revenue increase of \$5.8 million for increased costs associated with financing the maintenance and operations of the Enterprise Resource Planning (ERP) system that began January 1, 2025. ERP is the replacement data management system for the State's decades-old legacy systems for human resources, payroll, grants management, and financial data systems. The current system is outdated and susceptible to various single points of failure, and at-risk for security breaches, which leaves decision makers unable to receive accurate information in a timely manner. The costs to maintain the ERP system are charged per employee to state agencies, and the Budget adjusts agency budgets by providing general revenues to cover the costs.

The FY2025 Budget as Enacted included \$2.7 million in general revenue for the ERP system, which is increased by \$5.8 million (\$4.7 million all funds) to \$8.5 million in general revenue (\$7.4 million all funds) in the FY2026 Budget. There is a corresponding decrease of \$1.2 million in other funds offset by an increase of \$87,879 in restricted receipts. The table illustrates the general revenue adjustments in each agency.

Agency	FY2025 Enacted	FY2026 Enacted	Change
BHDDH	\$197,280	\$573,101	\$375,821
Board of Elections	3,045	8,762	5,717
Coastal Resources Management Council	4,908	13,769	8,861
Commission on the Deaf & Hard of Hearing	761	4,544	3,783
Community College of Rhode Island	180,179	239,423	59,244
Department of Administration	118,689	660,848	542,159
Department of Business Regulation	28,350	117,022	88,672
Department of Children, Youth, and Families	121,745	570,376	448,631
Department of Corrections	335,538	552,314	216,776
Department of Environmental Management	64,289	465,680	401,391
Department of Health	37,881	591,596	553,715
Department of Housing	4,338	30,104	25,766
Department of Human Services	108,923	1,176,490	1,067,567
Department of Labor and Training	10,994	258,398	247,404
Department of Public Safety	115,924	178,420	62,496
Department of Revenue	98,190	375,733	277,543
Elementary and Secondary Education	61,692	270,408	208,716
Executive Office of Commerce	4,568	9,850	5,282
Executive Office of Health and Human Services	21,348	275,189	253,841
General Assembly	57,843	107,866	50,023
Governor's Commission on Disabilities	1,269	5,041	3,772
Historical Preservation and Heritage Commission	2,538	8,977	6,439
Judiciary	156,215	405,169	248,954
Military Staff	3,238	72,761	69,523
Office of Attorney General	53,329	122,147	68,818
Office of Lieutenant Governor	2,030	4,620	2,590
Office of Public Defender	24,615	37,926	13,311
Office of the Child Advocate	2,284	5,901	3,617
Office of the General Treasurer	4,538	187,294	182,756
Office of the Governor	9,897	17,806	7,909
Office of the Mental Health Advocate	1,269	3,193	1,924
Office of the Postsecondary Commissioner	6,598	33,677	27,079
Rhode Island Atomic Energy Commission	2,030	5,681	3,651
Rhode Island College	172,561	268,334	95,773
Rhode Island Commission for Human Rights	3,553	9,694	6,141
Rhode Island Council on the Arts	2,284	12,626	10,342
Rhode Island Emergency Management Agency	2,512	38,486	35,974
Rhode Island Ethics Commission	3,045	6,979	3,934
Secretary of State	13,535	60,005	46,470
University of Rhode Island	620,711	722,320	101,609
Total	\$2,664,536	\$8,508,530	\$5,843,994

Department of Administration

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Accounts and Control	\$6.3	\$8.0	\$8.3	\$0.3	3.5%	\$8.5	\$0.5	6.3%
Office of Management and Budget	11.9	12.8	16.2	3.4	26.6%	14.7	1.9	14.9%
Capital Asset Management and Maintenance	9.3	9.9	9.8	(0.1)	-1.5%	11.0	1.1	10.7%
Central Management	18.3	49.4	58.5	9.1	18.4%	37.6	(11.9)	-24.0%
Debt Service Payments	233.9	197.8	192.6	(5.3)	-2.7%	211.9	14.1	7.1%
Energy Resources	27.5	44.8	-	(44.8)	-100.0%	-	(44.8)	-100.0%
General	88.5	141.7	275.8	134.1	94.6%	87.1	(54.7)	-38.6%
Human Resources	0.8	0.9	0.9	(0.0)	-4.9%	0.9	(0.1)	-5.7%
Information Technology	135.1	5.2	13.3	8.1	155.8%	3.0	(2.2)	-42.5%
Legal Services	2.3	2.5	2.6	0.2	6.3%	2.9	0.4	15.3%
Library and Information Services	3.5	3.6	3.6	0.0	0.9%	3.8	0.2	5.8%
Personnel Appeal Board	0.1	0.2	0.2	-	0.0%	0.2	-	0.0%
Planning	4.7	6.8	7.0	0.2	2.9%	7.2	0.4	5.8%
Purchasing	4.4	5.3	5.6	0.3	5.8%	5.9	0.6	12.2%
Rhode Island Health Benefits Exchange (HealthSource RI)	29.0	30.4	30.8	0.3	1.1%	29.9	(0.5)	-1.6%
Statewide Personnel and Operations	-	32.5	1.5	(31.0)	-	3.9	(28.6)	-
Division of Equity, Diversity, and Inclusion	1.7	2.3	1.8	(0.4)	-19.3%	2.4	0.2	6.9%
Total	\$577.5	\$554.1	\$628.4	\$74.3	13.4%	\$430.6	(\$123.5)	-22.3%
Expenditures By Source								
General Revenue	\$279.5	\$255.0	\$223.2	(\$31.8)	-12.5%	\$249.3	(\$5.7)	-2.2%
Federal Funds	44.1	78.7	151.5	72.8	92.4%	47.6	(31.1)	-39.5%
Restricted Receipts	152.7	50.0	34.3	(15.7)	-31.3%	24.1	(25.9)	-51.7%
Other Funds	101.2	170.4	219.4	49.0	28.8%	109.6	(60.8)	-35.7%
Total	\$577.5	\$554.1	\$628.4	\$74.3	13.4%	\$430.6	(\$123.5)	-22.3%
Authorized FTE Levels	674.6	683.6	667.6	(16.0)	-2.3%	684.6	1.0	0.1%

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

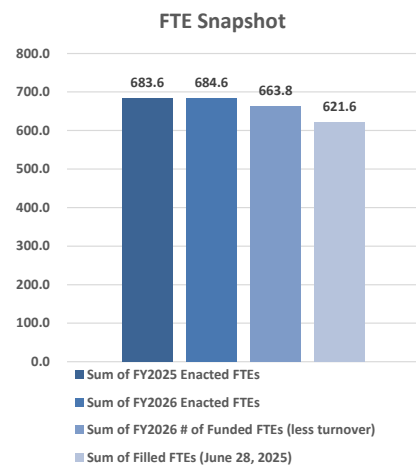
The Department of Administration's primary function is to provide support services to state departments and agencies. The Department of Administration was created to consolidate the finance, purchasing, and management functions of the State. There are 16 sub-programs with specific functions within the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

MAJOR ISSUES AND TRENDS

The FY2025 Final Budget includes an all funds appropriation of \$628.4 million, reflecting a net increase of \$74.3 million (13.4 percent) from the FY2025 Budget as Enacted. General revenues total \$223.2 million and comprise 35.5 percent of the Department's total appropriation. Federal funds total \$151.5 million (24.1 percent), restricted receipts total \$34.3 million (5.5 percent) and other funds total \$219.4 million (34.9 percent).

The FY2026 Budget as Enacted includes an all funds appropriation of \$430.6 million, reflecting a net decrease of \$123.5 million (22.3 percent) from the FY2025 Budget as Enacted. General revenues total \$249.3 million and comprise 57.9 percent of the Department's total appropriation.

This is a net increase of \$26.1 million from the FY2025 Final Budget, that includes significant debt service adjustments such as a \$21.4 million increase for new general obligation bond debt service, a \$3.5 million increase for the Central Falls School Project, a decrease of \$4.2 million for the DCYF Training School, and a decrease of \$3.9 million for debt service costs for COPs Technology. The change



also includes a net decrease of \$3.3 million in Statewide Personnel and Operations reflecting the decrease of \$23.1 million for the pension plan revisions and FEMA Contingency funds included in the previous year.

The capital budget includes \$8.6 million in RICAP funds in FY2025 and for the new Long-Term Acute Care Hospital (LTACH) on the Zambarano Campus. In addition, the projected out-year funding for this project includes \$98.5 million in RICAP funds, and proposes \$90.0 million in certificates of participation (COPs) beginning in FY2027.

Federal funds total \$47.6 million and comprise 11.1 percent of the Department's total appropriation. Federal funds decrease by \$31.1 million from the previous year. The decrease includes a reduction of \$15.0 million reflecting the transfer of the Office of Energy Resources out of the Department, to become a standalone state agency and a reduction of \$12.0 million for lower available American Rescue Plan (ARP SFRF) funding.

Restricted receipts total \$24.1 million and comprise 5.6 percent of the Department's total appropriation.

The FY2025 Final Budget includes 667.6 FTE positions, a decrease of 16.0 FTE positions from the authorized level in the FY2025 Budget as Enacted. The decrease reflects the shift of 16.0 FTE positions from the Department to the proposed stand-alone Office of Energy Resources.

The FY2026 Budget includes 684.6 FTE positions, reflecting a net increase of a 1.0 FTE position to the Department, including the shift of 16.0 FTE positions to the stand-alone Office of Energy Resources. The Budget adds 15.0 FTE positions for new technical or specialized job classification in state service under the purview of the Division of Enterprise Technology Strategy and Services (ETSS) within DOA. In addition, the Budget transfers 2.0 FTE positions to BHDDH, increases 2.0 FTE positions to staff the Office of Internal Audit and Program Integrity, and increases 2.0 FTE positions to staff the Integrated Data Systems initiative.

ACCOUNTS AND CONTROL

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

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

Accounts and Control	General Revenue
FY2025 Enacted	\$5,355,257
<i>Target and Other Adjustments</i>	<i>(55,094)</i>
Personnel Adjustments (statewide adjustments)	364,861
Software Maintenance Agreement	110,656
Centralized Services (statewide adjustments)	80,682
Contract Services	(51,517)
FY2026 Enacted	\$5,804,845
Accounts and Control	Other Fund Changes
Personnel Adjustments (restricted receipts) (statewide adjustments)	\$62,670

Software Maintenance Agreement**\$110,656**

The Budget increases general revenue by \$110,656 for Software Maintenance Agreements, regarding the procurement of Workiva's financial reporting software. This is ongoing licensing costs for the software and it is not a discrete project.

Contract Services**(\$51,517)**

The Budget includes \$252,283 in general revenue for contract services in the Accounts and Control program, reflecting a net reduction of \$51,517 from the previous year's budget. This net change reflects a reduction of \$267,000 in other professional services that were supporting a project regarding technical assistance for the implementation of the GASB 87 and GASB 96 standards. The project is complete and continued funding is not required in FY2026. The inclusion of \$162,800 in general revenue for management consultants reflects a contractor filling gaps in the Accounts and Control staffing to help produce the Annual Comprehensive Financial report (ACFR). Lastly, the Budget includes \$52,683 in general revenue to utilize the services of a temporary employee as a central payroll processor due to staff being shifted to Electronic Resource Planning (ERP) tasks.

Contract Services	FY2025 Enacted	FY2026 Enacted	Change
Other Professional Services	\$267,000	\$0	(\$267,000)
Management Consultants	35,000	197,800	162,800
Other Temporary Services	-	52,683	52,683
Security Services	2,000	2,000	-
Total	\$304,000	\$252,483	(\$51,517)

Analyst Note: The Governmental Accounting Standards Board (GASB) is the source of generally accepted accounting principles used by state and local governments. GASB Statement No. 87 pertains to Leases and GASB Statement No. 96 pertains to Subscription-Based Information Technology Arrangements.

OFFICE OF MANAGEMENT AND BUDGET

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

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

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

Fund (CPF). The Pandemic Recovery Office will be responsible for submitting all reports required by the United States Department of the Treasury for the SFRF and Capital Projects Fund.

Office of Management and Budget	General Revenue
FY2025 Enacted	\$9,915,379

<i>Target and Other Adjustments</i>	5,455
Personnel Adjustments (statewide adjustments)	666,043
New Personnel - 2.0 FTE Positions	299,967
Centralized Services (statewide adjustment)	113,168
FY2026 Enacted	\$11,000,012

Office of Management and Budget	Other Fund Changes
ARPA SFRF: Pandemic Recovery Office (federal funds) (statewide adjustments)	\$90,549
ARPA CPF: Administration (federal funds) (statewide adjustments)	46,433
Personnel Adjustments (other funds) (statewide adjustments)	624,788
Personnel - Office of Internal Audit and Program Integrity (federal funds)	50,439

New Personnel – 2.0 FTE Positions **\$299,967**

The Budget adds \$299,967 in general revenue reflecting salary and benefit expenses for two new FTE positions within the Office of Internal Audit and Program Integrity, a Senior Internal Auditor II position at \$148,651 and a Data Analyst III position at \$201,755. The new Data Analyst III position will be partially federally funded at \$50,439.

ARPA SFRF Pandemic Recovery Office (federal funds) **\$136,982**

The Budget includes \$136,982 in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) and Capital Project Funds (CPF) in FY2026 to finance the administration and operations of the Pandemic Recovery Office (PRO). This reflects \$90,549 for the PRO administrative costs and \$46,433 to administer the Capital Projects Fund (CPF) grant from the U. S. Treasury.

CAPITAL ASSET MANAGEMENT AND MAINTENANCE

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

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

Capital Asset Management and Maintenance	General Revenue
FY2025 Enacted	\$9,931,679

<i>Target and Other Adjustments</i>	3,073
Central Utilities Fund (statewide adjustments)	1,203,061
Centralized Services (statewide adjustments)	(194,038)
Operating Adjustments	46,527
FY2026 Enacted	\$10,990,302

Operating Adjustments**\$46,527**

The Budget increases general revenue by \$46,527 to establish a contingency fund for repairs to state-owned structures that are not covered under internal service fund for operating costs. Recently, DCAMM has used this approach to fund repairs within the Convention Center Complex.

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
FY2025 Enacted	\$3,654,794
<i>Target and Other Adjustments</i>	<i>82,500</i>
ERP Maintenance and Operation Billings (statewide adjustments)	542,159
Personnel Adjustments (statewide adjustments)	229,345
Realignment to Enacted/CSL	(193,701)
Centralized Services (statewide adjustments)	44,261
FY2026 Enacted	\$4,359,358

Central Management	Other Fund Changes
ARPA SFRF: Health Care Facilities (federal funds)	(\$10,000,000)
ARPA SFRF: Community Learning Center Grants (federal funds)	(2,000,000)
ARPA SFRF: Public Health Response Warehouse Support (federal funds)	(778,347)
Realignment to Enacted/CSL (restricted receipts)	193,701

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

The Budget includes general revenue savings from recoveries of indirect costs on federal grants, beginning in State Fiscal Year 2026. The Budget contains language in Article 2 that increases the indirect cost recovery (ICR) charge provisions on restricted receipt accounts from 10.0 percent to 15.0 percent, matching the new federal rate. This item reflects the ability of the Department to charge an additional \$193,701 to restricted receipts and to remove the administrative expenses from general revenue. There is a corresponding increase of \$193,701 in restricted receipts.

Analyst Note: On October 1, 2024, Federal OMB's Uniform Guidance increased the "de minimis" rate of recovery from 10.0 percent to 15.0 percent of applicable direct costs, pursuant to 2 CFR § 200.414(f).

ARPA SFRF: Health Care Facilities (federal funds)**(\$10.0 million)**

The Budget does not include funding for health care/nursing facilities resulting in a \$10.0 million reduction in federal ARPA SFRF as compared to the FY2025 Budget as Enacted. The appropriation in FY2025 was derived from repurposed SFRF funds, to continue funding for nursing facilities during the first three months of FY2025.

ARPA SFRF: Community Learning Center Grants (federal funds)**(\$2.0 million)**

The Budget does not continue funding for the startup of Learn365RI Community Learning Centers. The FY2025 Budget as Enacted included \$2.0 million in federal ARPA SFRF to be distributed as formula grants to municipalities for the startup of Learn365RI Community Learning Centers, that have been approved for funding through the Community Learning Center Municipal Grant program under the Capital Projects Fund. The following table lists the Community Learning Center Municipal Grant awards to municipalities:

Community Learning Center Grants

Municipality	Project	Grant Amount
Barrington	Bay Spring Community Learning Center	\$95,210
Bristol	Rogers Free Library Community Facility Improvements	95,210
Central Falls	El Centro	95,210
Charlestown	Cross Mills Public Library Community Learning Center	95,210
Coventry	Coventry Community Learning Center	95,210
Cumberland	Wellness Hub at the Amaral Building and Heritage Park	95,210
East Greenwich	Swift Community Center Renovation Project	95,210
East Providence	East Providence Community Center	95,210
Glocester	Harmony Library Community Addition	95,210
Glocester	Manton Library – Community Room and Meeting Rooms Renovation	95,210
Hopkinton	Town of Hopkinton Community Center	95,210
Lincoln	Lincoln Learning Center	95,210
Newport	Florence Gray Center	95,210
North Providence	North Providence Community Center	95,210
Providence	Elmwood Community Center	95,210
Providence	Joslin Recreation Center	95,210
Providence	Davey Lopes Recreation Center	95,210
Smithfield	East Smithfield Neighborhood Center Rehabilitation	95,210
South Kingstown	Peace Dale Library Community Learning Center Services Expansion Project	95,210
Westerly	Tower Street Community Center	95,210
Woonsocket	Multipurpose Community Learning Center at Cass Park	95,210
Total		\$1,999,400

Source: RI Pandemic Recovery Office

Analyst Note: The FY2025 Budget as Enacted includes \$2.0 million of SFRF funds, to be evenly distributed across the 21 plus Community Learning Centers, to support the programmatic launch of these centers. The Department believes this investment will help to ensure that these programs successfully create highly impactful programming across the state, the sharing of best practices, and related operational startup costs as determined by the local teams.

ARPA SFRF: Public Health Response Warehouse Support (federal funds)**(\$778,347)**

The Budget does not continue funding for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. The FY2025 Budget as Enacted included \$778,347 in federal ARPA SFRF for the storage of personal protection equipment (PPE).

Analyst Note: Currently, the State is in the process of re-entering into a new lease for 73,770 square feet of warehouse space located at 2700 Plainfield Pike in the City of Cranston and owned by EIM Plainfield Pike LLC. The existing lease, obtained during the pandemic response, expires on July 31, 2025, and the State's warehouse needs continue. The lease terms state that the length of the lease is not to exceed 10 years and the aggregate base rent is not to exceed \$7.2 million.

DEBT SERVICE PAYMENTS

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

Debt Service Payments	General Revenue
FY2025 Enacted	\$164,837,664
<i>Target and Other Adjustments</i>	-
General Obligation Bond Changes	21,625,262
Certificates of Participation (COPs)	(11,186,000)
Other Debt Service Changes	3,524,360
FY2026 Enacted	\$178,801,286

Debt Services Payments	Other Fund Changes
Transportation - Debt Service (other funds)	\$109,157

General Obligation Bond Changes **\$21.6 million**

The Budget includes \$127.9 million in general revenue to fund the cost of the State's general obligation debt service in FY2026, an increase of \$21.6 million as compared to the FY2025 Budget as Enacted.

General Obligation Bonds	FY2025 Enacted	FY2026 Enacted	Change
G.O. Bond New Bond Issue Projected Costs	\$4,883,000	\$26,310,000	\$21,427,000
All Other G.O. Bond Adjustments	101,347,919	101,546,181	198,262
Total	\$106,230,919	\$127,856,181	\$21,625,262

G. O. Bond New Bond Issuance: The debt service projected in FY2026 for bonds approved by the voters on November 5, 2024, includes \$7.6 million in general revenue for a projected principal and \$18.7 million in interest payment for the scheduled FY2025 fall issuance of \$250.0 million in bonds.

Analyst Note: The FY2026 Capital Budget assumes a Spring 2025 issuance of \$250.0 million, at 5.0 percent interest for a term of 20-years.

Certificates of Participation (COPs) **(\$11.2 million)**

The Budget includes \$4.3 million in general revenue to cover the debt service on seven projects financed through certificates of participation (COPs). This reflects a decrease of \$11.2 million from the FY2025 Budget as Enacted.

Certificates of Participation	FY2025 Enacted	FY2026 Enacted	Change
COPS - DCYF Training School	\$4,207,625	\$0	(\$4,207,625)
COPS - Energy Conservation	1,450,375	-	(1,450,375)
COPS - Pastore Hospital Consolidation	1,868,425	1,872,550	4,125
COPS - School for the Deaf	2,482,000	2,479,750	(2,250)
COPS - Technology	3,854,000	-	(3,854,000)
COPS - Traffic Tribunal - Debt Service	1,675,875	-	(1,675,875)
Total	\$15,538,300	\$4,352,300	(\$11,186,000)

Other Debt Service Changes **\$3.5 million**

The Budget includes \$46.6 million in general revenue for debt service expenses on five items, reflecting an increase of \$3.5 million from various adjustments in the FY2025 Budget as Enacted. The significant adjustment reflects a \$3.5 million increase for the Central Falls School Project.

Other Debt Service	FY2025 Enacted	FY2026 Enacted	Change
Central Falls School Project	\$7,221,050	\$10,740,206	\$3,519,156
Convention Center Authority	24,506,645	24,508,787	2,142
EDC - Fidelity Job Rent Credits	954,054	954,054	-
Garrahy Courthouse Garage	493,339	493,339	-
Historic Structures Tax Credit	9,893,357	9,896,419	3,062
Total	\$43,068,445	\$46,592,805	\$3,524,360

Central Falls School Project: The Budget increases general revenue by \$3.5 million in FY2026 for debt service for the outstanding bonds for the Central Falls School Project. The Local Act 2021 Local Act 107 (2021-S-0951aa), authorized up to \$144.0 million in state-backed appropriation financing, to support the Central Falls School Project construction. The FY2024 Budget as Enacted assumed the full authorized bond issuance in 2024 with a projected debt service cost of \$13.4 million. The actual issuance in 2024 was \$93.5 million, thereby lowering the projected debt service to \$7.2 million in both FY2024 and FY2025.

The FY2025 Capital Budget assumes that the remaining authorization of \$50.5 million will be issued in FY2026, at 5.0 percent interest for a term of 20-years. The projected total debt service on the remaining authorization is \$80.5 million with the first payment of \$3.5 million due in FY2026.

Transportation – Debt Service (other funds) \$109,157

The FY2026 Budget includes \$31.9 million in other fund debt service for Transportation debt, reflecting an increase of \$109,157 in operating transfers from other funds for Transportation – Debt Service.

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.

As part of the FY2025 Revised Budget, the Governor transfers all funding for the Office of Energy Resources from the Department of Administration, as the Office will become a standalone state agency. This reflects a reduction of \$44.8 million in all funds. This includes \$250,000 in general revenue for the Erika Niedowski memorial E-Bike Rebate Program to provide a rebate towards the purchase of e-bikes, and the removal of \$250,000 in general revenue for the electric leaf blower rebate program.

Energy Resources	General Revenue
FY2025 Enacted	\$500,000
<i>Target and Other Adjustments</i>	-
Personnel and Operating Transfer	(500,000)
FY2026 Enacted	\$0

Energy Resources	Other Fund Changes
Personnel and Operating Transfer - Restricted Receipts	(\$25,217,475)
Personnel and Operating Transfer - Federal	(15,042,632)
Personnel and Operating Transfer - Other Funds	(4,064,322)

Personnel and Operating Transfer (\$500,000)

The Budget transfers the functions and personnel from the Department of Administration Facilities (16.0 FTE positions) as the Office of Energy Resources will become a standalone state agency. The Budget transfers \$44.3 million in all funds, including \$500,000 in general revenue, \$25.2 million in restricted receipts, \$15.0 million in federal funds, and \$4.1 in other funds reflecting the transfer of the various personnel and operating functions from the Department of Administration.

GENERAL

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

General	General Revenue
FY2025 Enacted	\$16,760,098

<i>Target and Other Adjustments</i>	-
Tort Awards	400,000
Retirement Savings Contributions	301,273
Resource Sharing and State Library Aid	239,594
Wrongful Conviction Awards	188,554
Library Construction Aid	(117,191)
FY2026 Enacted	\$17,772,328

General	Other Fund Changes
2.0 Risk Management FTEs (restricted receipts)	\$413,557

Tort Awards **\$400,000**

The Budget includes \$1.8 million in general revenue for court tort awards, an increase of \$400,000 from the FY2025 Budget as Enacted. Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island. According to the Department of Administration, “the requested increase is contingency for possible increases, as indicated by the Office of the Attorney General.” However, the Department does not have further details regarding potential awards. The State’s RIFANs accounting lists total FY2025 expenditures of \$347,696 as of February 10, 2025.

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2025		FY2026	
Torts - Court Awards	Actual	Actual	Actual	Actual	Actual	Enacted	Final	Change	Enacted	Change
Taxable Claims/Settlements	\$355,000	\$504,116	\$940,130	\$389,681	\$746,588	\$1,350,000	\$1,450,000	\$100,000	\$1,750,000	\$400,000

Retirement Savings Contributions **\$301,273**

The Budget adds \$301,273 in general revenue for additional retirement contributions into the state retirement fund, pursuant to RIGL 36-10-2(e)(1) for state employees and RIGL 36-10-2(e)(2) for the state share for teachers. RIGL requires the Governor in proposing the budget, to include an appropriation equal to 20.0 percent of the proposed savings occurring in the employer contributions for State employees and for the State’s share of the teacher contributions.

	FY2025	FY2026	
Retirement Contributions	Enacted	Enacted	Change
Retirement Contribution (State Employees)	\$167,072	\$0	(\$167,072)
Retirement Contribution (State Share for Teachers)	343,333	811,678	468,345
Total	\$510,405	\$811,678	\$301,273

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

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

Analyst Note: This type of additional retirement payment under 36-10-2 occurs because the FY2026 state contribution rate for teachers is 0.33 percent lower than the revised FY2025 contribution rate, therefore 20.0 percent of the savings must be appropriated to the state retirement system in the FY2026 Budget, reflecting an estimated appropriation of approximately \$811,678 for teachers.

Resource Sharing and State Library Aid**\$239,594**

The Budget provides an additional \$239,594 in general revenue to fully fund Resource Sharing State Library Aid at \$12.1 million, which reflects the current law level of 25.0 percent of the second prior fiscal year's local tax expenditures for library services.

Wrongful Conviction Awards**\$188,554**

The Budget includes \$1.0 million in general revenue for the payment of awards to those who were wrongfully convicted of a crime. This reflects an increase of \$188,554 from the previous year. Authorized under Public Law 2021 Chapter 235 and 236, the law allows anyone who was wrongfully sentenced to prison for more than one year to petition the presiding justice of Rhode Island Superior Court for compensation and damages. If the court finds that the claimant was wrongfully imprisoned, the court will grant an award of \$50,000 for each year served in a correctional facility. If the individual was imprisoned for less than one year, the claimant will receive 1/365 of \$50,000 for each day served. The award can include damages such as attorney's fees no greater than \$15,000, plus compensation for reasonable costs including housing, transportation, subsistence, re-integrative services, and mental and physical health care costs.

Library Construction Aid**(\$117,191)**

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 maximum period of 20 years.

The FY2026 Budget includes \$2.1 million, a decrease of \$117,191 from the FY2025 Budget as Enacted. The net decrease reflects adjustments to five library reimbursements and the adjusted reimbursement for Jamestown and Narragansett.

PUBLIC LIBRARY CONSTRUCTION REIMBURSEMENT PAYMENTS FY 2023-2026

Signed Agreements	FY2023	FY2024	FY2025	FY2026	Change
Barrington**	\$105,517	\$103,483	\$101,449	\$99,451	(\$1,998)
Bristol	293,894	295,094	295,894	301,294	5,400
Burrillville	224,427	216,899	209,304	201,639	(7,664)
Cumberland	28,756	32,062	-	-	-
East Greenwich*	47,177	110,165	-	-	-
East Providence (Riverside)	52,009	50,028	-	-	-
Jamestown	-	-	180,363	155,433	(24,930)
Narragansett	-	-	274,987	268,840	(6,147)
Providence Public*	560,811	560,811	560,811	560,811	-
Tiverton	293,314	287,007	280,700	274,393	(6,307)
Westerly*	253,767	253,767	329,311	253,767	(75,544)
Total	\$1,859,672	\$1,909,317	\$2,232,819	\$2,115,628	(\$117,191)

Source: Office of Library & Information Services, July 18, 2025

*Payments are made directly to the library,

**Barrington where payments are divided between the library and the town.

Analyst Note: According to the Department of Administration, the numbers for FY2025 were revised for Jamestown, Narragansett and Westerly to reflect the payments for projects that were audited following the completion of the Jamestown and Narragansett projects.

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

The Budget includes a \$413,557 increase in restricted receipts reflecting a shift of 2.0 Risk Management FTEs from the DCAMM ISF accounts to the insurance account. Risk management closely works with Accounts and Control as it is more closely aligned with this program than in DCAMM. Risk management works with insurance coverage, which is a financial issue rather than a facilities issue.

Analyst Note: The Budget transfers 2.0 FTE positions from the DCAMM ISF to the restricted Restoration and Replacement – Insurance Coverage account, which is located in the General program, but for organizational purposes the positions will be considered to be in Accounts and Control.

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
FY2025 Enacted	\$943,668
<i>Target and Other Adjustments</i>	<i>29,202</i>
Centralized Services (statewide adjustments)	(68,099)
Advertising	(33,772)
Personnel Adjustments (statewide adjustments)	18,581
FY2026 Enacted	\$889,580

Advertising **(\$33,772)**

The Budget removes \$33,772 in general revenue for advertising for divisions asking for specific advertising dollars to support state employment recruitment.

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
FY2025 Enacted	\$1,838,147
<i>Target and Other Adjustments</i>	<i>-</i>
FY2026 Enacted	\$1,838,147

Information Technology	Other Fund Changes
Information Technology Restricted Receipt Account (restricted receipts)	(\$2,217,416)
Large Systems Initiative Fund (internal service funds)	Informational

Information Technology Restricted Receipt Account (restricted receipts) **(\$2.2 million)**

The Budget includes \$1.2 million in restricted receipts for the Information Technology Restricted Receipt Account (ITRR), formerly known as the Information Technology Investment Fund (ITIF), which is a restricted receipt account for the State's technology initiatives and improvement projects. This reflects a decrease of \$2.2 million in restricted receipts from the FY2025 Budget as Enacted, primarily reflecting the scheduled completion of the Enterprise Resource Planning (ERP) development. ITRR funding can only be

used for development, not maintenance and operations. However, the Human Resource (HR) module has been delayed by a few months.

ITRR Cash Balance:

ITRR Cash Balance	FY2025 YTD	Projected
		FY2025 Ending
Cash Balance: June 30, 2024	\$17,822,026	\$17,822,026
FY2025 Revenue	532,537	1,500,000
FY2025 Expenditures	(743,664)	(11,766,118)
Balance	\$17,610,899	\$7,555,908

Approved Outyear Expenditures	-	724,148
New Obligations	6,831,760	6,831,760
Unobligated Balance		\$0

Source: Department of Administration

Since January 2025

\$37,169 in expenditures for two ITRR projects

\$81,595 in E-911 Tax Transfer Revenue

No property sale revenue

FY25 projected expenditures reflects full ERP remaining & 75.0 percent on other ITRR projects

Obligating \$6,831,760 of ITRR balance to ERP

The FY2025 projected ITRR expenditures reflects the full expensing of the remaining ERP funds and 75.0 percent of other ITRR projects' remaining balances. The approved out-year expenditures are based on 25.0 percent of the non-ERP ITRR projects remaining balances that may carry-forward into FY2026.

The ITRR/ITIF history:

- The FY2015 Budget as Enacted authorized the Tobacco Settlement Financing Trust to transfer an estimated \$10.0 million to the ITIF from proceeds of the recent issuance of bonds by the Tobacco Settlement Financing Corporation. The ITIF derives funding through the sale of state property, as well as from three additional sources.
- In FY2015, 10.0 percent of the \$1.00 surcharge levied on each residence and business telephone line collected to support the E-911 Uniform Emergency Telephone System is deposited into the ITIF, but this was repealed under Article 2 of the FY2020 Budget as Enacted and replaced with a new revenue source derived from 10.0 percent of a \$0.50 fee imposed on land-lines and 10.0 percent of the \$0.75 fee imposed on wireless phone lines. The surcharge change is projected to provide the technology investment fund \$1.0 million annually.
- Article 4 of the FY2018 Budget as Enacted established a \$1.50 surcharge on every DMV fee transaction. This surcharge revenue is deposited into the State's Information Technology Infrastructure Fund (ITIF). Funds generated through the surcharge are specifically used to pay the original and ongoing costs associated with the DMV's information technology system, known as the Rhode Island Modernization System, or RIMS.
- Article 7 of the FY2019 Budget as Enacted authorized a tiered set of fees for individuals to obtain copies of certain vital records. The fees established are \$5 for mail-in certified records, \$3 for duplicate certified records, and \$2 for walk-in requests for certified records requests. The revenue generated from these fees are deposited into the Information Technology Infrastructure Fund. The proposal projects to generate \$350,351 annually.
- Article 7 of the FY2020 Budget as Enacted made several changes related to the technology surcharge. The surcharge is increased by \$1.00, for a total of \$2.50 per DMV fee transaction. Revenue from the increase is to be deposited in a new restricted receipt within the DMV to pay for IT project-related payments and/or ongoing maintenance of and enhancements to the DMV's computer system. The remaining \$1.50 is deposited into the ITIF. The article removes the existing sunset and shifts the remaining \$1.50 from the ITIF to the DMV account beginning on July 1, 2022. Based on DOR projections, \$4.2 million in surcharge revenue, inclusive of the fee increase, will be

generated in FY2020. The ITIF will receive \$2.5 million of this revenue and \$1.7 million will be deposited into the DMV restricted receipt account.

- Article 5 of the FY2022 Budget as Enacted requires that \$50.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to for a new Enterprise Resource Planning System (ERPS) for human resources, information systems, payroll, and financial management; and requires that \$17.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to replace the Department of Children, Youth, and Families' case management information system.
- Article 7 of the FY2023 Budget as Enacted providing revisions to the FY2022 Budget, requires that \$50.0 million in restricted receipts from the Information Technology Investment Fund be used for the development and implementation of an Enterprise Resource Planning System and \$17.0 million be available to replace the Department of Children, Youth, and Families' case management information system.
- Article 1 of the FY2023 Budget as Enacted requires that \$22.4 million in restricted receipts from the Information Technology Investment Fund be used for the development and implementation of an electronic medical records system for the state hospitals, \$19.4 million be available for the replacement and modernization of the Legacy mainframe system in the Department of Labor and Training, \$6.7 million for RIBridges Mobile and Childcare Tracking, \$2.5 million for Blockchain Digital Identity, \$2.2 million to support implementation of the Enterprise Resource Planning System, \$5.8 million for the Department of Environmental Management's online permit and licensing system for fish and wildlife, commercial fishing and boating registrations, \$3.3 million for Wi-Fi and Technology at the Adult Correctional Institutions, and \$2.3 million for the tax modernization system.
- Article 2 of the FY2024 Budget as Enacted established the Large Systems Initiative Fund (LSIF) as well as changed the name of the Information Technology Investment Fund to the Investment Technology Restricted Receipt Account. In addition, Article 1 of the enacted budget required the State Controller to transfer \$115.0 million from the Information Technology Restricted Receipt account to the Large Systems Initiatives Fund by July 14, 2023. These funds reflected balances in the Fund that were previous appropriations to capitalize the ITIF in FY2021 and FY2022.

Large Systems Initiative Fund (internal service funds)

Informational

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

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

The FY2024 Budget transferred \$115.0 million from the ITRR account to the Large Systems Initiative Fund (LSIF). These funds reflected balances that were previous appropriations to capitalize the ITRR (ITIF) in FY2021 and FY2022. The FY2024 Budget as Enacted also included a \$13.0 million general revenue appropriation for the LSIF, of which, \$8.0 million for the Comprehensive Child Welfare Information System (CCWIS) information technology project; and \$5.0 million to support the new Gateway to

Government initiative that expands the Digital Government Pilot Program in the Department of Business Regulation. The LSIF is an internal service fund within the Department of Administration.

The Budget includes an ISF appropriation of \$70.4 million in FY2025 and \$35.7 million in FY2026 for eight listed projects. The following table illustrates the project and funding amounts covering Pre-FY2025 through FY2027. The fund balance was requested but as of this writing it has not been received.

Large Systems Initiative Fund	Pre-FY2025	FY2025	FY2026	FY2027
Comprehensive Child Welfare Information System	\$152,969	\$9,700,000	\$9,797,031	\$5,000,000
DEM Legacy Modernization	826,905	2,811,972	-	-
DLT Mainframe Legacy Modernization	1,167,426	6,832,574	9,450,000	1,950,000
Electronic Medical Records System	261,572	6,260,000	10,960,000	4,918,428
Enterprise Resource Planning	11,418,581	34,716,407	3,663,746	-
Gateway to Government	-	3,600,000	1,800,000	2,100,000
RI Bridges Mobile Access and Child Care Tracking	59,499	4,485,489	-	-
Wi-Fi and Tech at the ACI	865,257	1,988,051	-	-
Total	\$14,752,209	\$70,394,493	\$35,670,777	\$13,968,428

Source: FY2026 Capital Budget (Digital Version)

- **Comprehensive Child Welfare Information System:** The Budget includes \$9.8 million in LSIF, \$9.5 million in federal funds, and \$1.3 million in general revenue to replace the Department of Children, Youth, and Families' case management system, RICHIST. The capital funding for this project is listed under the Executive Office of Health and Human Services (EOHHS). The total project cost is \$56.9 million and the project out-year costs through FY2027 is \$15.8 million of which \$5.0 million is from the LSIF.
- **DLT Mainframe Legacy Modernization:** The Budget includes \$9.5 million in LSIF 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.
- **Electronic Medical Records System:** The Budget includes \$11.0 million in LSIF to implement the Hospital Information System (HIS) with an Electronic Medical Records (EMR) component. The HIS EMR system will improve patient care through electronic capturing and tracking of patient data, eliminate manual transcriptions and paper file storage, and will better enable evidence-based health care decisions.
- **Enterprise Resource Planning (ERP):** The FY2026 Budget recommendation includes \$3.7 million from the LSIF and \$6.7 million in internal service funds (ISF) to modernize the State's decades-old legacy systems for human resources, payroll, grants management, and financial data systems. The current system is outdated, susceptible to various single points of failure, and at-risk for security breaches, leaving decision makers unable to receive accurate information in a timely manner. The total project cost is \$91.3 million and the project out-year costs through FY2030 are \$28.6 million in ISF.
- **Gateway to Government:** The Budget includes \$1.8 million in LSIF for FY2026 to support the Gateway to Government initiative, an expansion of the digital government pilot program of the Department of Business Regulation. The purpose of this initiative is to transition licensing processes toward a single paperless platform housing digital identities and credentialing information.

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
FY2025 Enacted	\$2,491,594
<i>Target and Other Adjustments</i>	<i>(1,182)</i>
Personnel Adjustments (statewide adjustments)	382,578
FY2026 Enacted	\$2,872,990

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
FY2025 Enacted	\$1,949,487
<i>Target and Other Adjustments</i>	<i>1,372</i>
Personnel Adjustments (statewide adjustments)	163,956
Interlibrary Delivery System	28,238
FY2026 Enacted	\$2,143,053

Library and Information Services	Other Fund Changes
Personnel Adjustments (federal funds) (statewide adjustments)	\$11,349

Interlibrary Delivery System **\$28,238**

The Budget includes an increase of \$28,238 in general revenue for the Interlibrary Delivery System as compared to the previous year. The increase reflects an anticipated contract increase. The Interlibrary Delivery System is a service provided to members of the Library of Rhode Island (LORI) network for interlibrary loan and other resource sharing activities. RIGL 29-6-9 requires that the Office of Library and Information Services fund the Interlibrary Delivery System in its entirety.

PERSONNEL APPEAL BOARD

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

Personnel Appeal Board	General Revenue
FY2025 Enacted	\$159,290
<i>Target and Other Adjustments</i>	<i>1,548</i>
FY2026 Enacted	\$160,838

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
FY2025 Enacted	\$25,600,000
<i>Target and Other Adjustments</i>	-
Pension Plan Revisions	(20,600,000)
FEMA Reserve and Contingency	(2,500,000)
Primary Care Health Assessment State Cost	750,000
FY2026 Enacted	\$3,250,000

Personnel and Operational Reforms	Other Fund Changes
Pension Plan Revisions (federal funds)	(\$3,600,000)
Pension Plan Revisions (other funds)	(2,200,000)
Pension Plan Revisions (restricted receipts)	(1,100,000)
Primary Care Health Assessment State Cost (other funds)	477,295
Primary Care Health Assessment State Cost (federal funds)	100,500
Primary Care Health Assessment State Cost (restricted receipts)	44,575

Pension Plan Revisions ***(\$20.6 million)***

The FY2025 Budget as Enacted amended sections of RIGL impacting the retirement statutes for state employees, teachers, and municipal employees. The amended retirement statutes included:

- COLA Restoration for Pre-July 1, 2012 Retirees
- Reduces the COLA threshold from 80.0 percent to 75.0 percent
- Reduces Final Average Salary Computation from 5-years to 3-years
- State Employee Public Safety Professionals Parity to MERs
- Post-retirement Employment Earnings
- 90-Day Substitute Teacher Provisions
- Post-retirement Employment Contributions

Together the changes and revisions increased the State's employer annual required contribution (ARC) by \$27.5 million in all funds for FY2025, of which \$20.6 million is general revenue \$3.6 million is federal, \$2.2 million in other funds, and \$1.1 million is in restricted receipts.

The FY2026 Budget does not include any new amendments to the retirement statutes. In addition, the revisions enacted in the previous year have been calculated into the State Retirement System's actuarial valuation of June 30, 2024, and adopted by the State Retirement Board on December 18, 2024.

Therefore, the additional appropriation of \$20.6 million in general revenue that was necessary in the previous year, to cover the State's employer annual required contribution (ARC) increase, is not required in FY2026. There are corresponding decreases of \$3.6 million in federal funds, \$2.2 million in other funds, and \$1.1 million in restricted receipts.

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

The Budget includes \$2.5 million in general revenue for FEMA contingency reserve and contingency payments to be used in the event that the federal FEMA reimbursements for COVID-19 response costs 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. This reflects a decrease of \$2.5 million in general revenue as compared to the FY2025 Budget as Enacted.

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

The Budget adds \$750,000 in general revenue reflecting the State's cost as an employer for the primary care health assessment. The Budget contains legislation establishing an assessment, similar to the child and adult immunization program assessments, to generate \$30.0 million annually to support primary care and other critical healthcare programs. The current assessments are based on a per member per month fee, applied to all covered lives including self-insured. The State's cost as an employer is \$1.4 million, of which \$750,000 is from general revenues, \$477,295 in other funds, \$100,500 in federal funds, and \$44,575 in restricted receipts.

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
FY2025 Enacted	\$1,175,750
<i>Target and Other Adjustments</i>	<i>7,778</i>
Personnel Adjustments (statewide adjustments)	39,002
Contract Services	26,596
Capital Lease	(26,897)
FY2026 Enacted	\$1,222,229

Contract Services**\$26,596**

The Budget adds \$26,596 in general revenue for a one-time expense to digitize older records within the Division of Planning, that currently exist only in paper format

Contract Services	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Accounting/Auditing	\$60,000	\$48,000	(\$12,000)	\$48,000	(\$12,000)
Engineering Services	-	51,000	51,000	-	-
Environmental Services	67,989	29,989	(38,000)	79,989	12,000
Management Consultants	-	-	-	26,596	26,596
Total	\$127,989	\$178,989	\$51,000	\$154,585	\$26,596

Capital Lease**(\$26,897)**

The Budget removes \$26,897 in general revenue for capital lease expenses. Previous budgets have included this line item which has remained unspent each year since 2024.

PURCHASING

The Purchasing division includes procurement, operational support services, standards and specifications development and management, vendor information, and minority business enterprises. The Procurement division solicits bids or requests for proposals for services and supplies, negotiates prices with vendors, and

carries out affirmative action programs. Operational support services include purchase order production and record-keeping, bid preparation and opening, requisition tracking, and vendor files. The standards and specifications staff work with agency representatives to develop statewide standards for goods and services to be solicited.

Purchasing	General Revenue
FY2025 Enacted	\$4,232,292
<i>Target and Other Adjustments</i>	-
Personnel Adjustments	(205,994)
Centralized Services (statewide adjustments)	(17,312)
FY2026 Enacted	\$4,008,986
Purchasing	Other Fund Changes
Personnel Adjustments (restricted receipts)	\$801,507
Personnel Adjustments (other funds)	64,874

Personnel Adjustments **(\$205,994)**

The Budget includes \$3.5 million in general revenue for personnel expenses within Purchasing. This is a net decrease of \$205,994 as compared to the FY2025 Budget as Enacted. The net change consists of salary and employee benefits, reflecting the statewide personnel COLA 4.0 percent and benefit adjustments, partially offset by the change to the funding source for the Division of Purchasing, from general revenue to restricted receipts through the establishment of a procurement assessment fee, a 0.33 percent administrative fee be assessed on all state contracts beginning on January 1, 2026.

Analyst Note: Article 3 establishes a 0.33 percent administrative fee to be assessed on all state contracts beginning on January 1, 2026, and reduces the current 1.0 percent administrative fee on master price agreements (MPA) to 0.33 percent. Revenue from the fee would be restricted to support the Division of Purchases, such as implementing and operating technology for the submission and processing of bids, and other costs related to state procurement including staffing.

RHODE ISLAND HEALTH BENEFITS EXCHANGE

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

Rhode Island Health Benefits Exchange (HealthSource RI)	General Revenue
FY2025 Enacted	\$3,529,116
<i>Target and Other Adjustments</i>	-
Contract Adjustments	(946,135)
UHIP Operating Expenditures Consolidation	(693,754)
FY2026 Enacted	\$1,889,227
Rhode Island Health Benefits Exchange (HealthSource RI)	Other Fund Changes
IT Support Services (restricted receipts)	\$1,116,299
Health Insurance Integrity Fund (restricted receipts)	42,820

Contract Adjustments**(\$946,135)**

The Budget includes a general revenue decrease of \$946,135 reflecting an \$805,120 decrease in IT support, \$128,255 decrease in communications and media, and a \$60,366 increase in management consultants. According to Healthsource RI, these expenditures reflect the removal of one-time expenses for redetermination activities, and HSRI's share of UHIP expenses.

UHIP Consolidation to EOHHS**(\$693,754)**

The Budget includes a general revenue reduction of \$693,754, to reflect the decision to centralize all operating and contract expenditures related to the Unified Health Infrastructure Program (UHIP).

Currently, funding for UHIP is located in three separate agencies; the Department of Administration, the Department of Human Services, and the Executive Office of Health and Human Services, resulting in segmented programmatic operations. In regards to HSRI, the Division primarily oversees the management of Rhode Island's health exchange, Rhode Island's insurance marketplace which provides high quality, and affordable healthcare to individuals and families who are unable to attain it through their jobs.

According to the Division, the intent behind the operating and expenditure consolidation is to clearly reflect expenditure changes within the UHIP programs. According to the Department, this will provide a more transparent and unified view of UHIP expenditures. This budget item will not impact UHIP governance, nor employee expenditures. The Department will maintain its charge as the eligibility and enrollment hand of the program, and maintain its FTE's within the Division of Healthcare Eligibility.

IT Support Services (restricted receipts)**\$1.1 million**

The Budget includes a \$1.1 million restricted receipts increase, reflecting a funding shift from a separate restricted receipt line item within the program, as well as an increase in projected spending for RI Bridges projects. According to the Division, this is approximately a 50/50 split between the two initiatives.

This account is funded by the Health Reform Assessment, which was established in the FY2016 Budget as Enacted, charging the Division to establish and maintain a financing mechanism for the state-based exchange. Article 18 established a 3.5 percent fee, which was later reduced to 3.0 percent in Article 11 of the FY2020 Enacted Budget. The assessment is used to fund the operational costs of HealthSource RI, the state-based health benefits marketplace for individual and small group health insurance and the avenue through which Rhode Islanders access federal health insurance subsidies.

Health Insurance Integrity Fund (restricted receipts)**\$42,820**

The Budget includes a \$42,820 restricted receipt increase related to the Health Insurance Market Integrity Fund. Article 11 of the FY2020 Enacted budget established a Health Insurance Market Integrity Fund, which is funded through the Shared Responsibility Payment Penalty (SRPP), and supports the Reinsurance program. According to the Senate Fiscal Office's Report on the FY2020 Budget as Enacted, the reinsurance program will pay for a portion of an insurance carrier's claims after they surpass a specified dollar amount, set annually by the Director of Healthsource RI. The program is designed to mitigate individual market premium increases that are associated with high-cost insured individuals. The program would offset costs associated with providing coverage for sicker individuals, allowing insurers to reduce premiums in the individual market.

THE DIVISION OF EQUITY, DIVERSITY, AND INCLUSION

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

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

- Director of the Division administers the office.
- The State Equal Opportunity Office ensures federal and State equal opportunity compliance for all units of state government.
- The Minority Business Enterprise Compliance Office is responsible for supporting State laws and policies to ensure full participation of Minority/Women Business Enterprises (MBE/WBEs) and Disadvantaged Business Enterprises (DBEs) in state and federally-funded construction programs and projects, and State purchases of goods and services.
 - To increase opportunities for minority- and women-owned business enterprises, disadvantaged business enterprises, and veteran business enterprises, as well as disability business enterprises, to participate in our state's procurement activities.
- The Human Resource Outreach and Diversity Office is responsible for creating a culture that values a diverse workforce through diversity training to state employees and assists in recruiting and retaining a diverse workforce.
- Office of Supplier Diversity complements the work of the Minority Business Enterprise Compliance Office.

The Division of Equity, Diversity, and Inclusion	General Revenue
FY2025 Enacted	\$2,152,119
<i>Target and Other Adjustments</i>	<i>85,764</i>
Personnel Adjustments (statewide adjustments)	97,409
Contract Services	(17,176)
Centralized Services (statewide adjustments)	(24,647)
Staff Training	15,000
FY2026 Enacted	\$2,308,469

Contract Services **(\$17,176)**

The Budget includes a net decrease of \$17,176 in general revenue to fund reflecting a decrease of \$65,176 for the disparity study contracted through the Division of Equity, Diversity, and Inclusion and shift that funding to cover the costs of a minority business consultant and salary of the DEDI director, and a decrease of \$10,000 in general revenue for communication and media contract services reflects historical expenditure trends. This is offset by an increase of \$58,000 for contracted clerical services.

	FY2025	FY2025		FY2026	
Contract Services	Enacted	Final	Change	Enacted	Change
Clerical Services	\$0	\$58,000	\$58,000	\$58,000	\$58,000
Communications and Media	10,000	-	(10,000)	-	(10,000)
Management Consultants	500,000	(15,176)	(515,176)	434,824	(65,176)
Total	\$510,000	\$42,824	(\$467,176)	\$492,824	(\$17,176)

Staff Training **\$15,000**

The Budget includes \$15,000 in general revenue for staff training to explore new unspecified training opportunities for the DEDI staff. The FY2025 Final Budget includes \$12,420 for the same purpose.

CAPITAL PROJECTS

The Budget includes \$68.2 million in Rhode Island Capital Plan (RICAP) funds for 42 various capital projects in FY2026. This reflects a decrease of \$56.1 million from the previous fiscal year. Significant project changes include:

- **New or Major Funding Changes Capital Projects:** The Budget includes \$4.5 million for one project, and no RICAP funding for the hospital consolidation or for the new Long-Term Acute Care Hospital (LTACH) on the Zambarano Campus. The Budget includes \$4.5 million for the asset protection of buildings, utilities, roads, equipment, parking, and grounds of the Eleanor Slater Hospital.

New or Major Funding Changes	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
RICAP - Hospital Consolidation	25,000,000	25,000,000	-	-	(25,000,000)
RICAP - Zambarano LTACH	7,099,677	8,562,191	1,462,514	-	(7,099,677)
RICAP - Zambarano Buildings	4,740,000	22,386,243	17,646,243	4,500,000	(240,000)
Total	\$36,839,677	\$55,948,434	\$19,108,757	\$4,500,000	(\$32,339,677)

- **Zambarano Buildings:** The Budget includes \$4.5 million in RICAP funds in FY2026 for the asset protection of buildings, utilities, roads, equipment, parking, and grounds of the Eleanor Slater Hospital. The purpose of the work is to keep the hospital functioning. The capital plan includes \$2.2 million in RICAP out-year funding through FY2030.
- **Group Home Projects:** The Budget includes \$10.4 million to fund various major maintenance and repairs or replacement of group homes. This is an increase of \$1.0 million from the previous year.

Group Home Projects	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
RICAP - Group Home Replacement	\$5,000,000	\$5,492,766	\$492,766	\$5,000,000	\$0
RICAP - Group Homes Consolidation	4,325,000	4,325,000	-	5,350,000	1,025,000
RICAP - BHDDH DD & Community Facilities - Asset Protection	-	294,872	294,872	-	-
RICAP - BHDDH DD & Community Homes - Fire Code	-	143,473	143,473	-	-
RICAP - BHDDH DD Regional Facilities - Asset Protection	-	340,998	340,998	-	-
RICAP - BHDDH Group Homes	-	157,947	157,947	-	-
RICAP - BHDDH Substance Abuse Asset Protection	-	18,341	18,341	-	-
Total	\$9,325,000	\$10,773,397	\$1,448,397	\$10,350,000	\$1,025,000

- **Group Home Replacement:** The Budget includes \$5.0 million in FY2026 for the Group Home renovation or replacement program.
- **Group Homes Consolidation:** The Budget includes \$5.4 million in FY2026 for the Group Home consolidation project. The Budget includes \$29.5 million from FY2025 through FY2030 to repair and maintain state-owned group homes. This new program consolidates all BHDDH group home asset protection projects.
- **Pastore Center Campus Projects:** The Budget includes \$25.8 million to fund various major maintenance and repairs to 35 structures at the Pastore Government Center. This is a decrease of \$19.9 million from the previous year.

Pastore Center Capital Projects	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
RICAP - Pastore Center Building Demolition	\$9,900,000	\$9,397,925	(\$502,075)	\$0	(\$9,900,000)
RICAP - Pastore Center Master Plan	500,000	1,107,069	607,069	-	(500,000)
RICAP - Pastore Center Medical Buildings Asset Protection	2,400,000	1,536,695	(863,305)	1,000,000	(1,400,000)
RICAP - Pastore Center Non-Medical Buildings Asset Protection	10,405,000	18,256,068	7,851,068	7,750,000	(2,655,000)
RICAP - Pastore Center Power Plant	250,000	594,982	344,982	2,000,000	1,750,000
RICAP - Pastore Infrastructure	22,195,000	34,813,431	12,618,431	15,000,000	(7,195,000)
Total	\$45,650,000	\$65,706,170	\$20,056,170	\$25,750,000	(\$19,900,000)

- **Pastore Infrastructure:** The Budget includes \$15.0 million in RICAP funds in FY2026 to continue infrastructure improvements at the Pastore Campus. These improvements include the replacement of water and sewer lines, as well as work on the power plant transformer, electrical lines, heating conduits, and the campus IT system.

- **Pastore Center Non-Medical Buildings Asset Protection:** The Budget includes \$7.8 million in RICAP funds, reflecting a decrease of \$2.7 million as compared to the FY2025 Budget as Enacted.
- **Pastore Center Power Plant:** The Budget includes \$2.0 million in RICAP funds in FY2026 towards the \$24.0 million project to install a redundant deaerator, steam pipe replacement, new pumps, and steam turbine repairs. The capital budget includes \$3.5 million in FY2027.
- **Pastore Center Medical Buildings Asset Protection:** The Budget includes \$1.0 million in RICAP funds, reflecting a decrease of \$1.4 million as compared to the FY2025 Budget as Enacted.
- **Capitol Hill Campus Projects:** Includes \$5.6 million, a decrease of \$2.7 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.

Capital Hill Campus Projects	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
RICAP - Williams Powers Building	\$2,400,000	\$5,652,693	\$3,252,693	\$2,500,000	\$100,000
RICAP - State House Renovations	2,209,000	7,024,744	4,815,744	1,759,000	(450,000)
RICAP - Old State House	2,000,000	2,437,783	437,783	600,000	(1,400,000)
RICAP - State Office Building	675,000	808,679	133,679	500,000	(175,000)
RICAP - Cannon Building	700,000	150,000	(550,000)	150,000	(550,000)
RICAP - Chapin Health Laboratory	350,000	438,000	88,000	100,000	(250,000)
Total	\$8,334,000	\$16,511,899	\$8,177,899	\$5,609,000	(\$2,725,000)

- **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 \$2.5 million in RICAP funds in FY2026 that include HVAC upgrades, bathroom renovations, window and exterior envelop repairs, and carpet and flooring replacements.
- **State House Renovations:** The capital plan consists of \$94.4 million in renovations to the State House in Providence, including an appropriation of \$1.8 million in RICAP funds for FY2026. This reflects a decrease of \$450,000 from the previous fiscal year. The project includes building mechanical, HVAC replacement/upgrade, plumbing, and electrical improvements, asset protection, interior stairway renovations, window replacement, removing “Providence Plantations” from the building, and improvements to the grounds and walkways around the structure. The capital plan includes out-year funding of \$73.6 million for continuing restoration and renovation projects from FY2027 through FY2030.
- **Cannon Building:** The capital budget includes \$150,000 in RICAP funds in FY2026 for ongoing HVAC work and asset protection. There is no out-year capital appropriation for the state health lab, as the state lab will be relocating into the new lab facility on 150 Richmond Street in the City of Providence.
- **Rhode Island Convention Center Authority Venues:** The Budget includes \$7.0 million in RICAP funds for continued asset protection, upgrades, renovations, and funding of the renewal and replacement bond covenant for the Amica Mutual Pavilion (Dunkin Donuts Center). This is a decrease of \$560,000 from the previous year.

RI Convention Center Authority Venues	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
RICAP - Amica Mutual Pavilion	\$3,550,000	\$3,550,000	\$0	\$3,800,000	\$250,000
RICAP - Rhode Island Convention Center Authority	3,590,000	3,590,000	-	2,800,000	(790,000)
RICAP - Veterans Auditorium	400,000	400,000	-	380,000	(20,000)
Total	\$7,540,000	\$7,540,000	\$0	\$6,980,000	(\$560,000)

- **Amica Mutual Pavilion (Dunkin Donuts Center):** The Budget includes \$3.8 million in RICAP funds in FY2026 for continued asset protection, upgrades and renovations of the Amica Mutual Pavilion, including arena risers, seating, and common areas. Also includes work on the HVAC system, audio/visual services, and electrical upgrades. This reflects an increase of \$250,000 in RICAP funds

from the previous year. The total recommended capital expenditure covering FY2025 through FY2030 is \$12.7 million in RICAP funds.

- **Rhode Island Convention Center Authority:** The Budget includes \$2.8 million in RICAP funds for continued asset protection, upgrades, and renovations to the Rhode Island Convention Center (RICC) in Providence. This reflects a decrease of \$790,000 over the FY2025 Budget as Enacted. The total recommended capital expenditure covering FY2025 to FY2030 is \$15.7 million in RICAP funds. The RICC is owned and operated by the Rhode Island Convention Center Authority (RICCA), but leased to the State through a sublease agreement implemented in November 1991. The Convention Center opened in December 1993 and, as the facility ages into its fourth decade, an asset protection and preventive maintenance program is required to maintain the facility.
- **Veterans Auditorium:** The Budget includes \$380,000 in RICAP funds for audio system replacement, stage lighting upgrades, and asset protection projects for the Auditorium. This reflects a decrease of \$20,000 in RICAP funds from the previous year.
- **Miscellaneous Capital Projects:** The Budget includes \$15.0 million in RICAP funds for various major maintenance and repairs to 14 statewide projects or structures. This is a decrease of \$1.6 million from the previous year.

Miscellaneous Capital Projects	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
RICAP - 560 Jefferson Blvd Asset Protection	\$1,600,000	\$850,000	(\$750,000)	\$2,050,000	\$450,000
RICAP - Accessibility - Facility Renovations	288,928	945,914	656,986	-	(288,928)
RICAP - Arrigan Center	75,000	117,080	42,080	200,000	125,000
RICAP - Big River Management Area	754,154	920,309	166,155	797,000	42,846
RICAP - Communities Facilities Asset Protection	925,000	1,122,300	197,300	225,000	(700,000)
RICAP - Cranston Street Armory	250,000	250,000	-	600,000	350,000
RICAP - Energy Efficiency Improvements- Statewide	1,000,000	-	(1,000,000)	-	(1,000,000)
RICAP - Environmental Compliance	725,000	920,892	195,892	225,000	(500,000)
RICAP - Expo Center (Springfield)	1,220,000	1,220,000	-	500,000	(720,000)
RICAP - Information Operations Center	6,550,000	6,911,968	361,968	5,550,000	(1,000,000)
RICAP - Medical Examiner Building	50,000	2,279,462	2,229,462	50,000	-
RICAP - Replacement of Fueling Tanks	700,000	1,207,587	507,587	430,000	(270,000)
RICAP - State Land Use Planning Study	-	250,000	250,000	-	-
RICAP - State Office Reorganization & Relocation	250,000	1,698,690	1,448,690	750,000	500,000
RICAP - Washington County Government Center	800,000	247,863	(552,137)	100,000	(700,000)
RICAP -Security Measures State Buildings	975,000	1,074,137	99,137	700,000	(275,000)
RICAP -Shepard Building Upgrades	435,000	2,225,307	1,790,307	2,805,000	2,370,000
Total	\$16,598,082	\$22,241,509	\$5,643,427	\$14,982,000	(\$1,616,082)

- **Shepard Building Upgrades:** The Budget includes \$2.8 million in RICAP funds for asset protect and maintenance of the state-owned Shepard Building in the City Providence. This is an increase of \$2.4 million in RICAP funds as compared to last year's budget. The projects include elevator modernization, iron work on the building's façade, roof replacement, security improvements, bathroom renovations, as well as interior renovations.
- **Information Operations Center:** The capital budget includes \$5.6 million in RICAP funds for continued upgrades at the State's IT data center (Division of Enterprise Technology Strategy Service (ETSS), currently located at 50 Service Avenue in the City of Warwick. This is a decrease of \$1.0 million from the previous year. The capital plan includes out-year RICAP appropriations of \$4.3 million through FY2030.
- **Cranston Street Armory:** The Budget includes \$600,000 in RICAP funds for continued asset protection/structural stabilization work on the facility, design and engineering work for the structure's exterior envelope, and funds for a development agreement on the reuse of the structure. This is an increase of \$350,000 from the previous year.

- **State Office Reorganization and Relocation:** The capital budget includes \$750,000 in RICAP funds to redesign office space, move personnel, and relocate storage to other locations. The capital plan includes out-year RICAP appropriations of \$1.0 million through FY2030.
- **Expo Center – Springfield (The Big E State Fair):** The Budget includes \$500,000 in RICAP funds to complete the renovations and maintenance at the Rhode Island Building. Built in 1957, the Rhode Island Building houses exhibitors and exhibits showcasing the state during the annual Big E exposition. The total project cost was \$2.0 million. There are no out-year appropriations.

Office of Energy Resources

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Enacted	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$27.5	\$44.8	\$68.4	\$23.6	52.5%	\$76.3	\$31.5	70.2%
Total	\$27.5	\$44.8	\$68.4	\$23.6	52.5%	\$76.3	\$31.5	70.2%

Expenditures By Source								
General Revenue	\$0.0	\$0.5	\$0.5	\$0.0	-	\$0.0	(\$0.5)	-100.0%
Federal Funds	11.5	15.0	35.4	20.4	135.6%	31.6	16.5	109.7%
Restricted Receipts	14.2	25.2	26.4	1.2	4.8%	39.1	13.9	55.0%
Other Funds	1.9	4.1	6.0	1.9	47.7%	5.7	1.6	39.3%
Total	\$27.5	\$44.8	\$68.4	\$23.6	52.5%	\$76.3	\$31.5	70.2%

Authorized FTE Levels	15.0	16.0	16.0	-	-	17.0	1.0	6.3%

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

FY2024 and FY2025 OER in Department of Administration

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

MAJOR ISSUES AND TRENDS

The FY2025 Final Budget includes \$68.4 million in all funds, of which \$500,000 is general revenue. The Budget includes \$35.4 million in federal funds, \$26.4 million in restricted receipts, and \$6.0 million in other funds. This reflects an all funds increase of \$23.6 million.

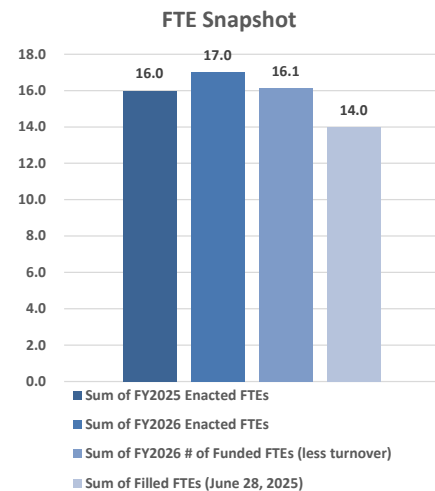
As part of the FY2025 Final Budget, all funding for the Office of Energy Resources is transferred from the Department of Administration, as the Office of Energy Resources will become a standalone state agency. This includes \$250,000 in general revenue for the Erika Niedowski memorial E-Bike Rebate Program to provide a rebate towards the purchase of e-bikes, and \$250,000 in general revenue for the electric leaf blower rebate program. At the end of FY2025, all unexpended funds of these two general revenue funded programs shall be reappropriated into FY2026.

The FY2026 Budget includes \$76.3 million in all funds, of which \$0 is general revenue, \$39.1 million is restricted receipts, \$31.6 million is federal funds, and \$5.7 million is other funds. This reflects an all funds increase of \$31.5 million, primarily centered on new or expanded federal and restricted receipt funded programs. The Budget does not contain additional funding for either the Erika Niedowski memorial E-Bike Rebate Program or the electric leaf blower rebate program.

The Budget includes 16.0 FTE positions in FY2025 and 17.0 FTE positions in FY2026.

Rhode Island Energy Resources Act

Article 3, Section 21 amends the filing date of the Office of Energy Resources' annual report from March 1 to June 30 of each year. The article also amends RIGL 42-140-3 and RIGL 42-140-7 to eliminate outdated statutory references.



RIGL 42-140-3.9 and RIGL 42-140.3.14 are amended to reflect that legislation creating the renewable energy coordinating board was repealed in 2015. In addition, RIGL 42-140-7(a) is amended because the provisions from 2006 were never implemented and are outdated since the OER and staffing capabilities was restructured in 2012, and the renewable energy related funds task was completed in 2008. Lastly, RIGL 42-140-7(b) is amended to reflect that the transfer of funds was completed in the 2008-2009 time period. The language is no longer relevant.

FEDERAL FUNDING ISSUE

The Office of Energy Resources (OER) was previously frozen out of \$125.0 million in federal funds. OER reports that since the initial report of the federal action several of the OER federal accounts have reopened. As of July 21, 2025, OER reports that all funding is now available for drawdown with the exception of the Building Code Adoption grant. It is still in conditional award status. The impacted programs and subsequent status are:

Infrastructure and Investment Jobs Act (IIJA)

Program	Amount	Status
State Energy Program (SEP)	\$3,285,260	Open
4010D Grid Resilience	8,425,985	Open
Energy Efficiency Revolving Loan Fund (EERLF)	235,161	Open
Resilient and Efficient Code Implementation (RECI)	1,600,000	Open
Energy Efficiency Conservation Block Grant (EECBG)	1,675,110	Open

Source: OER. Open means not frozen by feds

Inflation Reduction Act

Program	Amount	Status
Home Electrification and appliances Rebate (HEAR) Program	\$31,820,030	Open
Home Efficiency Rebate (HER) Program	31,943,127	Open
Solar for All (EPA)	49,300,000	Open
Building Code Adoption*	9,462,727	Conditional Award Status
Traing for Residential Energy Contractors (TREC)	1,154,250	Open
REAP-TAG	500,000	Unknown

Source: OER. Open means not frozen by feds

* Conditional award was made prior to administration change.

Central Management	General Revenue
FY2025 Enacted	\$500,000

<i>Target and Other Adjustments</i>	-
E-Bike Program	(250,000)
Electric Leaf Blower Rebate Program	(250,000)
FY2026 Enacted	\$0

Energy Resources	Other Fund Changes
Regional Greenhouse Gas Initiative (restricted receipts)	\$12,332,327
Solar For All (federal funds)	10,000,000
IRA - Home Efficiency Rebate Program (federal funds)	2,446,262
BIL - Preventing Outages and Enhancing the Resilience of the Electric Grid (federal funds)	2,000,000
Energy Improvements for RI Public Buildings (federal Funds)	2,000,000
RGGI- EC4 Projects (OER Parent) (restricted receipts)	1,100,000
RICAP - Energy Efficiency Improvements - Statewide (other funds)	1,000,000
Energy Improvements in Rhode Island Schools (federal funds)	986,502
National Electric Vehicle Infrastructure Formula Program - OER Share (other funds)	604,463
Electric Vehicle Charging Stations Operating and Maintenance (restricted receipts)	550,220

E-Bike Program ***(\$250,000)***

The Budget does not include further funding for the E-Bike program, known as the Erika Niedowski Memorial E-Bike Rebate Program. This is a decrease of \$250,000 in general revenue for the program as compared to the previous fiscal year.

The Erika Niedowski Memorial E-Bike Program provided a standard rebate between \$350 or 30.0 percent (whichever is less) of the final purchase price of an electric bike, or if a person is eligible for an income qualified rebate, between \$750 or 75.0 percent (whichever is less) of the final purchase price. There is a limit of two rebates per household.

The initial \$500,000 in funding for the program in FY2024, was derived from the federal State Energy Plan program and through restricted receipt proceeds from the Executive Climate Change Coordinating Council (EC4). The FY2025 Budget as Enacted includes \$250,000 in general revenue to maintain the Erika Niedowski Memorial E-Bike Rebate Program.

As of July 21, 2025, the program awarded 1,680 rebates using \$1.0 million in existing funding sources, including OER Federal Funds (State Energy Funds and Petroleum Violation Escrow Funds), however, federal funding ran out in July 2023. The Executive Climate Change Coordinating Council (EC4) provided one-time funding in the interim.

	Funds		Approved
E-Bike Program	Allocated	Balance	Rebates
Income Qualified	\$552,903	\$128,258	523
Standard	481,486	4,457	1,157
Total	\$1,034,389	\$132,715	1,680

Source: OER as of July 21, 2025

The FY2025 Final Budget requires that any unexpended balance be reappropriated into FY2026.

Electric Leaf Blower Rebate Program ***(\$250,000)***

The Budget does not include further funding for the Electric Leaf Blower Rebate Program. This is a decrease of \$250,000 in general revenue for the rebate program. The program encouraged commercial landscapers to use zero-emission technology in order to reduce air and noise pollution. The program provides a standard rebate between \$1,000 or 50.0 percent (whichever is less) of the purchase price of an electric leaf blower and two associated battery packs; and can receive an additional \$250 rebate if a business

is located in a municipality with a high rate of asthma. There is a limit of two rebates per applicant in total. As of June 27, 2025, OER has issued 38 rebates totaling \$30,798, leaving a balance of \$228,546 to be reappropriated into FY2026.

Regional Greenhouse Gas Initiative (restricted receipts)

\$12.3 million

The Budget includes \$32.7 million in restricted receipts for grant awards, personnel, and operating support as part of the Regional Greenhouse Gas Initiative (RGGI). This reflects a net increase of \$12.3 million as compared to the FY2025 Budget as Enacted.

The Budget provides an increase of \$12.3 million for awards that fund a variety of consumer benefit programs, including energy efficiency, renewable energy, direct energy bill assistance and other greenhouse gas reduction programs. The RGGI appropriation includes an increase of \$410,415 for personnel costs.

The increase of personnel costs also includes \$139,069 for the salary and benefit expenses of a new 1.0 Programing Services Officer to administer the State Facilities Benchmarking and Performance Standards Program. In addition, there is an increase of \$316,962 for contracted services and a net decrease of \$645,050 for operating expenses.

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.

In addition, OER states that RGGI funding was being leveraged with federal funding related to energy applications for the Infrastructure Investment and Jobs Act (IIJA), Inflation Reduction Act (IRA), and state match requirements for Congressional Earmark energy funding projects. Much of this RGGI funding was not fully awarded to projects and/or program efforts until late FY2024 and first half of FY2025. The RGGI auction proceeds were increased to all participating states in New England and Mid-Atlantic in calendar year 2024.

The RGGI allocation plans in calendar year 2024 included funding for the Home Electrification and Appliance Rebates (HEAR) Program to support low-income and moderate-income houses with electric stoves, heat pump clothes dryers, and electrical panel and wiring upgrades. The RGGI funding being leveraged with the federal HEAR Program funding will be used to cover the full cost energy efficiency appliances for low-income households that OER was partnering with the RI Community Action Agencies. The HEAR Program for low-income households launched in September 2024. OER was planning to launch the moderate-income household program sometime in the second or third quarter of 2025.

However, the federal funding freeze on IRA and IIJA programs, resulted in OER pausing the HEAR program efforts in January 2025. OER staff are working on a retail pathway and expect to launch the moderate income program in the last quarter of calendar year 2025.

Solar for All (federal funds)

\$10.0 million

The Budget adds \$10.0 million in federal funds for a Solar for All program. This includes \$10.0 million for grants and awards for the new solar program.

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

The SFA program will include a community solar program that will be linked to low-income customers' utility bills and a program that will provide electrical upgrades and rooftop solar installations for low-income households. The EPA SFA grant provided funding for a full-time position for OER to implement this federal energy program over the next 5 years.

IRA - Home Efficiency Rebate Program (federal funds)

\$2.4 million

The Budget includes \$7.9 million in federal funds for the Home Efficiency Rebate (HER) Program, of which, \$7.7 million is intended for grant awards and \$193,138 for personnel and operating expenses.

The HER Program was expected to launch in January 2025. In December, the launch date was pushed back to the spring of 2025. At present, the program awaits clearance to launch from the Department of Energy. The increase represents the program being launched at that time. OER will be partnering with Abode Energy Management to provide rebates for heat pump installation in multi-family low-income housing projects within the state.

BIL – Preventing Outages and Enhancing the Resilience of the Electric Grid (federal funds)

\$2.0 million

The FY2026 Budget and the FY2025 Final Budget include \$2.0 million in federal Bipartisan Infrastructure Law (BIL) funds for each year for a new program that is funded through the Infrastructure Investment and Jobs Act (IIJA) Grid Resilience formula grant program.

OER received two applications for the program, (Rhode Island Energy and Clear River Energy & Water f/k/a Pascoag Utility District). The applications are currently being reviewed by a consultant before being submitted to the Department of Energy for funding approval.

Energy Improvements for Rhode Island Public Buildings (federal funds)

\$2.0 million

The Budget includes \$2.0 million in federal funds to enhance the energy efficiency of facilities occupied by Rhode Island state agencies. This program is specific to only state owned structures. The purpose of the project is to reduce energy costs and consumption, as well as to improve the health and safety of building occupants.

The scope of this program involves the installation of building automation systems (BAS) and requisite upgrades to heating, ventilation, and air conditioning (HVAC) systems. In addition, the program may also install heat-pump water heaters, upgrade lighting to LED with integrated controls, install electric vehicle charging infrastructure, and implement photovoltaic (PV) systems in order to improve the performance and operations in State buildings, thereby reducing greenhouse gas emissions and aligning with both the Rhode Island 2021 Act on Climate and Executive Order 23-06 “State Agencies to Lead by Example and Act on Climate.”

RGGI – EC4 Projects (OER Parent) (restricted receipts)

\$1.1 million

The Budget includes \$1.5 million in restricted receipts for the Executive Climate Change Coordinating Council (EC4) restricted receipt account. This reflects an increase of \$1.1 million from the amount included as part of the FY2025 Budget as Enacted.

The FY2024 Budget as Enacted included an appropriation of \$4.5 million for the EC4, derived from two sources: a one-time transfer of \$3.0 million in restricted receipts reflecting the transfer of Regional Greenhouse Gas Initiative (RGGI) unallocated auction proceeds in FY2023 and \$1.5 million derived through language enacted as part of Article 5 of the FY2024 Budget as Enacted requiring that, commencing FY2024, and thereafter, the transfer of RGGI auction allowance proceeds in excess of \$4.5 million, but limited to \$1.5 million per year, will be transferred to the Office of Energy Resources (OER) for the purpose of funding the EC4.

The Resilient Rhode Island Act established the 13-member Executive Climate Change Coordinating Council (EC4) in 2014. It is comprised of officials from state agencies with responsibility and oversight relating to assessing, integrating, and coordinating climate change efforts. The EC4 has exclusive authority

to allocate funds appropriated to it, for projects including energy efficiency, renewable energy, clean transportation, clean heating, energy storage, demand-side management, and other climate change projects that support the reduction of greenhouse gases and investments that support the 2021 Act on Climate. The following table lists the current approved EC4 funded projects, note that the cost of the approved projects exceeds the amount appropriated in the enacted budget:

Agency	EC4 Funds	Project
DOA - Statewide Planning	\$100,000	Municipal Resilience Technical Assistance
RI Education	175,000	Solar on Schools
RIDOT	100,000	GHG models in Carbon Reduction Plan
DEM - Urban Community Forestry Program	60,000	URI Landscape
DEM	100,000	Consulting support for Lead by Example Energy Management
DEM	125,000	Trailer & electric lawn equipment purchase
DEM	150,000	Designing for Resilience
OER	30,000	Direct Pay operations
DOH	100,000	Purchase AC units for vulnerable residents
URI	150,000	Beach profile data
RIPTA	145,000	Growing Transit Ridership
RIPTA	75,000	Outreach
PUC	100,000	Clean Energy and Climate Policy Analyst
DLT	170,000	Grants for youth career in STEAM
EC4 Advisory Board	80,000	Support for EC4 Advisory Board
Total	\$1,660,000	

RICAP - Energy Efficiency Improvements - Statewide (other funds)

\$1.0 million

The Budget includes \$1.0 million in Rhode Island Capital Plan (RICAP) funds in FY2026 for energy efficiency capital projects for state-owned properties. The capital plan also includes out-year funding of \$4.0 million for continuing statewide energy efficiency projects from FY2027 to FY2030.

Energy Improvements in Rhode Island Schools (federal funds)

\$986,502

The Budget includes \$2.5 million in earmarked federal funds received in the Summer of 2023 to assist school districts, within five disadvantaged communities implement energy efficiency measures. This reflects an increase of \$986,502 from the FY2025 Budget as Enacted. The five communities are Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. The following highlight the expenditure and projects in each of these municipalities:

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

National Electric Vehicle Infrastructure Formula Program – OER Share (other funds) ***\$604,463***

The Budget includes \$4.7 million in other funds reflecting an increase of \$604,463 as compared to the FY2025 Budget as Enacted. The increase reflects \$34,463 for salary and benefits and \$570,000 for the implementation of Phase 2 of the grant funding. This is an operating transfer of federal fund awards to the State under the National Electric Vehicle Infrastructure Formula Program (NEVI Formula), to provide funding to strategically deploy electric vehicle (EV) charging infrastructure and to establish an interconnected network to facilitate data collection, access, and reliability.

This is a technical adjustment to recognize a subaward between the Department of Administration and the Department of Transportation, that will be drawn from the Intermodal Surface Transportation Fund, but listed as an operating expense under the Office of Energy Resources.

Electric Vehicle Charging Stations Operating and Maintenance (restricted receipts) ***\$550,220***

The Budget includes \$550,220 in restricted receipts to implement a new policy to support the sustainable operation and maintenance of EV charging infrastructure. There is a corresponding proposed appropriation of \$275,110 in restricted receipts in the FY2025 Final Budget.

The new policy became effective January 1, 2025. In accordance with RIGL 42-140-11, OER is implementing a new cost recovery policy for electric vehicle charging stations located on state-owned properties. This initiative establishes a fair cost recovery model to support the sustainable operation and maintenance of EV charging infrastructure. Cost Recovery Policy Proposed Fee Structure:

- Level 2 Charging Stations: \$0.28 per kilowatt-hour (kWh)
- DC Fast Charging (DCFC) Stations: \$0.39 per kWh

These fees will apply to all users—including the state fleet, state employees, and the public. The proposed rates are designed to recover costs associated with electricity consumption, station maintenance, network services, and overall operations. This supports the sustainability of the charging network across state-owned properties and ensures efficient station utilization and access for all users.

Department of Business Regulation

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$4.1	\$4.0	\$4.1	\$0.1	3.4%	\$4.4	\$0.4	10.0%
Banking Regulation	1.8	2.0	2.1	0.1	5.1%	2.2	0.2	9.7%
Board of Accountancy	0.0	0.0	0.0	-	0.0%	0.0	-	0.0%
Commercial Licensing, Gaming & Athletics	2.0	2.0	2.2	0.2	11.1%	2.3	0.3	15.9%
Building Design & Fire Professionals	9.0	17.9	13.1	(4.8)	-26.8%	18.3	0.5	2.6%
Insurance Regulation	6.3	6.7	7.2	0.5	7.8%	6.7	0.0	0.4%
Office of Cannabis Regulation	3.0	6.7	7.0	0.4	5.2%	0.0	(6.7)	-100.0%
Office of the Health Insurance Commissioner	3.9	4.0	4.1	0.1	2.2%	4.2	0.2	4.0%
Securities Regulation	0.8	0.9	0.9	0.1	7.8%	1.0	0.1	13.6%
Total	\$31.0	\$44.1	\$40.8	(\$3.3)	-7.5%	\$39.1	(\$5.0)	-11.4%

Expenditures by Source	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$22.1	\$24.1	\$24.5	\$0.4	1.7%	\$25.8	\$1.7	7.0%
Federal Funds	1.0	0.7	0.9	0.1	14.8%	0.8	0.0	4.9%
Restricted Receipts	7.2	12.2	12.9	0.7	6.2%	5.5	(6.7)	-54.9%
Other Funds	0.6	7.1	2.6	(4.6)	-64.2%	7.1	(0.1)	-1.0%
Total	\$31.0	\$44.1	\$40.8	(\$3.3)	-7.5%	\$39.1	(\$5.0)	-11.4%

Authorized FTE Levels 181.0 181.0 181.0 - - 155.0 (26.0) -14.4%

\$ in millions. Totals may vary due to rounding

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

The FY2026 Budget as Enacted removes the Office of Cannabis Regulation from the Department and establishes the Rhode Island Cannabis Control Commission (CCC) as a standalone agency. The CCC oversees the regulation, licensing, and enforcement of medical, and adult-use marijuana, focusing on public health, safety, and equity principles. The Budget includes \$6.7 million in restricted receipts, and 26.0 FTE positions for the new Commission in FY2026. Article 3 of the FY2026 Budget as Enacted also transfers regulatory and licensing oversight of the Hemp program to the Commission.

Analyst Note: During the transitory period between the Department of Business Regulation and the Commission becoming a standalone agency, the Office of Cannabis Regulation will remain the regulatory entity until the regulatory transition to the Commission.

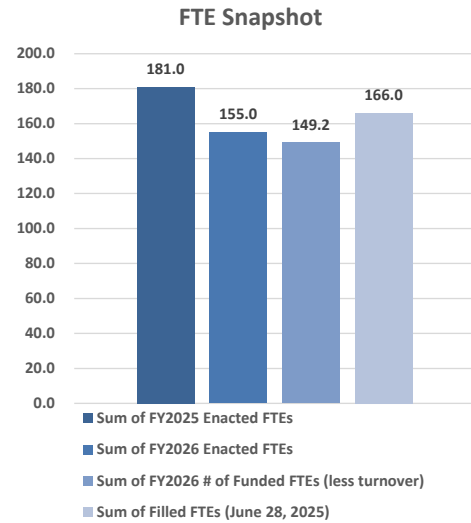
MAJOR ISSUES AND TRENDS

The FY2026 Budget as Enacted includes an all funds decrease of \$5.0 million, or 11.4 percent, from the FY2025 Budget as Enacted. The Budget includes a general revenue increase of \$1.7 million and a federal funds increase of \$37,045 as compared FY2025 Budget as Enacted. As indicated above, the Budget eliminates the Office of Cannabis Regulation with the DBR and establishes the Cannabis Control Commission as a standalone agency. This organizational change results in a \$6.7 million restricted receipt decrease within the DBR. The Budget also includes funding to support a primary care rate review to be conducted by OHIC process. The Budget also includes funding for an analysis of dental insurer premiums

and claims that OHIC is required to produce by October 1, 2026., Other general revenue changes are primarily a result in changes in personnel expenditures, which include the 4.0 percent cost of living adjustment (COLA), which was negotiate by unions representing most State employees and extended to non-union employees.

The Budget includes \$40.8 million in all funds in the FY2025 Final Budget, a decrease of \$3.3 million from the FY2025 Budget as Enacted. General revenues comprise 60.0 percent of the total funds, equaling \$24.5 million, an increase of \$404,864 from the FY2025 Budget as Enacted.

The Budget authorizes 181.0 FTE positions for FY2025 Revised and 155.0 FTE positions for FY2026.



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
FY2025 Enacted	\$3,999,763
<i>Target and Other Adjustments</i>	<i>10,000</i>
Central Utilities Fund (statewide adjustments)	152,351
Enterprise Resource Planning (statewide adjustments)	88,672
Personnel Adjustment (statewide adjustments)	71,578
Centralized Services (statewide adjustments)	39,460
Security Services	38,000
FY2026 Enacted	\$4,399,824

Security Services **\$38,000**

The Budget includes a \$38,000 general revenue increase for security services, sourced through private security firm Allied Universal, bringing total expenditure to \$70,300. According to the Department, this is an historically underfunded line item. The current rate negotiated for the State is \$34.65 per hour.

BANKING REGULATION

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

Banking Regulation	General Revenue
FY2025 Enacted	\$1,967,080
<i>Target and Other Adjustments</i>	<i>-</i>
Personnel Adjustments (statewide adjustments)	190,892
FY2026 Enacted	\$2,157,972

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
FY2025 Enacted	\$5,490
<i>Target and Other Adjustments</i>	-
FY2026 Enacted	\$5,490

COMMERCIAL LICENSING, GAMING, AND ATHLETICS

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

Commercial Licensing, Gaming, and Athletics	General Revenue
FY2025 Enacted	\$949,709
<i>Target and Other Adjustments</i>	-
Personnel Adjustments (statewide adjustments)	319,030
FY2026 Governor	\$1,268,739

DIVISION OF BUILDING, FIRE, AND DESIGN PROFESSIONALS

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

Division of Building, Design, and Fire Professionals	General Revenue
FY2025 Enacted	\$8,449,335
<i>Target and Other Adjustments</i>	858
Personnel Adjustments (statewide adjustments)	473,549
E-permitting Adjustments	(230,526)
State Fleet	100,000
FY2026 Enacted	\$8,793,216
Commercial Licensing, Gaming, and Athletics	Other Funds
Personnel Adjustments (restricted receipts) (statewide adjustments)	\$182,921

E-permitting Adjustments**(\$230,526)**

The Budget includes \$1.0 million in general revenue, a decrease of \$230,526 relative to the Department's e-permitting program. This funding will support the Department's online permitting software for Rhode Island municipalities, and 1.0 FTE position. The additional funding enables the Department to continue to be compliant with current law, and expand the program to other permit types.

The e-permitting initiative went into effect in FY2023, and supports online permitting at both the State and municipal levels. Currently, all 39 municipalities utilize the e-permitting programs. Additionally, the 2024 legislative session expanded the scope of the program, requiring all municipalities to incorporate their planning and zoning functions into e-permitting as well.

State Fleet**\$100,000**

The Budget includes a \$100,000 general revenue increase pursuant to the Departments 15-year vehicle replacement plan, the Division of Building, Design, and Fire Professionals, resulting in total general revenue expenditures of \$350,412. The following table reflects the Departments FY2026 proposed state vehicle replacement plan.

15 Year Vehicle Replacement Plan DBR: Fire Marshal, Building Officials, and Cannabis (FY2026)

Fire Academy	Vehicle	Usage	Odometer	Cost
	2015 Chevy Equinox	Command	61,646	40,245
Fire Marshal Vehicles				
	2015 Chevy Malibu	Inspections	63,438	38,760
	2015 Chevy Malibu	Inspections	68,574	38,760
	2017 Ford Fusion	Inspections	74,338	38,760
	2017 Ford Fusion	Inspections	45,127	38,760
	2020 Subaru	Inspections	21,357	38,760
	2020 Subaru	Inspections	34,482	38,760
Building Officials Vehicle				
	2004 Dodge 1500	SBO	106,858	41,303
Total				314,108

**General Revenue only*

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
FY2025 Enacted	\$4,844,248
<i>Target and Other Adjustments</i>	-
Personnel Adjustments (statewide adjustments)	281,291
FY2026 Enacted	\$5,125,539
Insurance Regulation	Other Funds
Actuary (restricted receipts)	(\$140,000)
Personnel Adjustments (restricted receipts)	(109,903)

Actuary (restricted receipts)**(\$140,000)**

The Budget includes a restricted receipt decrease of \$140,000, eliminating all contracted actuarial services. This account was funded by the Department of Labor and Training (DLT) to aid in the oversight of the Workers' Compensation program.

Historically, DLT funded the work of several contracted insurance actuaries when needed by the State's Workers' Compensation program insurance employees. In 2024, the Director of DLT, along with the Governor decided that this work was no longer needed, and the Department completely phased out the funding by July, 2024.

Personnel Adjustments (restricted receipts)**(\$109,903)**

The Budget includes a restricted receipt decrease of \$109,903, to reflect the dissolution of the worker compensation partnership between the Department and the Department of Labor and Training (DLT), which was agreed upon by both the Governor and the Director of DLT. Historically, DLT appropriated funding to the Department, which covered 20.0 percent of the salaries and benefits of 3.0 FTE positions, which aided in the oversight of the workers compensation program. As this account is phased out, funding has shifted to general revenue. The positions and total salaries are as followed:

- 1.0 Chief Life Accident and Health Insurance Analyst (\$221,817)
- 1.0 Chief Life Accident and Health Insurance Analyst (\$203,835)
- 1.0 Principal Insurance Analyst (\$202,107)

OFFICE OF CANNABIS REGULATION

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

In 2022, RIGL 21-28.11-1 established the Cannabis Office through the Rhode Island Cannabis Act, creating the foundation for the Cannabis Control Commission and the Cannabis Advisory Board. The Cannabis Control Commission (CCC) acts as the public body tasked with overseeing the regulation, licensing, and control of adult use and medical cannabis. The Commission is composed of 3.0 voting members, of which are appointed by the Governor, with the advice and consent of the Senate. The Cannabis Advisory Board Consists of 19 members, 11 of whom are voting members. The Board works in conjunction with and advises the Commission on how to best implement policies that enhance social equity and justice when considering licensees, regulations, and other policies.

Office of Cannabis Regulation	Other Fund Changes
Dissolution of Office of Cannabis Regulation (restricted receipts)	Informational

Dissolution of Cannabis Regulation (restricted receipts)**Informational**

The Budget includes a \$6.7 million decrease in restricted receipts to reflect the establishment of the Cannabis Control Commission (CCC) as a standalone agency. The Cannabis Control Commission would continue to oversee the regulation, licensing, and enforcement of medical, and adult-use marijuana, focusing on public health, safety, and equity principles. The Budget includes \$7.6 million in restricted receipts, and 26.0 FTE positions to the new Commission in FY2026. Article 3 also transfers regulatory and licensing oversight of the Hemp program from the Department of Business Regulation to the Commission.

OFFICE OF THE HEALTH INSURANCE COMMISSIONER

The Office of the Health Insurance Commissioner (OHIC) was established by legislation in 2004 to broaden the accountability of health insurers operating in the State of Rhode Island. Through FY2011, this sub-

program was contained in the Insurance Regulation program; however, it became a stand-alone program in the FY2012 Budget as Enacted.

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

Office of the Health Insurance Commissioner	General Revenue
FY2025 Enacted	\$3,058,281
<i>Target and Other Adjustments</i>	<i>(21,745)</i>
Health Spending Accountability and Transparency Program	(\$200,000)
Personnel Adjustments (statewide adjustments)	142,525
Dental Loss Ratio	126,027
RIPIN Inflationary Package	10,027
Human Service Rate Review Biennial Cycle Cost Adjustment	(7,963)
FY2026 Enacted	\$3,107,152
Office of the Health Insurance Commissioner	Other Funds
Human Service Rate Review Biennial Cycle Cost Adjustment (federal funds)	(\$78,180)
Personnel Adjustments (restricted receipts) (statewide adjustments)	78,616
RIPIN Inflationary Package (federal funds)	(10,000)

Health Spending Accountability and Transparency Program **(\$200,000)**

The Budget includes a general revenue reduction of \$200,000 from both the FY2025 Budget as Enacted, shifting these expenses to the Health and Human Service Rate Review for the primary care rate review portion of the program. OHIC notes that these cuts do not eliminate the program, but will lead to a reduction in planned work in FY2026. The Office is still navigating which actions will not be conducted in FY2026, but will continue to be monitored by the Senate Fiscal Office.

Dental Loss Ratio **126,027**

The Budget includes \$126,027 in general revenue related to RIGL 27-82.6, The Dental Insurance Loss Ratio Reporting and Study Act. The Act mandates the Office of the Health Insurance Commissioner to provide the General Assembly with an analysis of reported information related to the incurred claims and earned premiums as reported by dental insurers, on or before October 1, 2026. The analysis will provide recommendations related to dental loss ratios and requirements for comprehensive dental benefits plans. The Act also empowers the Commissioner to establish an annual assessment against each dental health insurer totaling a maximum of \$150,000.

RIPIN Inflationary Package **\$10,027**

The Budget includes an increase of \$10,027 in general revenue related to a 2.5 percent COLA for call center representatives employed by the Rhode Island Insurance Resource, Education, and Assistance Consumer Helpline (RI REACH). RI REACH is a division located within the Rhode Island Parent Information Network (RIPIN). OHIC utilizes RI REACH as its call center to connect with Rhode Island Residents and aid those in need of or have questions regarding health insurance.

This budget item is associated with a \$10,000 federal funds increase related to RIPIN's Medicaid Match. RIPIN's Medicaid eligible activity has increased over recent years and the office seeks to increase the Medicaid match to offset general revenue funding. This increase is contingent to RIPIN's contract funding remaining intact.

Human Services Rate Review Biennial Cycle Cost Adjustment **(\$7,963)**

The Budget includes a general revenue decrease of \$7,963, with a corresponding federal funds decrease of \$78,180, to accommodate the biennial costs adjustment of the Human Services Rate Review. Contracted services for this expenditure fluctuate due to the biennial cycle of the reporting requirements. The FY2026 cycle will primarily pertain to the development and reporting evaluation metrics, while the FY2025 cycle primarily focuses on rate developments. The Office also applied a 5.0 percent inflationary increase to actuarial rates.

This budget item relates to a \$200,000 general revenue increase for the review, with a corresponding federal funds increase of \$200,000 to support a one-time report on primary care reimbursement rates, due on September 1, 2026. The review will analyses primary care rates within the State, comparing them to Rhode Island’s counterparts, to provide the data required to increase primary care rates within the State.

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

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
FY2025 Enacted	\$880,722
Target and Other Adjustments	-
Personnel Adjustments (statewide adjustment)	120,141
FY2026 Enacted	\$1,000,863

CAPITAL PROJECTS

Fire Academy: The Budget includes \$7.0 million in capital plan funds for projects related to updating the Fire Academy. The Fire Academy is experiencing unprecedented growth and prepares and trains future municipal firefighters. To meet the demand, the General Assembly appropriated a total of \$15.8 million, including \$650,000 in FY2023, \$600,000 in FY2024, \$7.1 million in FY2025, and \$7.0 million in FY2026. According to the Department, costs for construction are exceeding prior estimates conducted in FY2023. Projects include expanding the Fire Training Academy auditorium, an expansion of the Confined Space and Trench Rescue Training Simulators, and the re-use of an existing State-owned building as an evidence repository. The anticipated completion date is in FY2026.

Rhode Island Cannabis Control Commission

	FY2024	FY2025	FY2025	Change from	FY2026			
Expenditures by Program	Actual	Enacted	Final	Enacted	Enacted	Change from Enacted		
Cannabis Control Commission - Central Management	-	-	-	-	\$7.3	\$7.3	-	-
Department of Business Regulation - Office of Cannabis Regulation	\$3.0	\$6.7	\$7.0	\$0.3	-	(\$6.7)	9.0%	
Total				\$0.3	\$7.3	\$0.6	9.0%	
Expenditures by Source	FY2024	FY2025	FY2025	Change from	FY2026			
	Actual	Enacted	Final	Enacted	Enacted	Change from Enacted		
Restricted Receipts	\$3.0	\$6.7	\$7.0	\$0.3	\$7.3	\$0.6	9.0%	
Total	\$3.0	\$6.7	\$7.0	\$0.3	\$7.3	\$0.6	9.0%	
Authorized FTE Levels	25.0	26.0	26.0	-	26.0	-	-	

\$ in millions. Totals may vary due to rounding

*FY2024 Actuals and FY2025 Enacted levels reflect the amounts budgeted for the Office of Cannabis Regulation within the Department of Business Regulation (DBR) and are provided to show relative expenditures across fiscal years. DBR fiscally and administratively supported the Office of Cannabis Regulation prior to FY2026.

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

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

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

Analyst Note: During the transitory period between the Department of Business Regulation and the Commission becoming a standalone agency, the Office of Cannabis Regulation will remain the regulatory entity until the regulatory transition to the Commission.

MAJOR ISSUES AND TRENDS

The FY2026 Enacted Budget amends RIGL 21-28.11-4 and 21-28.11-10.1, establishing The Rhode Island Cannabis Control Commission, including \$7.3 million in restricted receipts, \$605,781 more than the FY2025 enacted level for the Cannabis predecessor, the Office of Cannabis Regulation (OCR).

Cannabis Governance

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

Since 2006, policies related to cannabis decriminalization and legalization increased in popularity. According to Regulate Rhode Island, 59.0 percent of voters support cannabis regulation, citing reasons including improved public health, increased revenue, ending social injustice, and reducing youth

involvement in illegal marijuana sales. The regulatory changes since the inception of Rhode Island marijuana programs are detailed below.

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

Marijuana Trust Fund

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

The FY2025 Revised Budget transfers \$579,788 from the Marijuana Trust Fund restricted receipt account to the State Controller. Pursuant to RIGL 23-28-11.13, restricted receipt accounts were established in the Office of the Attorney General and the Judiciary, appropriating a total of \$1.4 million in restricted receipts. These funds facilitated the implementation of the automatic expungement provision of the Rhode Island Cannabis Act, which authorized the automatic expungement of any convictions for cannabis possession, use, or purchase. Rhode Island expunged more than 23,000 cannabis convictions under the Cannabis Act. All cannabis expungements were completed July 1, 2024.

Social Equity Assistance Fund

The Social Equity Assistance Fund was established by the 2022 General Assembly through RIGL 21-28.11-31, to provide grants to approved social equity applicants, support the waiver or reduction of application

and licensing fees, and implement and administer programming related to restorative justice. The fund is supported through application and licensing fees of social equity applicants.

Regulatory Update

The General Assembly officially established the Cannabis Control Commission in June 2023. The 19 members of the Cannabis Advisory Board were appointed and confirmed in August, 2023. Since then, the CCC has held five listening sessions across the State in various formats to receive input throughout the Community, as well as numerous monthly hearings. In November 2023, the Advisory Board held its first public hearing and established its five statutorily mandated subcommittees in January 2024. The Subcommittees are as follows:

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

In February 2025, the Cannabis Control Commission, with the guidance of the Cannabis Advisory Board, published their first set of regulations. The Commission spent over a year consulting with the Advisory Board, members of the public, industry stakeholders, and cannabis regulatory agencies across the country, resulting in rules and regulations related to four key areas:

- Administration, Procedures, and Enforcement
- Applications, Licensing, and Renewals
- Operational Requirements for Cannabis Establishments
- Caregivers, Medical Home Grow, and Personal Cultivation

Specifically, new regulations include new packaging and labeling requirements, licensing regulations, a new quality insurance testing program, and new criteria related to the social equity assistance fund.

- **New Packaging and Labeling Requirements:** The Commission's regulations ensures that cannabis products may not be in a form that target or appeals to minors by establishing color restrictions, and strengthening preexisting regulations related to tamper evident packaging. Additionally, the Commission now allows retailers to distribute packaging with colored labels, but prohibits neon and fluorescent colors.
- **Licensing Regulations:** Utilizing the preexisting regulations established by DBR, the Commission streamlined licensing regulations applicable to all regulated licenses, consolidating common licensing requirements to prevent duplication. The Commission also established a hybrid randomized selection process, and limited applications to one interest holder per geographic location to eliminate duplicate applications.
- **Quality Assurance Testing Program:** The Commission established a new Quality Assurance testing Program to provide the Commission with an additional tool to ensure the integrity of laboratory testing results through the retesting of anonymized samples of product that have already gone through state mandated testing. This program was authorized by the Rhode Island Cannabis Act, and addresses concerns related to cannabis laboratories manipulating testing data to benefit clientele.
- **Social Equity Assistance Fund:** The Commission set forth regulations related to the certification of social equity applicants and program requirements related to the social equity assistance program. Social Equity Applicants must meet one of the following criteria:

- Prohibit changes in ownership structure of approved social equity applicants within the first year of licensed activities, preventing exploitation of social equity programs.
- Waives the application fee for initial six social equity applicants, to ensure plentiful resources to establish and operate new cannabis establishment.
- Allows slightly longer time period to establish cannabis sites.
- Allows applicants, including approved applicants, to request resources from the social equity program and fund
- The regulations also set criteria related to social equity applicants, the criteria are as follows:
 - 51.0 percent ownership and control by one or more individuals who were convicted of a nonviolent cannabis offense
 - 51.0 percent ownership and control by one or more individuals who are an immediate family member of an individual convicted of nonviolent cannabis offense
 - 51.0 percent ownership and control by one or more individuals who have resided in a disproportionately impacted area for five of preceding 10 years.
 - A minimum of 10.0 full time employees who:
 - Currently reside in a disproportionately impacted area
 - Have been arrested for, convicted of, or adjudicated delinquency for any offence that is eligible for expungement under the Cannabis Act or is a member of an impacted family
 - Can demonstrate significant past experience in business practices that promote economic empowerment by either volunteering with one or more organizations where they worked directly with individuals in disproportionately impacted areas, or held a full-time position in an organization engaged in economic empowerment
 - At least 51.0 percent ownership and control by one or more individuals who each had an income which does not exceed 400.0 percent of the median income in a disproportionately impacted area.

The Rhode Island Cannabis Control Commission is charged with the oversight and licensure of Cannabis Dispensaries. The Rhode Island Cannabis Act authorizes a total of 33 retail licenses. With nine existing hybrid and medical marijuana retailers, the Commission will authorize an additional 24 adult-use retail licenses. Of the 24 licenses, six are reserved for social equity applicants, and six are reserved for workers cooperative applicants.

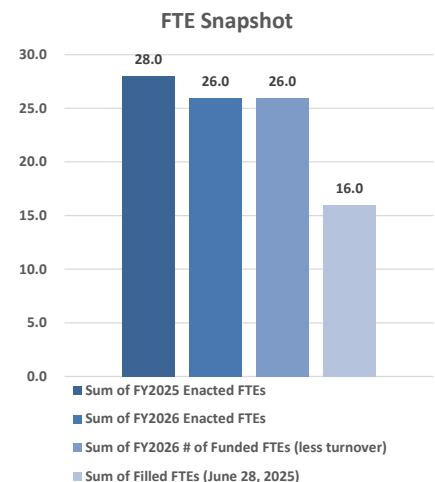
Analyst Note: Pursuant to the Rhode Island Cannabis Act, upon the Commission's finalization of their initial regulations, the Office of Cannabis Regulation shall transfer to the Office of Cannabis; however, the legislation is unclear whether this transition will still happen if the Rhode Island Cannabis Control Commission is established. The Senate Fiscal Office assumes that the transition will not occur, requiring an amendment to the Rhode Island Cannabis Act.

Staff

The Budget includes 26.0 FTE positions, aligning with enacted levels for DBR's Cannabis staff.

Analyst Note: The FTE Snapshot provided within this report compares the Rhode Island Cannabis Control Commission's proposed FTE levels with the Office of Cannabis Regulation's.

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



Cannabis Regulation. Despite the increased FTEs in 2023, the Office of Cannabis has maintained a relatively stable FTE count.

Analyst Note: The Deputy Director position is not the official classified name of the position. In FY2025, the position was budgeted under Executive Director/Executive Administrator. Prior to FY2025, the positions title changed numerous times, but was consistently referred to as a Deputy Director position.

The Cannabis Control Commission has indicated that there have been no discussions related to the restructure of the Commission. Currently each Commissioner serves a termed appointment, with the advice and consent of the Senate. The Chairperson of the Commission is serving a three-year term. Upon the end of the Chair's term, the General Assembly will have the option to reappoint the Chair for an additional six years. The Chair's term is scheduled to end in 2027. Additionally, the Administrator, Cannabis Office position acts as leadership, but is not subjected to termed appointments.

FTE Position	FY2020 FTEs	FY2023 FTEs	Salary Costs			Change	FY2025	FY2026	Change
			FY2024 FTEs	FY2025 FTEs	FY2026 FTEs				
Administrative Officer	1.0	3.0	2.0	2.0	2.0	-	\$114,364	\$126,438	12,074
Administrative Officer	1.0	-	2.0	2.0	2.0	-	120,476.0	137,073.0	16,597
Chief of Inspection, Office of Cannabis Regulation)	-	1.0	1.0	1.0	1.0	-	101,372.0	110,698.0	9,326
Chief Financial Officer I	-	1.0	1.0	1.0	-	(1.0)	113,742.0	-	(113,742)
Chief Implementation Aid	-	1.0	1.0	1.0	1.0	-	70,187.0	87,243.0	17,056
Chief of Legal Services	-	-	1.0	1.0	1.0	-	113,742.0	133,541.0	19,799
Chief of Strategic Planning, Monitoring, and Evaluation	-	1.0	1.0	1.0	1.0	-	120,072.0	143,547.0	23,475
Chief Public Protection Inspector	-	-	-	-	1.0	1.0	-	51,030.0	51,030
Chief Public Protection Inspector	2.0	7.0	7.0	7.0	7.0	-	579,522.0	689,163.0	109,641
Economic and Policy Analyst I	1.0	1.0	1.0	1.0	1.0	-	74,305.0	84,192.0	9,887
Implementation Director Policy and Programs	1.0	-	-	-	-	-	-	-	-
Interdepartmental Project Manager	-	-	-	-	1.0	1.0	-	112,929.0	112,929
Investigative Auditor	1.0	2.0	2.0	2.0	1.0	(1.0)	175,153.0	97,871.0	(77,282)
Legal Counsel	-	2.0	1.0	1.0	-	(1.0)	86,870.0	-	(86,870)
Licensing Aid	-	2.0	1.0	1.0	-	(1.0)	44,703.0	-	(44,703)
Licensing Aid	-	2.0	1.0	1.0	-	(1.0)	44,737.0	-	(44,737)
Principal Economic and Policy Analyst	-	-	1.0	1.0	-	(1.0)	99,800.0	-	(99,800)
Senior Economic Policy Analyst	-	-	1.0	1.0	3.0	2.0	86,654.0	298,928.0	212,274
Senior Legal Counsel	-	-	-	-	1.0	1.0	-	175,629.0	175,629
Senior Systems Analyst	-	-	-	-	1.0	1.0	-	82,727.0	82,727
Deputy Chief of Staff	-	-	1.0	1.0	-	(1.0)	178,479.0	-	(178,479)
Executive Director/Executive Administrator	-	-	-	1.0	-	(1.0)	165,000.0	-	(165,000)
Administrator, Cannabis Office	-	-	-	-	1.0	1.0	-	186,767.0	-
Chairperson, Cannabis Control Commission	-	-	-	-	1.0	1.0	-	196,220.0	-
Chairperson, Public Utilities Commission	-	1.0	-	-	-	-	-	-	-
FTE Total	7.0	24.0	25.0	26.0	26.0	-	\$2,289,178	\$2,713,996	\$424,818
Total Salary Costs							\$1,641,531	\$2,713,996	\$1,072,465
Total Benefits Cost							\$1,056,609	\$1,628,689	\$572,080
Salary & Benefits							\$2,698,140	\$4,342,685	\$1,644,545
Statewide Benefits Assessment							\$90,423	\$78,706	(\$11,717)
Payroll Cost							\$3,815,610	\$4,421,391	\$605,781
Contracted Services							\$275,750	\$275,750	-
Total Personnel							\$4,091,360	\$4,697,141	\$605,781

CENTRAL MANAGEMENT

The Governor recommends one main program within the Rhode Island Cannabis Control Commission, with two subprograms. Within the main Central Management program are the subprograms Adult Use Marijuana Program, and the Medical Marijuana Program.

Central Management	General Revenue
FY2025 Enacted	\$6,697,782
<i>Target and Other Adjustments</i>	<i>19,316</i>
Personnel Adjustment (statewide adjustments)	586,465
Hemp Consolidation to Cannabis Control Commission	Informational
FY2026 Governor	\$7,303,563

Hemp Program Consolidation to Cannabis Control Commission**Informational**

Article 3 transfers the Hemp Growth Program to from the Department of Business Regulation to the Rhode Island Cannabis Control Commission (CCC). Currently, RIGL 2-26-1, The Hemp Growth Act, designates the Department of Business Regulation as the statutorily designated body to administer and oversee Hemp growth in Rhode Island. According to the Department, its sensible to merge the Hemp Program with the CCC as both cannabis and hemp derive from the same plant species. As the CCC is developing regulations for adult use cannabis, they should also have the authority to reevaluate hemp distribution. According to the Department's FY2026 request, the staff within the Office of Cannabis Regulation already administers both the hemp program and cannabis programs.

Department of Labor and Training

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$1.8	\$1.9	\$2.0	\$0.2	8.7%	\$2.2	\$0.3	15.0%
Workforce Development Services	26.0	24.9	28.0	3.0	12.2%	20.0	(5.0)	-19.9%
Workforce Regulation and Safety	4.8	4.8	5.0	0.2	3.9%	5.3	0.5	10.6%
Income Support	490.6	526.9	544.0	17.1	3.2%	567.9	41.0	7.8%
Injured Workers Services	9.8	10.6	11.0	0.4	3.4%	11.2	0.6	5.7%
Labor Relations Board	0.6	0.5	0.6	0.0	3.0%	0.6	0.0	2.8%
Governor's Workforce Board	35.0	24.4	36.9	12.6	51.6%	25.1	0.8	3.1%
Total	\$568.6	\$594.1	\$627.5	\$33.4	5.6%	\$632.3	\$38.2	6.4%

Expenditures By Source								
General Revenue	\$18.3	\$17.8	\$20.2	\$2.4	13.5%	\$18.2	\$0.4	2.2%
Federal Funds	56.9	42.7	59.0	16.3	38.1%	42.0	(0.7)	-1.7%
Restricted Receipts	28.6	32.0	38.6	6.6	20.7%	35.4	3.4	10.8%
Other Funds	464.8	501.6	509.7	8.1	1.6%	536.7	35.1	7.0%
Total	\$568.6	\$594.1	\$627.5	\$33.4	5.6%	\$632.3	\$38.2	6.4%

Authorized FTE Levels	461.7	461.7	461.7	-	-	461.7	-	-

\$ in millions. Totals may vary due to rounding

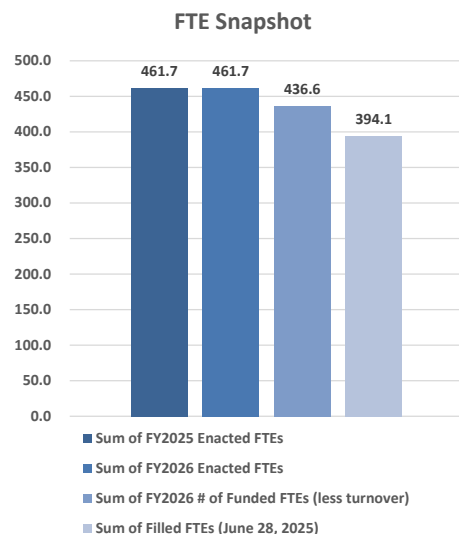
The Department of Labor and Training is responsible for providing a range of employment and training services to Rhode Islanders and for administering laws related to workforce regulation, safety, and labor law enforcement. The Department consists of seven divisions: Central Management, Workforce Development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

MAJOR ISSUES AND TRENDS

FY2025: The FY2025 Final Budget includes \$627.5 million in all funds, reflecting a \$33.4 million, or 5.6 percent increase from the FY2025 Budget as Enacted. The Budget includes \$20.2 million in general revenue, reflecting a \$2.4 million or 13.5 percent increase from the FY2025 enacted level. The increase encompasses \$2.2 million of reappropriated funds from FY2024, including \$1.9 million for the Skills RI Healthcare Workforce Support program and \$289,919 for Real Jobs. Federal funds realized the largest increase, rising by \$16.3 million or 38.1 percent from the FY2025 enacted level, primarily related to a \$5.9 million reappropriation of American Rescue Plan Act State Fiscal Recovery Funds (ARPA SFRF) for the Enhanced Real Jobs program and a \$4.0 million increase in unemployment insurance administration expenses.

FY2026: The FY2026 Budget as Enacted includes \$632.3 million in all funds, reflecting an increase of \$38.2 million, or 6.4 percent, from the FY2025 enacted level. The Budget includes \$18.2 million in general revenue for the Department, representing an increase of \$388,589 from the FY2025 enacted level, primarily due to a \$655,802 increase in salary and benefits for the Department's staff offset by a \$200,000 reduction in assistance and grants. Other funds realized the largest increase, rising by \$35.1 million from the FY2025 enacted level. The adjustment reflects a \$26.5 million increase in unemployment insurance benefits and an \$8.5 million increase in Temporary Disability Insurance (TDI).

The Budget authorizes 461.7 FTE positions in FY2025 and FY2026, consistent with the enacted level.



Maximum Weekly Benefit: In June of 2025, the Department announced that the maximum weekly benefit payments for Unemployment Insurance (UI) and Temporary Disability Insurance (TDI) will increase on July 1, 2025. The maximum weekly benefit payment for UI will increase from the current rate of \$723 to \$745 for claimants without dependents. Moreover, claimants with 5 or more dependents may collect \$931 per week, reflecting a \$28 increase from the previous amount of \$903. For TDI, the maximum weekly benefit will increase from the current amount of \$1,070 to \$1,103. Moreover, claimants with 5 or more dependents may collect \$1,489 per week, representing a \$45 increase from the previous amount of \$1,444.

The following table illustrates the adjustment.

Maximum Weekly Benefit Payments	Current Benefit	Revised Benefit	Change
Unemployment Insurance (UI)	\$723	\$745	\$22
UI with 5 Dependents	903	931	28
Temporary Disability Insurance (TDI)	1,070	1,103	33
TDI with 5 Dependents	1,444	1,489	45

Unemployment Insurance & Temporary Disability Insurance Fraud Unit: The Department's CY2024 Annual Report, published in April of 2025, indicates that the UI/TDI Fraud Unit investigated 101 overpayment cases, detected \$1.4 million in overpayments, and recovered \$2.9 million. Additionally, the Department's legal division prosecuted 19 UI fraud cases, resulting in \$262,518 in restitution ordered. The Department recovers UI and TDI overpayments obtained through fraudulent means by intercepting income tax refunds, lottery winnings, benefit payment offset, direct payments, as well as court-ordered restitution.

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
FY2025 Enacted	\$1,563,445
<i>Target and Other Adjustments</i>	<i>(28,422)</i>
ERP Maintenance and Operations Billings (statewide adjustments)	247,404
Centralized Services (statewide adjustments)	(204,717)
Centralized Utilities Fund (statewide adjustments)	84,180
FY2026 Enacted	\$1,661,890

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 of age and older. The RI Works program provides services to beneficiaries of Temporary Assistance for Needy Families (TANF).

Workforce Development Services	General Revenue
FY2025 Enacted	\$1,109,430
<i>Target and Other Adjustments</i>	<i>3,618</i>
Year Up	(200,000)
Personnel: Salary and Benefit Adjustment	(32,131)
Centralized Services (statewide adjustment)	(2,159)
FY2026 Enacted	\$878,758

Workforce Development Services	Other Fund Changes
QUEST Grant (federal funds)	(\$3,422,795)
Workforce Innovation Opportunity Act Grant (federal funds)	(1,873,530)
Personnel Adjustments (federal funds) (statewide adjustments)	725,605
Growing the Renewable Energy Employment Network (federal funds)	559,739

Year Up **(\$200,000)**

The Budget removes \$200,000 of general revenue for Year Up, which is a national non-profit organization that offers tuition-free on-the-job training to underserved young adults. Year Up was awarded a \$200,000 direct grant from the General Assembly in FY2023, FY2024, and FY2025 and previously received funding from the Governor's Contingency Fund. The FY2025 Final Budget includes the \$200,000.

Personnel: Salary and Benefit Adjustment **(\$32,131)**

The Budget includes \$151,713 of general revenue to support the salary and benefits of personnel within the Workforce Development Services program, reflecting a net general revenue reduction of \$32,131. The adjustment includes \$10,547 for the settlement with the state employee bargaining unit, which provides Cost of Living Adjustments (COLA) of 5.0 percent in FY2025 and 4.0 percent in FY2026.

The program primarily supports personnel with federal funds, of which, the FY2026 Budget as Enacted includes \$10.0 million, reflecting a net increase of \$511,821 from the previous year's enacted level. The federal funds adjustment includes \$725,605 for the COLAs related to the settlement with the state employee bargaining unit, offset by a reduction in health benefits. Moreover, the Budget removes all turnover savings, representing an increase of \$864,621 in federal funds when compared to the FY2025 Budget as Enacted.

QUEST Grant (federal funds) **(\$3.4 million)**

The Budget includes \$1.2 million in federal funds from the Quality Jobs, Equity, Strategy, and Training (QUEST) grant, representing a reduction of \$3.4 million from the FY2025 enacted level. The QUEST grant is classified as a Dislocated Worker Grant (DWG) and will be available from FY2023 through FY2025. The U.S. Department of Labor announced that Rhode Island's Department of Labor and Training would receive \$15.0 million, the maximum amount, on July 5, 2022. Authorized by the federal Workforce Innovation and Opportunity Act, DWGs provide funding support in response to unexpected events that lead to significant job loss. The Department will utilize the funds to provide occupational training through the industry-led Real Jobs Rhode Island (RJRI) program, which invests in sector-based intermediaries who serve as RJRI Partners, designing and implementing initiatives to serve their industry's needs. The industries include healthcare, childcare, manufacturing, construction, transportation, logistics, information technology, and finance. The FY2025 Final Budget includes \$4.7 million for the initiative. The following table illustrates the adjustment.

QUEST Grant	FY2025 Enacted	FY2026 Enacted	Change
Assistance and Grants	\$4,000,000	\$0	(\$4,000,000)
Salary and Benefits	400,870	1,036,166	635,296
Contract Professional Services	109,102	43,585	(65,517)
Operating Supplies and Expenses	81,213	87,497	6,284
Capital Purchases and Equipment	-	1,142	1,142
Total	\$4,591,185	\$1,168,390	(\$3,422,795)

Workforce Innovation and Opportunity Act Grants (federal funds) (\$1.9 million)

The Budget includes \$9.8 million in federal funds from Workforce Innovation and Opportunity Act (WIOA) grants, reflecting a decrease of \$1.9 million from the FY2025 Enacted Budget. The Dislocated Worker grant program reflects the largest reduction, decreasing by \$942,690 or 21.6 percent from the previous fiscal year's enacted amount. The FY2025 Final Budget includes \$12.5 million in WIOA grants, representing an \$836,656 increase from the FY2025 enacted level. The Department's Annual Report indicates that in CY2024, 363 adults, 405 dislocated workers, and 603 youth participants were served in Rhode Island under WIOA Title IB. The following table illustrates the adjustment throughout the three WIOA grant programs.

Workforce Innovation Act	FY2025 Enacted	FY2026 Enacted	Change
Dislocated Worker Program	\$4,364,624	\$3,421,934	(\$942,690)
Adult Program	3,633,762	2,981,769	(651,993)
Youth Program	3,672,792	3,393,945	(278,847)
Total	\$11,671,178	\$9,797,648	(\$1,873,530)

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

Growing the Renewable Energy Employment Network (federal funds) \$559,739

The Budget includes \$559,739 of federal funds received from the Growing the Renewable Energy Employment Network grant in FY2026. The Growing the Renewable Energy Employment Network grant is fully funded by the federal government as an H-1B job training grant to train unemployed and underemployed individuals for careers in the renewable energy sector. Rhode Island was awarded a total amount of \$2.0 million and the Budget includes \$550,000 for assistance and grants in both FY2025 and FY2026. Additionally, the Budget provides \$9,152 in FY2025 and \$9,739 in FY2026 for administrative costs.

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
FY2025 Enacted	\$4,833,768
<i>Target and Other Adjustments</i>	<i>21,520</i>
Personnel: Salary and Benefit Adjustment	738,589
Intra-agency Transfer	(208,111)
Centralized Services (statewide adjustment)	(38,475)
FY2026 Enacted	\$5,347,291

Personnel: Salary and Benefit Adjustment ***\$738,589***

The Budget includes \$5.5 million of general revenue to support the salary and benefits of the personnel in the Workforce Regulation and Safety program, reflecting an increase of \$738,589 from the previous year's enacted level. The increase includes \$361,260 to support the settlement with the state employee bargaining unit, which provides Cost of Living Adjustments (COLA) of 5.0 percent in FY2025 and 4.0 percent in FY2026.

Intra-agency Transfer ***(\$208,111)***

The Budget includes negative \$777,116 in general revenue for intra-agency transfers, reflecting a general revenue savings of \$208,111 from the FY2025 enacted amount. The Department is permitted by federal regulations under the unemployment insurance program to maintain a restricted receipt account into which it may deposit interest and penalty revenue collected from employers that are delinquent in filing their employment taxes. Eligible expenditures of these "tardy and interest" funds are flexible and may be used to support activity outside of the program. DLT regularly makes intra-agency transfers from tardy and interest to the Workforce Regulation and Safety to subsidize the Division's work. The latter's budget typically receives only general revenue appropriations.

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
FY2025 Enacted	\$3,692,213
<i>Target and Other Adjustments</i>	<i>(912)</i>
Centralized Services (statewide adjustments)	(6,735)
FY2026 Enacted	\$3,684,566

Income Support	Other Fund Changes
Unemployment Insurance Benefits Adjustment (all funds)	\$26,464,995
Temporary Disability Insurance Adjustment (other funds)	8,513,489
UI Administration (federal funds)	5,132,268
Personnel: Salary and Benefit Adjustment (statewide adjustments) (all funds)	2,600,065
CARES Act (federal funds)	(876,550)
Temporary Caregiver Insurance Personnel Adjustment (other funds)	231,041
Centralized Services (statewide adjustments) (other funds)	(186,406)
Unemployment Insurance Benefits Statistics	Informational
Unemployment Insurance Trust Fund	Informational
Police Officers' Relief Fund and Firefighters' Relief Fund	Informational

Unemployment Insurance Benefits Adjustment (all funds) \$26.5 million

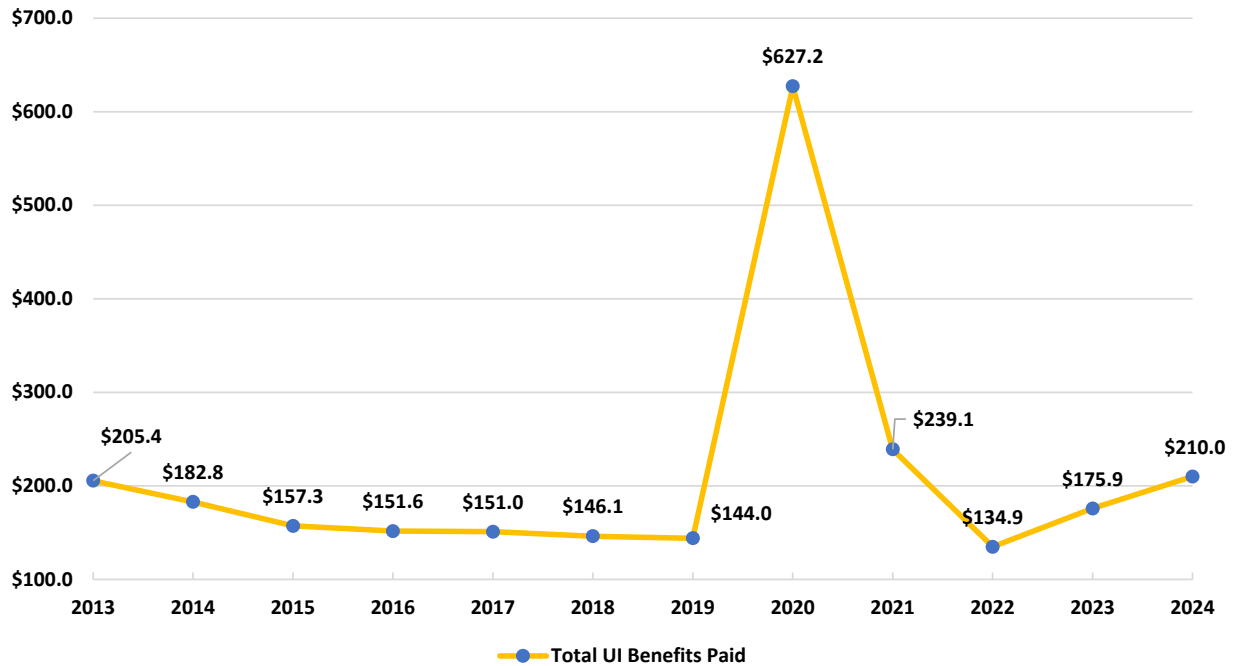
The Budget includes \$249.3 million in all funds to support unemployment insurance (UI) benefits, reflecting a \$26.5 million increase from the FY2025 Budget as Enacted. The increase largely reflects an additional \$24.1 million in UI benefits as well as a \$2.5 million increase in reimbursable employers' UI benefits. The adjustment represents an additional \$26.7 million in other funds offset by a \$35,005 decrease to federal funds, related to the Trade Readjustment Act. The following table compares the UI benefit amounts included in the FY2026 Budget as Enacted with the FY2025 Budget as Enacted.

Unemployment Insurance Benefits	FY2025 Enacted	FY2026 Enacted	Change
Unemployment Insurance (other funds)	\$205,000,000	\$229,100,000	\$24,100,000
Reimbursable Employers UI Benefits (other funds)	8,500,000	11,000,000	2,500,000
Federal and Veteran Employment (other funds)	1,400,000	1,500,000	100,000
State Employees (other funds)	1,300,000	1,100,000	(200,000)
Trade Readjustment Act (federal funds)	135,005	100,000	(35,005)
Payments to Other States (other funds)	6,500,000	6,500,000	-
Total	\$222,835,005	\$249,300,000	\$26,464,995

The United States Department of Labor's website provides quarterly data concerning the payment of UI benefits by each State. In 2024, the Department provided \$210.0 million in UI benefit payments, reflecting a 19.4 percent increase from the \$175.9 million paid in 2023.

The federal government made several changes to unemployment insurance regulations as a result of the pandemic, including increasing the length of time a person may collect unemployment insurance up to 79 weeks and including an additional supplemental payment for eligible individuals. 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. The program required additional funding due to rising unemployment related to the COVID-19 pandemic, however, the increased funds are no longer necessary. The following graph illustrates Rhode Island's payment of unemployment insurance benefits from 2013 to 2024, with figures provided by the U.S. Department of Labor.

Annual UI Benefit Payments 2013-2024



\$ in millions.

Source: US Dept. of Labor/UI Data Summary

Temporary Disability Insurance Adjustment (other funds)

\$8.5 million

The Budget includes \$251.4 million in other funds for the administration, employer tax, and payment of benefits related to the State's Temporary Disability Insurance (TDI) program, reflecting an increase of \$8.5 million from the FY2025 enacted level. The increase is due to updated projections of utilization and includes increases of \$10.0 million for benefit payments and \$444,288 for administration, offset by a \$1.9 million reduction for the employer tax unit.

The Department's Annual Report, issued in April of 2025, indicates that in CY2024 the Department received 50,337 TDI claims and issued 388,006 payments for a total amount of \$258.2 million. The average weekly benefit payment was \$667, reflecting a \$33 increase from 2023. Funded entirely by Rhode Island worker contributions, TDI provides wage replacement payments to individuals with a temporary disability or injury that have missed work. Rhode Island is one of five states that fund this program and the only one in New England. The table below illustrates the adjustment.

Temporary Disability Insurance	FY2025 Enacted	FY2026 Enacted	Change
Payment of Benefits	\$230,000,000	\$240,000,000	\$10,000,000
Employer Tax	3,803,971	1,873,172	(1,930,799)
Administration "A" General	9,128,360	9,572,648	444,288
Total	\$242,932,331	\$251,445,820	\$8,513,489

Unemployment Insurance Administration Adjustment (federal funds)

\$5.1 million

The Budget includes \$13.9 million in federal funds to support the administration of the Unemployment Insurance program, representing a \$5.1 million increase from the FY2025 Budget as Enacted. The adjustment includes a \$3.5 million intra-agency transfer. The transfer is comprised of the following:

Eligible Administration Expenditures: The Department is permitted under federal and state regulations to transfer a portion of the employment taxes it collects from the unemployment insurance program to support additional eligible expenses other than UI payments. These include certain administrative activities related to the program.

Unemployment Administration	FY2025 Enacted	FY2026 Enacted	Change
Intra-agency Transfer	(\$5,893,000)	(\$2,393,000)	\$3,500,000
Regular Wages	7,604,698	8,757,214	1,152,516
Internet Services	105	480,105	480,000
IT System Support	786,628	322,263	(464,365)
Medical Insurance	1,745,777	2,171,089	425,312
Employees' Retirement	1,805,680	2,201,619	395,939
Turnover	(1,453,846)	(1,774,269)	(320,423)
<i>All Other Adjustments</i>	<i>4,187,039</i>	<i>4,150,328</i>	<i>(36,711)</i>
Total	\$8,783,081	\$13,915,349	\$5,132,268

CARES Act (federal funds) (\$876,550)

The Budget does not include any federal funds in FY2026 provided by the Coronavirus Aid, Relief and Economic Security (CARES) Act, reflecting a reduction of \$876,550 from the FY2025 enacted level. These federal funds were primarily used to support unemployment benefits throughout the pandemic, as the Department experienced an uptick in individuals applying for unemployment insurance and required additional federal funds to meet the demand for the increased claims. The Pandemic Unemployment Assistance (PUA) realized the largest adjustment, decreasing by \$580,550. Additionally, the FY2025 Final Budget includes \$2.8 million in CARES Act funding. The following table compares the CARES Act funding by type for the FY2025 Enacted Budget, FY2025 Final Budget, and FY2026 Enacted Budget.

CARES Act: Implementation and Administration	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Pandemic Unemployment Assistance (PUA)	\$580,550	\$1,416,506	\$835,956	\$0	(\$580,550)
Federal Pandemic Unemployment Compensation (FPUC)	200,000	995,443	795,443	-	(200,000)
Pandemic Emergency Unemployment Compensation (PEUC)	96,000	396,845	300,845	-	(96,000)
Total	\$876,550	\$2,808,794	\$1,932,244	\$0	(876,550)

Temporary Caregiver Insurance Personnel Adjustment (other funds) \$231,041

The Budget includes \$2.2 million in other funds for the administration of the State's Temporary Caregiver Insurance (TCI) program, reflecting an increase of \$231,041 from the FY2025 enacted level. The increase is primarily related to salary and benefits for staff. The Budget also includes \$32.3 million in benefit payments, consistent with the enacted level.

The Department's CY2024 Annual Report, issued in April of 2025, indicates that in 2024 the Department received 14,870 total TCI claims and issued 44,734 payments. The total amount of payments was \$32.1 million, with an average weekly benefit amount of \$719, reflecting a \$35 increase from the average payment in 2023. Signed into law on July 11, 2013, TCI disburses payments to individuals who are unable to work due to providing necessary care for seriously ill family members, such as children, spouses, parents, domestic partners, and grandparents. Additionally, individuals who need to bond with a newborn baby or newly adopted child are also eligible to receive benefits. Eligible individuals may claim caregiver benefits for up to 6 weeks. The following table illustrates the adjustment.

TCI Administration: Personnel	FY2025 Enacted	FY2026 Enacted	Change
Salaries	\$1,132,052	\$1,273,689	\$141,637
Benefits	747,302	839,963	92,661
Statewide Benefit Assessment	44,719	36,937	(7,782)
Overtime	49,182	\$53,707	4,525
Total	\$1,973,255	\$2,204,296	\$231,041

Unemployment Insurance Benefit Statistics

Informational

Rhode Island currently ranks 16th in average unemployment insurance benefits paid nationally and 3rd in New England. The State has the 5th highest maximum weekly UI benefit payments in the nation when dependent allowances are included and ranks 12th when dependent allowances are not considered. The data suggests that while RI may authorize high maximum weekly benefit payments, the amount the State pays is on par with the national average. The following tables illustrate benefit payments within New England as well as nationally.

Analyst Note: The maximum weekly benefit rate for Unemployment Insurance will increase to \$745 per beneficiary effective July 1, 2025. The adjustment reflects an increase of \$22 from the current amount of \$723.

Average UI Benefits Paid			
12 Months Ending 4th Quarter 2024			
State	Amount	New England	National
Massachusetts	\$13,188	1	1
Connecticut	7,210	2	14
Rhode Island	6,990	3	16
Maine	6,699	4	19
Vermont	6,105	5	26
New Hampshire	4,389	6	35

Source: US Dept. of Labor/UI Data Summary

Average Weekly UI Benefits Paid			
12 Months Ending 4th Quarter 2024			
State	Amount	New England	National
Massachusetts	\$711	1	2
Vermont	541	2	10
Connecticut	494	3	13
Maine	474	4	20
Rhode Island	469	5	22
New Hampshire	375	6	32

Source: US Dept. of Labor/UI Data Summary

Maximum Weekly UI Benefit			
As of January 1, 2025			
State	Amount	New England	National
Massachusetts	\$1,051	1	2
Maine	1,041	2	3
Vermont	729	3	11
Rhode Island	723	4	12
Connecticut	721	5	13
New Hampshire	427	6	36

Source: US Dept. of Labor

Maximum Weekly UI Benefit with Dependents Allowance			
As of January 1, 2025			
State	Amount	New England	National
Massachusetts*	\$1,051	1	1
Maine	1,041	2	3
Rhode Island	903	3	5
Connecticut	796	4	12
Vermont†	729	5	17
New Hampshire†	427	6	37

Source: US Dept. of Labor

*No cap on dependents allowance

†Does not have dependents allowance

Unemployment Insurance Trust Fund

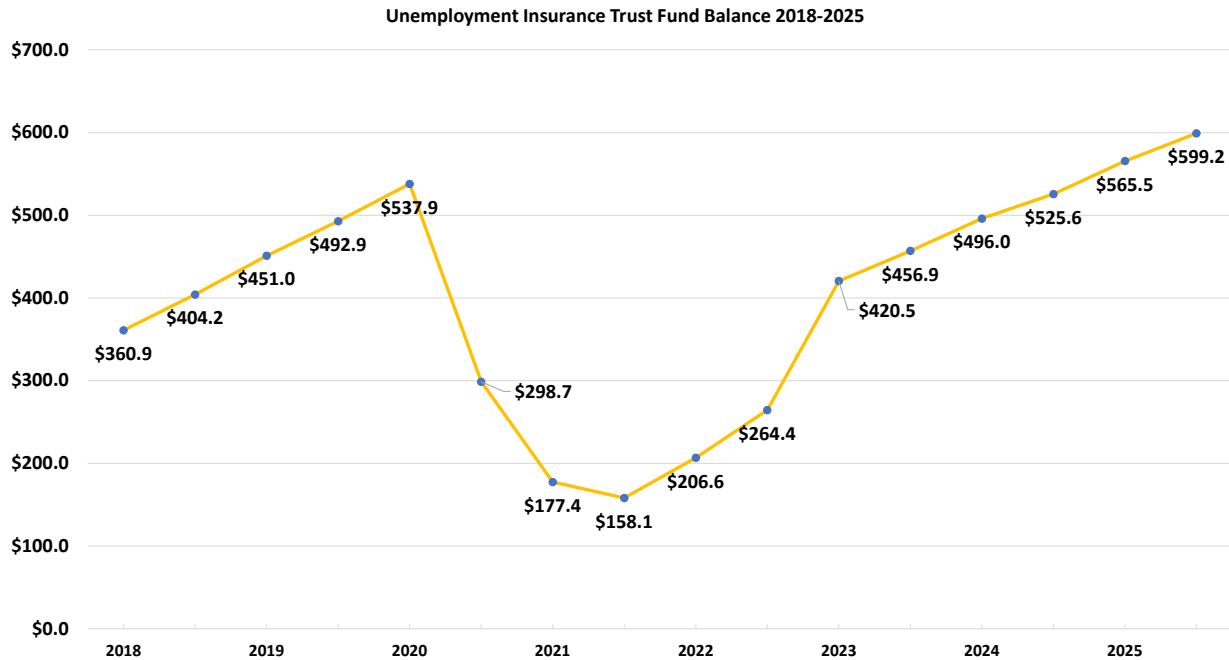
Informational

As of July 1, 2025, the Unemployment Insurance Trust Fund has a balance of \$599.2 million, reflecting an increase of \$69.5 million from January of 2024 and \$27.6 million above the \$537.9 million pre-COVID balance in January of 2020.

For CY2025, the Department of Labor and Training determined that the unemployment insurance tax rates will remain at Schedule G, with rates ranging from 1.1 percent to 9.7 percent. The Unemployment Insurance Taxable Wage Base (UITWB) for 2025 is \$29,800, which is set at 46.5 percent of the average annual wage of workers employed by taxable employers. The unemployment insurance tax schedule is calculated using a statutory formula based on the reserve ratio, or the balance of the State's employment security fund to the total twelve-month payroll of employers subject to the contribution provisions of the Employment Security

Act. The calculation is performed on September 30 of each calendar year, known as the computation date. The Department estimates that annual wages for FY2025 will be \$23.7 billion, with the average annual wage being \$63,716. For the rate schedule to shift to Schedule F, the reserve ratio must be at or above 2.5 percent, requiring an additional \$26.8 million to meet a fund balance of \$592.3 million.

The following graph illustrates the fund balance from January 2018 through July 2025. The increase between July 2022 and January 2023 resulted from the State depositing \$100.0 million in ARPA SFRF into the Unemployment Insurance Trust Fund.



Source: United States Department of Labor, figures represent the balance on January 1 and July 1 of the respective year.
\$ in millions

For tax year 2022, the State made several 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. 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.

Police Officers' Relief Fund and Firefighters' Relief Fund

Informational

The Budget includes \$2.8 million of general revenue for the Firefighters' Relief Fund and \$849,621 for the Police Officers' Relief Fund in FY2026, reflecting a net decrease of \$912 from the FY2025 enacted level. The Department's Annual Report indicates that there were 618 recipients of firefighters' annuity benefits and 179 recipients of police officers' annuity benefits in CY2024, reflecting a total of \$2.3 million and \$657,300, respectively.

INJURED WORKERS SERVICES

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

Injured Workers Services	Restricted Receipts
FY2025 Enacted	\$10,630,130
<i>Target and Other Adjustments</i>	<i>218,715</i>
Personnel Adjustments (statewide adjustments)	378,267
Centralized Utilities Fund (statewide adjustments)	(96,188)
Centralized Services (statewide adjustment)	102,168
FY2026 Enacted	\$11,233,092

LABOR RELATIONS BOARD

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

Labor Relations Board	General Revenue
FY2025 Enacted	\$541,797
<i>Target and Other Adjustments</i>	<i>17,208</i>
Personnel: Salary and Benefit Adjustments	(38,208)
Centralized Services (statewide adjustments)	31,767
Centralized Utilities Fund (statewide adjustments)	4,173
FY2026 Enacted	\$556,737

Personnel: Salary and Benefit Adjustment **(\$38,208)**

The Budget includes \$445,277 of general revenue to support the salary and benefits of personnel within the Labor Relations Board, reflecting a net decrease of \$38,208 from the previous year's enacted level. The increase includes \$24,591 to support the settlement with the state employee bargaining unit, which is offset by a reduction in retirement benefits. The settlement provides Cost of Living Adjustments (COLA) of 5.0 percent in FY2025 and 4.0 percent in FY2026.

GOVERNOR'S WORKFORCE BOARD

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

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

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

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

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

Governor's Workforce Board	General Revenue
FY2025 Enacted	\$6,050,000

<i>Target and Other Adjustments</i>	-
Real Jobs RI	Informational
FY2026 Enacted	\$6,050,000

Governor's Workforce Board	Other Fund Changes
Personnel Adjustments (statewide adjustments) (restricted receipts)	\$250,350

Real Jobs RI**Informational**

The Budget includes \$6.1 million in general revenue to fund Real Jobs RI (RJRI), consistent with the FY2025 enacted level. The program provides training and placement assistance for job seekers, as well as skills training for incumbent workers, business owners, and other types of participants. Proviso language included in Article 1 requires \$600,000 of the general revenue support enhanced training of direct care and support services staff at nursing home facilities to improve the quality of care for residents.

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

The Real Jobs Rhode Island CY2024 Performance Overview Report notes that since the program commenced in 2015, Real Jobs has trained over 46,600 workers, placed over 19,200 job seekers into employment, and served 6,600 unique businesses. Specific to CY2024, the Department enrolled 7,753 individuals for various training programs, of which 5,776 or 74.5 percent completed the program. Of the 4,601 jobseekers enrolled in training or placement assistance programs, 3,881 or 58.9 percent, completed the program. Of the 3,881 jobseekers who had completed training, 2,286 or 58.9 percent, received job placement in the field. The average annual wage for job seekers who have completed training, received placement, and maintained a work schedule of 35 hours per week is \$42,789. The following table illustrates the program's performance in CY2024.

Calendar Year 2024 Activity	Total Enrolled	Total Completed	Total Placed	% Completed	% Placed
Training and/or Placement Assistance for Job Seekers	4,601	3,881	2,286	84.4%	58.9%
Skills Training for Incumbent Workers	1,749	1,426	-	81.5%	-
Skills Training for Business Owners/Entrepreneurs	986	159	-	16.1%	-
Skills Training for Other Types of Participants	417	310	-	74.3%	-
Total	7,753	5,776	2,286	74.5%	-

Source: Real Jobs Calendar Year 2024 Performance Overview

Additionally, the report provides data concerning the average placement wages of RJRI participants, which are summarized in the following table.

Average Placement Wage of Real Jobs Participants CY2021-CY2024

Gender	CY2021	CY2022	CY2023	CY2024	% Change from	
					CY2021	CY2023
Male	\$40,093	\$42,237	\$41,941	\$44,013	9.8%	4.9%
Female	37,042	38,314	39,541	41,276	11.4%	4.4%

Self-Identified Race

White	\$40,107	\$42,340	\$42,424	\$44,269	10.4%	4.3%
Black	36,320	38,073	39,386	41,556	14.4%	5.5%
Asian	38,999	37,306	38,815	40,443	3.7%	4.2%
Latinx	36,501	39,065	39,330	41,221	12.9%	4.8%
Of Multiple Races	35,830	39,722	39,328	42,900	19.7%	9.1%

Source: Department of Labor and Training: Real Jobs RI Performance Overview CY2021-CY2024

The performance of Real Jobs is measured through two Key Performance Indicators, which are notated in the Governor's FY2026 Budget documents produced by the Office of Management and Budget (OMB). The first KPI measures the number of jobs placed through Real Jobs Partnerships within 90 days of completion of Real Jobs activities. The following table illustrates the KPI from CY2022-CY2024 and indicate the targets for CY2025-CY2026.

KPI: Real Jobs Rhode Island- Job Placements

Calendar Year	2022	2023	2024	2025	2026
Target	5,750	4,500	3,000	500	1,260
Actual	3,385	2,618	2,082	-	-

The second KPI measures the number of employers participating in Real Jobs Partnerships, defining a participating employer as one that placed an RJRI jobseeker within the calendar year. The following table illustrates the KPI from CY2022-CY2024 and indicates the targets for CY2025-CY2026.

KPI: Real Jobs Rhode Island- Employer Engagement

Calendar Year	2022	2023	2024	2025	2026
Target	913	1,000	1,200	200	400
Actual	1,633	1,492	1,264	-	-

Department of Revenue

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Director of Revenue	\$2.4	\$2.9	\$2.9	\$0.0	1.6%	\$3.2	\$0.3	9.9%
Division of Collections	0.9	1.0	0.9	(0.0)	-1.7%	1.0	0.0	3.0%
Lottery Division	397.1	423.7	447.9	24.2	5.7%	448.0	24.4	5.8%
Municipal Finance	1.3	2.2	1.8	(0.4)	-18.6%	2.0	(0.2)	-8.7%
Office of Revenue Analysis	1.0	1.0	1.1	0.1	8.4%	1.2	0.2	15.5%
Registry of Motor Vehicles	41.0	35.7	39.8	4.2	11.7%	41.3	5.6	15.8%
State Aid	297.9	327.2	325.1	(2.1)	-0.6%	333.4	6.2	1.9%
Taxation	33.8	41.0	41.0	0.0	0.0%	43.2	2.2	5.4%
Total	\$775.4	\$834.6	\$860.6	\$26.0	3.1%	\$873.2	\$38.6	4.6%

Expenditures By Source	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$372.4	\$400.5	\$402.3	\$1.8	0.5%	\$413.5	\$13.0	3.2%
Federal Funds	0.5	0.8	0.7	(0.1)	-9.6%	0.5	(0.3)	-38.8%
Restricted Receipts	5.2	9.5	9.5	0.1	0.6%	11.1	1.6	16.9%
Other Funds	397.2	423.8	448.1	24.2	5.7%	448.2	24.4	5.7%
Total	\$775.4	\$834.6	\$860.6	\$26.0	3.1%	\$873.2	\$38.6	4.6%

Authorized FTE Levels	587.5	599.5	599.5	-	0.0%	605.5	6.0	1.0%

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

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

MAJOR ISSUES AND TRENDS

The Budget includes \$860.6 million from all funds in FY2025 and \$873.2 million in the FY2026, a 3.1 and 4.6 percent increase, respectively. The FY2025 Revised Budget is a net \$26.0 million more than the enacted level and is primarily related to adjustments in lottery prize payments in the current year.

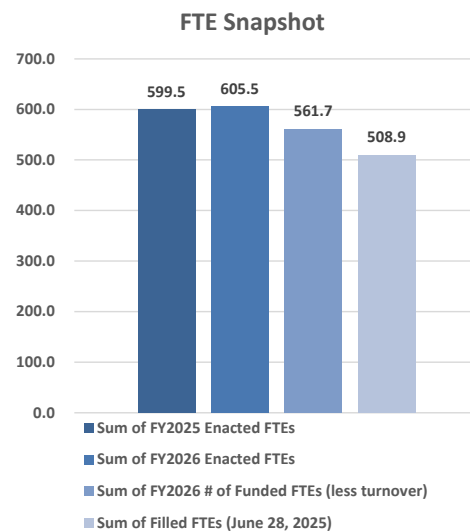
The FY2026 Budget is overall \$38.6 million more than the enacted level. This is also related to an increase in lottery payments.

The Budget adds 6.0 FTE positions in FY2026 in the Division of Taxation to support new revenue initiatives.

Important initiatives within the DOR budget include:

DMV

- **DMV Technology Surcharge:** Article 5 contains a proposal to increase the technology surcharge imposed by the Division of Motor Vehicles (DMV) on registry transactions by \$1.00, from \$2.50 to \$3.50 to cover increasing IT costs.



- **Electric Vehicle Fee:** Article 11 of the Budget establishes a new tiered annual fee schedule battery electric, hybrid plug-in, and hybrid vehicles. Revenue from the fees will be used to augment the State's Highway Maintenance Account to pay for road repair and maintenance.

State Aid

- **Tangible Property Reimbursement:** In FY2024, the General Assembly authorized a new state aid program that reimburses municipalities the foregone revenue associated with a statewide tangible property tax exemption. The implementation and related data collection schedule meant that the first known reimbursement amounts by municipality would not be known until the FY2025 Governor's Supplemental Budget recommendation (previous budget had included a placeholder estimate of \$28.0 million). Based on actual documentation submitted by municipalities and certified by the Division of Municipal Finance, the Budget includes \$25.9 million in tangible property tax relief in FY2025 (\$2.1 million less than the FY2025 Budget as Enacted) and the same in FY2026.
- **Distressed Communities Relief Fund:** The Budget includes \$14.9 million in general revenue for the Distressed Community Relief Fund in FY2026, up \$2.5 million from the FY2025 enacted level. The increase is to mitigate the addition of Coventry to the program.
- **Payment in Lieu of Taxes (PILOT):** The Budget includes \$51.3 million in general revenue for the State's PILOT program in FY2026, \$2.1 million more than the FY2025 enacted level. Current law requires reimbursement at 27.0 percent of for gone tax revenue but allows for a ratable reduction if the appropriation is less than this amount. The FY2025 enacted level of \$49.2 million represented 26.7 percent. The FY2026 Budget's brings the appropriation to 27.0 percent.
- **Motor Vehicle Excise Tax Reimbursement (MVET):** In FY2023, the General Assembly repealed the motor vehicle excise tax. Municipalities are reimbursed annually for lost revenue. The Budget includes \$239.5 million in state aid to municipalities to offset the revenue lost from the elimination of the motor vehicle excise tax. The authorizing statute for the aid program provides for an annual adjustment to the amount each municipality receives that accounts for growth in the state's 7.0 percent sales tax. Article 11 of the Budget amends this sales tax escalator by capping it at 2.0 percent annual growth. This change results in a \$4.8 million increase above the FY2025 enacted level.

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

Taxation

- **New Revenue Initiatives:** Article 5 of the Budget includes several new revenue initiatives that will be implemented by DOR. These include:
 - **Sales Tax on Parking:** Extending the state's 7.0 percent sales tax to include short-term parking.
 - **Other Tobacco Product Excise Tax Changes:** Extending the Other Tobacco Products (OTP) excise tax to include nicotine pouches and similar products.
 - **Lodging Taxes Changes:** Increasing the 1.0 percent local occupancy tax to 2.0 percent and establishing a new 5.0 percent tax on whole-home short-term rentals.
 - **Real Estate Conveyance Tax Changes:** Increasing both tiers of the real estate conveyance tax (RECT). The portion of property valued below \$800,000, the RECT rate increases from 0.46 percent to 0.75 percent. The tax on the value above \$800,000 is increased from 0.92 percent to 1.50 percent
 - **Non-Owner-Occupied Property Tax Act:** Establishing a new tax on non-owner-occupied real estate properties valued at over \$1.0 million.

- **Financial Institution Data Matching Program:** Authorizing the Division of Taxation to establish a new compliance tool that would match data on non-compliant taxpayers with an outstanding Rhode Island tax liability with data from financial institutions around the country.
- **Pawtucket TIF Payment:** The Budget includes \$2.9 million other funds payment to Pawtucket related to the CommerceRI-approved Tidewater Landing development taking place within the City's statutorily authorized redevelopment district. The Division of Taxation segregates economic activity taxes generated within the district and disburses them to the Pawtucket's Redevelopment Agency (PRA) to finance economic development bonds. The disbursements are made pursuant to General Assembly appropriation and to executed agreements between CommerceRI, Pawtucket, and the developer. The PRA went to market on the financing for the stadium in February 2024, resulting in a 30-year, \$54.0 million bond at 7.5 percent and total debt service of \$131.7 million.

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
FY2025 Enacted	\$2,883,605
<i>Target and Other Adjustments</i>	-
ERP (statewide adjustments)	277,543
Personnel Adjustments (statewide adjustments)	166,324
Centralized Services (statewide adjustments)	(158,954)
FY2026 Enacted	\$3,168,518

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
FY2025 Enacted	\$965,438
<i>Target and Other Adjustments</i>	(18,123)
Personnel Adjustments (statewide adjustments)	46,948
FY2026 Enacted	\$994,263

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 games, as well as the authorization and licensing of video lottery terminals (VLTs), table games, and sports betting at Twin River Lincoln and Tiverton. In June 2023, the General Assembly authorized online gaming, which launched March 2024. No general revenues support the Division; it is entirely funded with other funds derived from Lottery sales.

Lottery Division	Other Funds Changes
FY2025 Enacted	\$423,671,930
<i>Target and Other Adjustments</i>	<i>(635,797)</i>
Commission and Prize Payments	23,309,901
Personnel Adjustments (statewide adjustments)	1,696,193
FY2026 Enacted	\$448,042,227

Commissions and Prize Payments (other funds) \$23.3 million

The net increase of \$23.3 million in Commissions and Prize Payments is based on the May 2025 Revenue Estimating Conference (REC) estimates of VLT net terminal income and other lottery games. Net terminal income from VLTs is estimated to total \$501.5 million and net table game revenue (NTGR) is estimated to total \$131.6 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.

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
FY2025 Enacted	\$2,241,697
<i>Target and Other Adjustments</i>	<i>(709)</i>
Personnel Adjustments (statewide adjustments)	(195,149)
FY2026 Enacted	\$2,045,839

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
FY2025 Enacted	\$1,015,848
<i>Target and Other Adjustments</i>	-
Personnel Adjustments (statewide adjustments)	157,193
FY2026 Enacted	\$1,173,041

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
FY2025 Enacted	\$31,206,744
<i>Target and Other Adjustments</i>	<i>(\$25,607)</i>
Personnel Adjustments (statewide adjustments)	3,448,795
Central Utilities Fund ((statewide adjustments)	372,876
Centralized Services (statewide adjustments)	371,768
FY2026 Enacted	\$35,374,576

Division of Motor Vehicles	Other Funds Changes
DMV Information Technology System Maintenance (restricted receipts)	\$1,769,690

Division of Motor Vehicles	Informational
Electric Vehicle Fees	Informational

DMV Information Technology System Maintenance (restricted receipts) \$1.8 million

The Budget includes \$4.8 million in contract professional services spending in FY2026 within the DMV for ongoing maintenance of its “Rhode Island Modernization System”, or RIMS information technology system. This is up \$1.8 million from the FY2025 enacted level.

According to DMV officials, the costs to maintain RIMS, including upgrading to new releases, are expected to outpace existing resources. The DMV is authorized to charge a \$2.50 surcharge on every DMV fee transaction and to use this money to pay the original and ongoing costs associated with RIMS. In order to meet the rising costs, the Governor recommended increasing the technology surcharge to \$3.50. The dollar increase is estimated to generate \$1.6 million in restricted receipt revenue in FY2026 based on a July 1, 2025, start date. The following shows the growth in maintenance costs since FY2016 and the revenue from the surcharge.

DMV Surcharge Revenue vs. IT Expenditures

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

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

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

FY18 - FY19 all collections were sent to ITIF

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

FY23 we started retaining all \$2.50

Electric Vehicle Fees**Informational**

Article 11 of the Budget establishes a new tiered fee for electric vehicles. The tiers are summarized in the following table.

Electric Vehicle Registration Fees*

Vehicle Type	Fee
Battery Electric	\$200
Plug-in Hybrid	100
Hybrid	50

** Figures represent the annual cost of registration*

The fees are in addition to current passenger vehicle registration fee and other charges required to be paid at the time vehicle is registered. The new assessments are calibrated to the amount of motor fuel tax typically paid by the average passenger vehicle each year. The initiative is expected to generate an additional \$3.6 million for the Highway Maintenance Account, including \$3.3 million for the Department of Transportation, \$172,921 for RIPTA, and \$182,023 for the general fund. According to the Office of Management and Budget (OMB), these new Highway Maintenance Funds will be used to support the State's municipal road program.

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
FY2025 Enacted	\$326,185,625
<i>Target and Other Adjustments</i>	-
Motor Vehicle Excise Reimbursement	4,835,112
Distressed Communities Relief Fund	2,500,000
Payment in Lieu of Taxes	2,116,235
Tangible Tax Reimbursement	(2,096,772)
Property Revaluation Program	(1,175,058)
FY2026 Enacted	\$332,365,142

Motor Vehicle Excise Reimbursement**\$4.8 million**

The Budget includes \$239.5 million in state aid to municipalities to offset the revenue lost from the elimination of the motor vehicle excise tax. The authorizing statute for the aid program provides for an annual adjustment to the amount each municipality receives that accounts for growth in the state's 7.0 percent sales tax. Article 11 of the Budget amends this sales tax escalator by capping it at 2.0 percent annual growth. This change results in a \$4.8 million increase above the FY2025 enacted level.

Distressed Community Relief Fund**\$2.5 million**

The Budget includes \$14.9 million in general revenue for the Distressed Community Relief Fund in FY2026, up \$2.5 million from the FY2025 enacted level. The Distressed Community Relief program provides state aid to communities with the highest property tax burdens relative to the wealth of taxpayers.

The increase is to mitigate the addition of Coventry to the program. Seven communities are now eligible to receive funds under the program in FY2026, up from six in FY2025. Without additional funds the other communities would receive less than they did in FY2025.

Payment in Lieu of Taxes **\$2.1 million**

The Budget includes \$51.3 million in general revenue for the State’s PILOT program in FY2026, \$2.1 million more than the FY2025 enacted level. The Payment in Lieu of Taxes (PILOT) program reimburses cities and towns for property taxes that would have been due on real property owned by entities that are statutorily exempt from paying taxes. Current law requires reimbursement at 27.0 percent of for gone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The FY2025 enacted level of \$49.2 million represented 26,7 percent. The FY2026 Budget’s brings the appropriation to 27.0 percent.

Tangible Tax Reimbursement **(\$2.1 million)**

In FY2024, the General Assembly authorized a new state aid program that reimburses municipalities the foregone revenue associated with a statewide tangible property tax exemption. The implementation and related data collection schedule meant that the first known reimbursement amounts by municipality would not be known until the FY2025 Governor’s Supplemental Budget recommendation (previous budgets had included a placeholder estimate of \$28.0 million).

Based on actual documentation submitted by municipalities and certified by the Division of Municipal Finance, the Budget includes \$25.9 million in tangible property tax relief in FY2025 (\$2.1 million less than the FY2025 Budget as Enacted) and the same in FY2026.

Property Revaluation Program **(\$1.2 million)**

The Budget includes \$712,390 in general revenue for the Property Revaluation program in FY2026, reflecting a decrease of \$1.2 million relative to the FY2025 enacted level. The change is based on a decrease in anticipated reimbursements. The following communities will be reimbursed for statistical updates in 2026: Barrington, Cranston, East Greenwich, Exeter, Narragansett, Newport, and Tiverton. Foster, Middletown, Pawtucket, and Woonsocket are scheduled for a full revaluation.

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
FY2025 Enacted	\$35,972,773
Target and Other Adjustments	\$460,224
Personnel Adjustments (statewide adjustments)	1,014,759
Personnel Expenditures Related to Revenue Initiatives	883,734
FY2026 Enacted	\$38,331,490

Division of Taxation	Informational
Financial Institutions Data Match System	Informational
Tax Increment Financing Disbursement to Pawtucket (restricted receipts)	Informational

Personnel Expenditures Related to Revenue Initiatives **\$883,734**

The Budget authorizes 6.0 new FTEs and \$883,734 in additional personnel expenditures to support several new revenue initiatives included in the budget. The initiatives combine for an estimated \$39.3 million in new revenue in FY2026. The initiatives include:

- **Sales Tax on Parking:** Extending the state’s 7.0 percent sales tax to include short-term parking.

- **Other Tobacco Product Excise Tax Changes:** Extending the Other Tobacco Products (OTP) excise tax to include nicotine pouches and similar products.
- **Lodging Taxes Changes:** Increasing the 1.0 percent local occupancy tax to 2.0 percent and establishing a new 5.0 percent tax on whole-home short-term rentals.
- **Real Estate Conveyance Tax Changes:** Increasing both tiers of the real estate conveyance tax (RECT). The portion of property valued below \$800,000, the RECT rate increases from 0.46 percent to 0.75 percent. The tax on the value above \$800,000 is increased from 0.92 percent to 1.50 percent
- **Non-Owner-Occupied Property Tax Act:** Establishing a new tax on non-owner-occupied real estate properties valued at over \$1.0 million.

FTE Positions: The Budget includes 6.0 new FTEs to implement the initiatives described above. The Governor had proposed 5.0, including 2.0 Taxpayer Service Specialist FTEs, 1.0 Tax Aide I FTE, 1.0 Tax Aide II FTE, and 1.0 Tax Auditor FTE. The General Assembly provides 1.0 additional FTE without designating a title. The total personnel cost for this new staff is \$883,734 in general revenue.

Analyst Note: The Budget eliminated several revenue initiatives originally proposed by the Governor while modifying and adding others. The final mix of FTE titles will be determined by the Division of Taxation as it prepares for implementation.

Financial Institutions Data Match System

Informational

Article 5 of the Budget authorizes the Division of Taxation to establish a new compliance tool that would match data on non-compliant taxpayers with an outstanding Rhode Island tax liability with data from financial institutions around the country. According to Taxation, prior to a levy being assessed or a tax debt being collected, each financial institution is contacted manually and the banks are not required to cooperate. According to Taxation, the proposal included in Article 5 would improve tax collection for the many debtors who live out of state. The initiative is estimated to increase revenue by \$5.2 million in FY2026 and \$8.0 million in FY2027.

Tax Increment Financing Disbursement to Pawtucket (restricted receipts)

Informational

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

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

Soccer Stadium Financing: The largest project supported by this financing in Pawtucket is Tidewater Landing, originally a \$400.0 million mixed-use development anchored by a soccer stadium. The stadium alone is currently expected to cost \$128.4 million to build. Commerce RI has awarded the project \$14.0 million in Rebuild RI tax credits and has pledged \$27.0 million in baseline and incremental revenue-backed financing for the stadium beginning in FY2024 and continuing through FY2054.

In February 2024, the PRA issued \$54.2 million in bonds to secure the \$27.0 million (the difference between the bond issuance and the pledged funds includes the costs of issuance, administrative expenses, and a pair of reserve accounts). The net debt service over the 30-year term of the bonds is \$131.7 million. The Budget

includes \$2.9 million (entirely from baseline revenue generated within the TIF zone) to be made available to the PRA for debt service payments in FY2025.

Analyst Note: The financing is considerably more than originally estimated at the time the RI Commerce Corporation and the PRA authorized the state and local bond sales in 2022. Total debt service was expected to be approximately \$60.0 million, but rising rates have made the cost of borrowing more expensive (the bonds sold with a 7.5 percent interest rate, growing total interest payments to \$89.0 million). The earliest that the bonds can be refinanced is after 10 years. By 2034, the PRA will have paid \$30.1 million in total debt service and have \$51.1 million remaining in principle. If the remaining debt was paid at that time, the total cost would only be \$81.0 million as compared to the current \$131.7 million projection.

Legislature

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Auditor General	\$6.1	\$7.4	\$7.8	\$0.5	6.5%	\$8.2	\$0.8	10.6%
Fiscal Advisory Staff	2.0	2.5	2.6	0.1	5.1%	2.7	0.2	7.9%
General Assembly	8.4	8.3	11.5	3.1	37.4%	8.7	0.4	4.9%
Joint Comm. on Legislative Services	29.6	32.1	38.9	6.8	21.1%	35.8	3.6	11.3%
Legislative Council	3.9	5.4	5.9	0.4	8.0%	6.0	0.6	11.3%
	\$50.1	\$55.8	\$66.7	\$10.9	19.6%	\$61.4	\$5.6	10.1%

General Revenue	\$48.1	\$53.4	\$64.1	\$10.8	20.2%	\$58.7	\$5.4	10.1%
Restricted Receipts	2.0	2.4	2.6	\$0.2	6.5%	2.7	\$0.3	10.6%
Total	\$50.1	\$55.8	\$66.7	\$10.9	19.6%	\$61.4	\$5.6	10.1%

Authorized FTE Levels	298.5	298.5	298.5	-	-	298.5	-	-

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

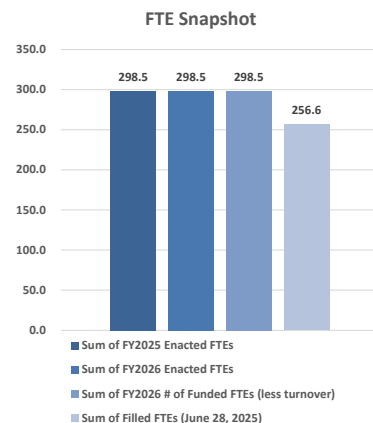
The Rhode Island General Assembly enacts laws, develops state policy, and evaluates programs through the appropriation process. The General Assembly consists of six programs which assist in executing its constitutional role:

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

MAJOR ISSUES AND TRENDS

The Budget provides \$66.7 million in FY2025 and \$61.4 million in FY2026 for the Legislature, including \$53.4 million and \$58.7 in general revenue, respectively. Under RIGL 35-3-15, all unexpended balances of general revenue appropriations to the General Assembly are reappropriated in the following fiscal year for the same purposes. The General Assembly closed FY2024 with a surplus of \$9.4 million; however, it only requested \$8.9 million of this to be appropriated in FY2025, with the remaining \$500,000 becoming a part of the general surplus.

The table below summarizes the recommended general revenue budget by category for FY2025 and FY2026.



Category	FY2025 Enacted	FY2025 Final	Change from Enacted	FY2026 Enacted	Change from Enacted
Salary and Benefits	\$44.4	\$47.4	\$3.0	\$49.1	\$4.7
Operating Supplies and Expenses	4.7	10.0	5.3	4.8	0.1
Assistance and Grants	2.3	2.3	-	2.3	-
Contract Professional Services	1.1	3.4	2.3	1.6	0.5
Capital Purchases and Equipment	0.8	1.1	0.3	0.9	0.0
Total	\$53.4	\$64.1	\$10.8	\$58.7	\$5.4

\$ in millions

Personnel: The Budget includes \$49.1 million in FY2026 for General Assembly personnel costs, \$4.7 million over the enacted level. This increase is primarily related to a 4.0 percent cost-of-living adjustment to bring General Assembly staff in line with recently negotiated union benefits. The Budget provides for 298.5 FTE positions for FY2025 and FY2026, consistent with the FY2025 Budget as Enacted.

Category	FY2025 Enacted	FY2025 Final	Change from Enacted	FY2026 Enacted	Change from Enacted
Benefits	\$16.9	\$18.4	\$1.5	\$19.1	\$2.2
Salaries	26.5	28.2	1.7	29.2	2.7
Statewide Benefit Assessment	1.0	0.8	-0.2	0.8	-0.2
Total	\$44.4	\$47.4	\$3.0	\$49.1	\$4.7

\$ in millions

Operating: The Budget also includes a net \$116,702 increase in operating expenditures, primarily reflecting changes in agency charges for the state's Enterprise Resource Planning system. This statewide system operates as the state's payroll, grants management, and financial data system.

Auditor General: The Budget also includes \$2.7 million in restricted receipts in FY2026. These funds are dedicated to the Auditor General's office. They are derived from a 0.5 percent audit fee that is assessed on all federal grants in State departments and are used to finance personnel costs associated with the Auditor General's annual Single Audit Report.

Lieutenant Governor

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Lieutenant Governor	\$1.3	\$1.4	\$1.4	(\$0.1)	-4.9%	\$1.5	\$0.1	4.9%
Expenditures By Source								
General Revenue	\$1.3	\$1.4	\$1.4	(\$0.1)	-4.9%	\$1.5	\$0.1	4.9%
Total	\$1.3	\$1.4	\$1.4	(\$0.1)	-4.9%	\$1.5	\$0.1	4.9%
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.

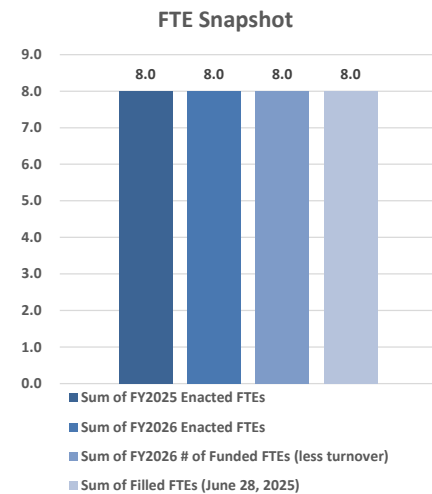
MAJOR ISSUES AND TRENDS

The FY2025 Final Budget includes \$1.4 million in general revenue, reflecting a decrease of \$76,912 as compared to the enacted budget. The revised budget includes the statewide personnel COLA adjustments of 5.0 percent, an increase of \$43,279, which is offset by increased turnover of \$47,444 and a decrease of \$23,920 for seasonal/special wage employees. Also, there is a net increase of \$5,000 for contracted services, reflecting an additional \$18,000 for legal services offset by a reduction of \$13,000 for training and educational services.

The FY2026 Budget includes \$1.5 million, reflecting an increase of \$72,204 in general revenue. The Budget includes statewide personnel COLA adjustments of 4.0 percent. The COLA increase is \$81,596 in general revenue. Salary and benefit costs increase \$89,903 inclusive of the Statewide COLA provision and medical benefit rate adjustments. The increase is offset by a reduction of \$23,920 for seasonal/special wage employees in FY2026.

Also, the FY2026 budget includes the net increase of \$5,000 for contracted services, reflecting an additional \$18,000 for legal services offset by a reduction of \$13,000 for training and educational services.

The Budget includes 8.0 FTE positions for FY2025 and FY2026, consistent with the enacted budget.



Lieutenant Governor	General Revenue
FY2025 Enacted	\$1,447,015
Target and Other Adjustments	1,221
Personnel Adjustments (statewide adjustments)	65,983
Contracted Services	5,000
FY2026 Enacted	\$1,519,219

Contracted Services***\$5,000***

The Budget includes a net general revenue expenditure increase of \$5,000, for contracted services. This reflects an increase of \$18,000 for legal services based on the Office of the Lieutenant Governor's standing contract for legal counsel services, offset by the elimination of \$13,000 for training and educational services.

Office of the Secretary of State

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Administration	\$4.9	\$5.1	\$5.5	\$0.4	7.6%	\$6.0	\$0.9	17.7%
Corporations	2.6	2.8	2.8	0.0	1.3%	2.9	0.1	3.8%
State Archives	0.8	1.2	1.2	0.0	1.2%	0.8	(0.5)	-38.3%
Elections and Civics	2.0	4.7	4.7	(0.0)	-0.4%	4.1	(0.6)	-12.4%
State Library	0.6	0.6	0.7	0.0	0.3%	0.7	0.0	2.9%
Office of Public Information	0.7	0.9	0.8	(0.1)	-7.0%	0.9	(0.0)	-5.3%
Total	\$11.6	\$15.4	\$15.7	\$0.4	2.3%	\$15.3	(\$0.1)	-0.5%
Expenditures By Source								
General Revenue	\$10.8	\$12.5	\$12.8	\$0.3	2.8%	\$12.9	\$0.4	3.2%
Federal Funds	0.5	2.0	2.0	(0.0)	(0.0)	2.0	(0.0)	-0.1%
Restricted Receipts	0.3	0.4	0.4	0.0	4.5%	0.4	0.0	7.2%
Other Funds	-	0.5	0.5	-	-	-	(0.5)	-100.0%
Total	\$11.6	\$15.4	\$15.7	\$0.4	2.3%	\$15.3	(\$0.1)	-0.5%
Authorized FTE Levels	61.0	62.0	62.0	-	-	62.0	-	-

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

The Secretary of State is one of five general officers subject to voter 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).

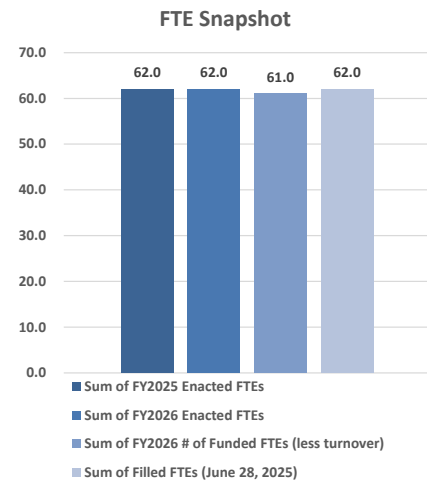
MAJOR ISSUES AND TRENDS

The FY2025 Final Budget increases by \$344,943 in general revenue (\$354,258 all funds) from the FY2025 Budget as Enacted, primarily reflecting the statewide personnel COLA adjustments of 5.0 percent.

The FY2026 Budget as Enacted includes \$15.3 million in all funds, reflecting a decrease of \$81,273 as compared to the FY2025 Budget as Enacted. The FY2026 Budget includes the second installment of the agreed salary COLA at 4.0 percent in FY2026.

General revenue expenditures have a net increase of \$399,491, reflecting a decrease of \$1.5 million for election costs that are not required in FY2026, offset by the inclusion of \$750,000 for the Secretary of State to update the voter lists. The Budget maintains a \$250,000 general revenue appropriation for the State's 250th Anniversary Commission. In addition, there is a decrease of \$500,000 in RICAP funds for the Rhode Island Archive and History Center site analysis.

The Budget includes 62.0 FTE positions in FY2025 and in FY2026, consistent with the enacted budget.



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
FY2025 Enacted	\$5,076,740
<i>Target and Other Adjustments</i>	<i>97,828</i>
Personnel Adjustments (statewide adjustments)	457,877
Computer Equipment	203,000
Operating Adjustments	139,722
FY2026 Enacted	\$5,975,167

Computer Equipment **\$203,000**

The Budget includes \$255,000 to purchase and replace the current Dell PowerEdge MX7000 modular chassis. This computer operating system controls the Secretary of State's primary applications for open meetings, rules, and regulations, as well as the corporate filings, Uniform Commercial Code filings, and the Agency's public facing web sites. This appropriation reflects an increase of \$203,000 from the FY2025 Budget as Enacted.

The Agency's IT infrastructure is located in this computer server and storage system, which will reach its end of support in June 2026. Failure to replace the system runs the risk of failure of the device and with the lack of security patches, risks a significant cybersecurity problem to the Agency.

Operating Adjustments **\$139,722**

The Budget increases general revenue by \$139,722 for operating adjustments within the Administration program. The largest change is an increase of \$141,300 for software maintenance agreements. Other increases include \$41,324 for internet services and \$22,400 for telephone charges, which have been centralized in the Administration program. Offsetting the increase is a total decrease of \$46,175 in ETSS billings and a decrease of \$19,127 made up of various smaller expense adjustments.

Operating Adjustments	FY2025 Enacted	FY2026 Enacted	Change
Software Maintenance Agreements	\$129,500	\$270,800	\$141,300
ETSS Billings	46,175	-	(46,175)
Internet Services	159,145	200,469	41,324
Telecomm: Telephone Charges	12,600	35,000	22,400
All Other Operating Adjustments	484,313	465,186	(19,127)
Total	\$831,733	\$971,455	\$139,722

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
FY2025 Enacted	\$349,562

Target and Other Adjustments 7,097

FY2026 Enacted **\$356,659**

State Archives	Other Fund Changes
RICAP - Rhode Island Archives and History Center (other funds)	(\$500,000)
Personnel Adjustments (statewide adjustments) (restricted receipts)	25,643
Historical Records Trust (restricted receipts)	Informational

RICAP – Rhode Island Archives and History Center (other funds) (\$500,000)

As part of the FY2025 Budget, the Governor proposed a ballot question to allow the issuance of \$60.0 million in general obligation bonds for the construction of a new \$101.7 million Rhode Island State Archives and History Center. The bond funding represents only a portion of total project costs, with a request for \$10.0 million from Rhode Island Capital Plan funding and \$31.7 million from a combination of federal and private grant funding bringing the total project cost to \$101.7 million. The General Assembly did not concur with the Governor's recommendation for the bond and only included \$500,000 for a site and scope analysis study in FY2025. This one-time funding is removed in FY2026.

Analyst note: The analysis for the Archives and History Center project, which includes site selection, architectural, and design work, is underway. In collaboration with the Department of Administration, LLB Architects have been engaged to perform the work. The architect's report will be published and made available once it is complete.

Historical Records Trust (restricted receipts) Informational

The Budget uses the Historical Records Trust to fund certain personnel and operating costs in the State Archives program. The FY2026 Budget increases restricted receipt expenditures for personnel costs in the State Archive program, reflecting the statewide salary COLA and benefit adjustments.

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

The Office of the Secretary of State indicates that the reduction of land sales within the last three years has negatively impacted revenue received for this account. The Office estimates that the HRT will experience a deficit based on the projected collections in FY2025 and FY2026. Two major cost increases that are paid by the HRT are the personnel and rental cost of the State Archives.

The Secretary of State's office has continued with difficulty to keep up with these costs, however, with the depletion of funds received through the HRT, it is projected to impact the budget. This will require an additional appropriation of general revenue to cover the expenses of the State Archives. The Secretary of State included a request for additional general revenue as part of the FY2026 budget request. The Governor did not include the funds due to the current constrained budget environment.

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Rev 9/3/25	FY2026 Enacted
Balance Forward	\$44,136	\$62,239	\$41,995	\$14,665	\$119,975	\$123,167	\$12,236	\$30,545	\$10,252
Receipts	431,942	409,104	440,709	576,390	549,703	375,902	331,280	342,419	315,956
Expenditures	413,839	429,348	468,039	471,080	546,511	486,834	312,971	362,712	404,790
Cash Forward	\$62,239	\$41,995	\$14,665	\$119,975	\$123,167	\$12,236	\$30,545	\$10,252	(\$78,582)

Source: Receipt information from Office of the Secretary of State

Revised by SoS on Sep 3, 2025

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
FY2025 Enacted	\$2,807,730
<i>Target and Other Adjustments</i>	-
Personnel Adjustments (statewide adjustments)	140,299
Legal Services	(20,000)
Operating Adjustments	(14,150)
FY2026 Enacted	\$2,913,879

Legal Services **(\$20,000)**

The Budget includes \$20,000 in general revenue for legal service expenses in the Corporations program. This is a \$20,000 decrease as compared to the FY2025 Budget as Enacted appropriation and reflects current projected expenditures.

ELECTIONS AND CIVICS

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

Elections and Civics	General Revenue
FY2025 Enacted	\$2,689,990
<i>Target and Other Adjustments</i>	18,621
Election Costs	(1,515,000)
Statewide Voter List	750,000
Personnel Adjustments (statewide adjustments)	163,429
FY2026 Enacted	\$2,107,040

Elections and Civics	Other Fund Changes
HAVA Election Security Grant (federal funds)	\$2,000,000

Election Costs **(\$1.5 million)**

The Budget includes \$153,000 in general revenue for election expenses, a decrease of \$1.5 million as compared to the FY2025 Budget as Enacted, reflecting that FY2026 is not in the general election cycle. 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 next occurs in FY2027.

Election Costs	FY2025 Enacted	FY2026 Enacted	Change
Printing - Outside Vendors	\$1,300,000	\$75,000	(\$1,225,000)
Postage and Postal Services	195,000	25,000	(170,000)
Clerical Services	30,000	-	(30,000)
Legal Services/Advertising	140,000	50,000	(90,000)
Computer Supplies/Software & Equipment	3,000	3,000	-
Total	\$1,668,000	\$153,000	(\$1,515,000)

Statewide Voter List**\$750,000**

The Budget includes \$750,000 in general revenues to conduct a statewide mailing to update the state's voter registration list as the optimal way to ensure that state voter rolls are as accurate as possible for future elections. The mailing would be a one-time expense in a non-election year.

HAVA Election Security Grant (federal funds)**\$2.0 million**

The Office of the Secretary of State received five federal Help America Vote Act (HAVA) awards to assist the State with the federal elections. The first award predated the COVID-19 pandemic in 2018 and was intended to modernize the election systems, the second award was authorized for the same purposes, to modernize and secure the 2020 federal election cycle. The third award was to continue modernization. The State received additional HAVA awards of \$1.0 million in 2023 and 2024 to assist with the 2024 election period. Total federal HAVA awards received is \$9.3 million.

The FY2025 Budget as Enacted included \$2.0 million of which \$926,776 has been expended to date. The FY2026 Budget as Enacted includes another of \$2.0 million in federal funds as part of the Budget.

HAVA Award Revenue	
2018 HAVA Award	\$3,000,000
2020 HAVA Award	3,216,181
2022 HAVA Award	1,000,000
2023 HAVA Award	1,000,000
2024 HAVA Award	1,000,000
Interest Earnings	86,075
Total HAVA Award	\$9,302,256
Expenditures	
FY2019 Actual	\$907,311
FY2020 Actual	1,358,787
FY2021 Actual	413,758
FY2022 Actual	999,628
FY2023 Actual	562,061
FY2024 Actual	519,579
FY2025 Expenditures*	926,776
FY2026 Enacted	2,000,000
Total	\$7,687,900

*Source: RIFANS July 22, 2025

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
FY2025 Enacted	\$649,250
<i>Target and Other Adjustments</i>	<i>(2,700)</i>
Personnel Adjustments (statewide adjustments)	21,713
FY2026 Enacted	\$668,263

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
FY2025 Enacted	\$888,969
<i>Target and Other Adjustments</i>	<i>(13,095)</i>
Operating Adjustments	(35,150)
FY2026 Enacted	\$840,724

Operating Adjustments (\$35,150)

The Budget decreases general revenue by \$35,150, primarily reflecting the shift of \$30,000 in program supplies and equipment for the State House tour program to personnel category expenses. Changes are as follows:

	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Operating Adjustments					
Program Supplies and Equipment	\$63,250	\$33,250	(\$30,000)	\$33,250	(\$30,000)
Telecommunication Telephone Charges	5,000	-	(5,000)	-	(5,000)
Printing - Outside Vendors	11,000	11,000	-	8,000	(3,000)
Office Supplies and Equipment	8,000	10,500	2,500	10,500	2,500
All Other Operating Adjustments	313,100	313,450	350	313,450	350
Total	\$400,350	\$368,200	(\$32,150)	\$365,200	(\$35,150)

RECORDS CENTER

The Records Center is an internal service program funded with internal service funds (Records Center Fund or RCF); no general revenues fund program activities. The RCF funds over 70.0 percent of the personnel costs of the State Archives program.

The inactive records of state agencies are stored at the State Records Center, 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.

	FY2023 Actual	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Records Center Fund - ISF							
Personnel	\$339,561	\$360,343	\$556,034	\$586,076	\$30,042	\$609,069	\$53,035
Contract Services	28,920	45,305	56,293	65,000	8,707	69,395	13,102
Operations	613,683	524,211	552,220	552,220	-	552,220	-
Capital Equipment	-	-	2,000	2,000	-	1,000	(1,000)
Total	\$982,164	\$929,859	\$1,166,547	\$1,205,296	\$38,749	\$1,231,684	\$65,137

Office of the General Treasurer

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Treasurer	\$4.0	\$5.0	\$5.1	\$0.2	3.5%	\$4.7	(\$0.3)	-5.9%
Employees' Retirement System	13.1	14.2	14.7	0.5	3.5%	16.3	2.1	14.6%
Unclaimed Property	2.3	3.0	3.1	0.1	4.2%	3.3	0.4	12.0%
Crime Victim Compensation Program	1.3	1.7	1.6	(0.1)	-5.1%	1.7	(0.0)	-2.8%
Total	\$20.7	\$23.9	\$24.6	\$0.7	2.9%	\$26.0	\$2.1	8.7%
Expenditures By Source								
General Revenue	\$3.9	\$4.9	\$5.1	\$0.2	3.8%	\$4.6	(\$0.3)	-6.4%
Federal Funds	0.6	0.8	0.8	0.0	3.0%	0.8	0.1	9.2%
Restricted Receipts	15.6	17.6	18.1	0.5	2.8%	19.9	2.3	13.1%
Other Funds	0.7	0.6	0.6	0.0	0.0	0.6	0.0	5.7%
Total	\$20.7	\$23.9	\$24.6	\$0.7	2.9%	\$26.0	\$2.1	8.7%
Authorized FTE Levels	91.0	91.0	91.0	-	-	92.0	1.0	1.1%

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

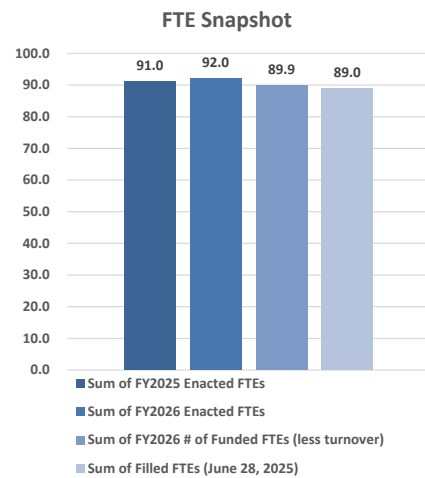
The Rhode Island Constitution establishes the Office of the General Treasurer (Treasury), one of five general offices subject to voter election. The General Treasurer is charged with the safe and prudent management of the State's finances. The Treasury budget includes Treasury operations, the Employees' Retirement System of Rhode Island, the Unclaimed Property program, and the Crime Victims Compensation program. Treasury also manages the Abraham Touro Fund and the Childhood Disease Fund. 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 FY2025 Final Budget includes \$24.6 million, of which \$5.1 million (20.7 percent) is general revenue. This reflects a net all funds increase of \$702,245, reflecting increases of \$485,202 in restricted receipts, \$185,384 in general revenue, \$23,779 in federal funds, and \$7,880 in other funds.

The FY2026 Budget as Enacted includes \$26.0 million, of which \$4.6 million (17.7 percent) is general revenue. This reflects an all funds increase of \$2.1 million from the FY2025 Budget as Enacted, primarily reflecting an increase of \$1.1 million in restricted receipts for contract services in the Employees' Retirement System program.

The Budget provides 91.0 FTE positions in FY2025 and 92.0 FTE positions in FY2026, reflecting the addition of a Cybersecurity Manager.



GENERAL TREASURY

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

General Treasury	General Revenue
FY2025 Enacted	\$4,022,950
<i>Target and Other Adjustments</i>	<i>(321)</i>
Medical Debt Relief Program	(1,000,000)
ERP Maintenance and Operation Billings (statewide adjustments)	182,756
Financial Services	160,000
Cash Management System	150,000
Personnel Adjustments (statewide adjustment)	69,429
Cybersecurity Manager	41,342
Central Utilities Fund (statewide adjustments)	39,617
FY2026 Enacted	\$3,665,773

Medical Debt Relief Program **(\$1.0 million)**

The Budget removes \$1.0 million in general revenue for the Medical Debt Relief Program that was established in the FY2025 Budget as Enacted and administered by the Office of the General Treasurer for the purpose of contracting with a non-profit corporation to purchase, cancel, or otherwise forgive medical debt upon established requirements including that the individual be a citizen of the State and has a federal adjusted gross income is 400.0 percent or less than the federal poverty line, or whose debt is more than 5.0 percent of the individuals adjusted gross income.

According to the State's RIFANs accounting system, a total of \$119,101 was expended by Undue Medical Debt in FY2025. This leaves a balance of \$880,899 to be reappropriated into FY2026. Treasury has not received the final report through June 2025.

Financial Services **\$160,000**

The Budget includes \$160,000 in general revenue, reflecting the biennial expenditure related to the publication of the Treasurer's report on debt affordability for the State. The last publication was released on February 9, 2024, and the next publication is due during FY2026. The funding is for the contract with Public Resource Advisory Group (PRAG) to prepare the required debt affordability report. The consultant does the majority of the work. Treasury initiated a request for proposal (RFP) in March 2023 for the contract services which PRAG was selected. PRAG was contracted in 2018 to assist with the debt affordability study published in 2019 and is the Financial Advisor for the Public Finance Management Board, through the contract awarded under the March 2023, RFP.

Cash Management System **\$150,000**

The Budget includes \$150,000 in general revenue to hire a consultant to implement the cash management functions with the new Enterprise Resource Planning (ERP) system. This project is a direct response to the material weakness finding from the Auditor General's Office (2022-010a). Treasury has engaged a consultant to evaluate current processes, make recommendations, and assist in developing an RFP for comprehensive banking services. The contract encompasses reviews of the day-to-day execution of all cash movement.

Cybersecurity Manager **\$41,342**

The Budget includes a new Cybersecurity Manager in Treasury, funded with \$165,372 in restricted receipts and \$41,342 is general revenue. Funding for this new position is split amongst three programs in Treasury and the portion assigned to the Unclaimed Property program is \$41,342 in restricted receipts. Treasury requested the Cybersecurity Manager to ensure the safekeeping of the personal identifiable information of

state employees, ESRI participants, Unclaimed Property Data and Crime Victim Compensation Program details. The following table illustrates the program, fund source, and amount dedicated to his new position.

Program	Salary	Benefits	Total	Source of Funds
General Treasury	\$25,534	\$15,808	\$41,342	General Revenue
Unclaimed Property	25,534	15,808	41,342	Restricted Receipts
Retirement System	76,603	47,427	124,030	Restricted Receipts
Total	\$127,671	\$79,043	\$206,714	

EMPLOYEES' RETIREMENT SYSTEM

The Employees' Retirement System of Rhode Island (ERSRI) administers retirement, disability, survivor, and death benefits to eligible state employees and public school teachers. Participating municipal employees are covered under the Municipal Employees' Retirement System (MERS). ERSRI also administers the judicial and state police retirement plans, and the Teachers' Survivor Benefit program for teachers who are not covered under Social Security. Personnel and operating expenses of ERSRI are funded through a restricted receipt account pursuant to RIGL 36-8-10.1 for administrative and operating expenses of the retirement system.

Employees' Retirement System	Restricted Receipts
FY2025 Enacted	\$14,245,648
<i>Target and Other Adjustments</i>	<i>0</i>
Contract Service Adjustments (restricted receipts)	1,060,000
Personnel Adjustments (restricted receipts) (statewide adjustment)	997,283
Cybersecurity Manager (restricted receipts)	124,030
Central Utilities Fund (restricted receipts) (statewide adjustments)	61,604
Treasury Relocation Placeholder (restricted receipts)	(60,000)
Centralized Service Charges (restricted receipts) (statewide adjustments)	(58,873)
Operating Adjustments (restricted receipts)	(51,500)
FY2026 Enacted	\$16,318,192

Contract Services Adjustments (restricted receipts) **\$1.1 million**

The Budget includes \$4.8 million in restricted receipts for contracted services at the State Retirement System. This reflects an increase of \$3.0 million for IT general services for a payroll system upgrade, a decrease of \$1.6 million for IT system support, and other changes to actuarial services, clerical, temporary employee services, and accounting/auditing services.

Contract Services	FY2025 Enacted	FY2026 Enacted	Change
IT General Services	\$100,000	\$3,100,000	\$3,000,000
IT System Support	2,100,000	525,000	(1,575,000)
Actuary	400,000	150,000	(250,000)
Clerical Services	-	180,000	180,000
Temporary Services	180,000	1,000	(179,000)
Accounting/Auditing	150,000	-	(150,000)
All Other Contract Service Adjustmen	832,000	866,000	34,000
Total	\$3,762,000	\$4,822,000	\$1,060,000

Cybersecurity Manager (restricted receipts) **\$124,030**

The Budget includes a new Cybersecurity Manager in Treasury, funded with \$165,372 in restricted receipts and \$41,342 is general revenue. Funding for this new position is split amongst three programs in Treasury and the portion assigned to the Unclaimed Property program is \$41,342 in restricted receipts. Treasury requested the Cybersecurity Manager to ensure the safekeeping of the personal identifiable information of

state employees, ESRI participants, Unclaimed Property Data and Crime Victim Compensation Program details. The following table illustrates the program, fund source, and amount dedicated to his new position.

Program	Salary	Benefits	Total	Source of Funds
General Treasury	\$25,534	\$15,808	\$41,342	General Revenue
Unclaimed Property	25,534	15,808	41,342	Restricted Receipts
Retirement System	76,603	47,427	124,030	Restricted Receipts
Total	\$127,671	\$79,043	\$206,714	

Treasury Relocation Placeholder (restricted receipts) ***(\$60,000)***

The Budget includes \$65,000 in restricted receipts for furniture and fixtures as a placeholder for Treasury's requested move out of 50 Service Avenue in the City of Warwick. This reflects a reduction of \$60,000 from the previous fiscal year.

Operating Adjustments (restricted receipts) ***(\$51,500)***

The Budget includes \$1.6 million in restricted receipts in FY2026 for operating expenses, reflecting a net decrease of \$51,500 from the FY2025 Budget as Enacted. The largest adjustment is an increase of \$100,000 for software maintenance agreements. According to Treasury, the increase is for investment related software. Other changes include: \$80,000 less for telephone expenses, which was included in the previous budget for the installation of a new VOIP upgrade. That project is complete and no funding is needed in FY2026. A reduction of \$65,000 resulting from a renegotiated policy for cyber insurance rates, a reduction of \$42,500 reflecting new board room equipment that was purchased in the previous fiscal year, and a decrease of \$13,000 for postage reflecting increased retiree use of direct deposit. Offsetting the decreases is an increase of \$40,000 for updated Lexus/Nexus use.

Operating Adjustments	FY2025 Enacted	FY2026 Enacted	Change
Software Maintenance Agreements	\$303,000	\$403,000	\$100,000
Telephone and Telegraph	80,000	-	(80,000)
Insurance	195,000	130,000	(65,000)
Maintenance/Repair: Office Equipment	72,500	30,000	(42,500)
Dues and Fees	75,000	115,000	40,000
Postage and Postal Services	250,000	237,000	(13,000)
All Other Operating	711,200	720,200	9,000
Total	\$1,686,700	\$1,635,200	(\$51,500)

UNCLAIMED PROPERTY

The Unclaimed Property program is responsible for collecting abandoned property and acts as custodian for both tangible and intangible property. The mission of the program is to return the abandoned property to its rightful owners.

Unclaimed Property	Restricted Receipts
FY2025 Enacted	\$2,981,837
<i>Target and Other Adjustments</i>	<i>3,500</i>
Personnel Adjustments (restricted receipts) (statewide adjustment)	310,654
Cybersecurity Manager (restricted receipts)	41,342
Central Utilities Fund (restricted receipts) (statewide adjustments)	16,012
Centralized Service Charges (restricted receipts) (statewide adjustments)	(15,302)
FY2026 Enacted	\$3,338,043

Cybersecurity Manager (restricted receipts) ***\$41,342***

The Budget includes a new Cybersecurity Manager in Treasury, funded with \$165,372 in restricted receipts and \$41,342 is general revenue. Funding for this new position is split amongst three programs in Treasury

and the portion assigned to the Unclaimed Property program is \$41,342 in restricted receipts. Treasury requested the Cybersecurity Manager to ensure the safekeeping of the personal identifiable information of state employees, ESRI participants, Unclaimed Property Data and Crime Victim Compensation Program details. The following table illustrates the program, fund source, and amount dedicated to his new position.

Program	Salary	Benefits	Total	Source of Funds
General Treasury	\$25,534	\$15,808	\$41,342	General Revenue
Unclaimed Property	25,534	15,808	41,342	Restricted Receipts
Retirement System	76,603	47,427	124,030	Restricted Receipts
Total	\$127,671	\$79,043	\$206,714	

CRIME VICTIM COMPENSATION PROGRAM

The Crime Victim Compensation program compensates innocent victims of violent crimes for certain expenses that are attributable to the crime. Compensation may be used to cover funeral, medical, and counseling expenses incurred by victims or their family members. Funding for the Crime Victims Compensation Program is derived from assessments charged to individuals who are found guilty or plead nolo contendere to crimes in the courts. In addition, the U. S. Department of Justice provides a 60.0 percent match on State funds expended on the compensation claims. Lastly, general revenues are used to supplement the program when court receipts and federal awards are insufficient to support the program. The maximum award for each criminal incident is capped at \$25,000.

Crime Victim Compensation Program	General Revenue
FY2025 Enacted	\$892,383
<i>Target and Other Adjustments</i>	<i>434</i>
Personnel Adjustments (statewide adjustment)	41,633
FY2026 Enacted	\$934,450

Crime Victim Compensation Program	Other Fund Changes
Crime Victims Claim Payments (restricted receipts)	(\$130,000)
Crime Victims Claim Payments (federal funds)	40,000

Crime Victims Claim Payments (restricted receipts) ***(\$130,000)***

The Budget includes \$250,000 in restricted receipts for claims and settlement payouts in FY2026, reflecting a decrease of \$130,000 from the FY2025 Budget as Enacted, and is consistent with the amount requested by Treasury. This decrease reflects continued lower projected receipts from court ordered restitution payments to victims of violent crime. There is a corresponding increase of \$40,000 in federal funds for claims and settlement payments. The following table illustrates the trend of declining revenue from the court fees from FY2013 to FY2024.

Analyst Note: The FY2025 collection is \$206,575 as of June 30, 2025. This is \$8,425 lower than the original projection.

Court Revenue	Amount
FY2012	\$1,079,792
FY2013	858,955
FY2014	809,288
FY2015	785,967
FY2016	838,621
FY2017	584,405
FY2018	536,217
FY2019	425,746
FY2020	368,660
FY2021	214,052
FY2022	409,804
FY2023	317,640
FY2024	209,990
FY2025	206,575
<i>FY2026</i>	<i>220,000</i>

Projected revenue in italics

Board of Elections

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$4.7	\$5.7	\$5.7	\$0.0	0.8%	\$4.5	(\$1.2)	-21.3%
Expenditures By Source								
General Revenue	\$4.7	\$5.7	\$5.7	\$0.0	0.8%	\$4.5	(\$1.2)	-21.3%
Total	\$4.7	\$5.7	\$5.7	\$0.0	0.8%	\$4.5	(\$1.2)	-21.3%
Authorized FTE Levels	13.0	13.0	13.0	-	-	13.0	-	-

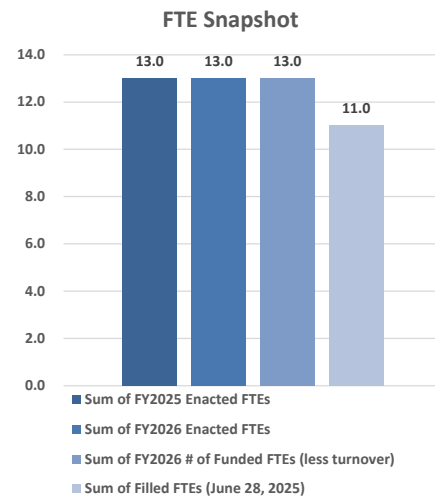
\$ in millions. Totals may vary due to rounding.

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 FY2025 Final Budget includes \$5.7 million, a net increase of \$44,023 in general revenue over the enacted level. This reflects an increase of \$73,619 in operating expenses for election expenses, centralized services, and other net operating changes. The increase is offset by a decrease of \$29,596 in personnel costs. The final budget includes the statewide personnel COLA adjustments of 5.0 percent, comprising an increase of \$71,931 in general revenue.

For FY2026, the Budget as Enacted includes \$4.5 million in general revenue, which is \$1.2 million less than the FY2025 Budget as Enacted. The decrease is largely attributable to election related expenses, including temporary employees, voting equipment transportation, printing, and postage expenses that are not required for the 2025 calendar year. The Governor includes a statewide personnel COLA 4.0 percent adjustment of \$134,561 in general revenue.



The Budget includes 13.0 FTE positions in FY2025 and FY2026, consistent with the enacted level.

Central Management	General Revenue
FY2025 Enacted	\$5,682,615
Target and Other Adjustments	(14,283)
Election Adjustments	(1,313,812)
Personnel Adjustments (statewide adjustments)	75,501
Centralized Services (statewide adjustment)	23,810
Operating Adjustments	21,100
FY2026 Enacted	\$4,474,931

Election Adjustments (\$1.3 million)

The Budget decreases general revenue expenditures by \$1.3 million for election related expenses, reflecting personnel, contracted services, and operating expenditures for voting operating supplies and expenses that

are not required in FY2026. These expenses increase in odd-numbered fiscal years when there is a statewide election and referenda election.

Election Costs	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Seasonal Staff	\$375,000	\$410,000	\$35,000	\$35,000	(\$340,000)
Other Professional Services	1,421,309	1,421,309	-	1,226,497	(194,812)
Equipment Delivery	750,000	350,000	(400,000)	-	(750,000)
Printing - Outside Vendors	5,000	15,000	10,000	1,000	(4,000)
Miscellaneous Expenses	100,000	100,000	-	75,000	(25,000)
Total	\$2,651,309	\$2,296,309	(\$355,000)	\$1,337,497	(\$1,313,812)

Operating Adjustments

\$21,100

The Budget increases general revenue by \$21,100 for operating adjustments within the Board of Elections, mainly for telecommunication and utility costs.

Operating Adjustments	FY2025 Enacted	FY2025 Final	FY2026 Enacted	Change
Telecomm: Overhead	\$65,000	\$75,000	\$75,000	\$10,000
Fuel: Natural Gas	26,000	30,000	35,000	9,000
Electricity	60,000	60,000	65,000	5,000
Out-of-State: Lodging	2,000	2,000	6,000	4,000
All Other Adjustments	713,875	708,975	706,975	(6,900)
Total	\$866,875	\$875,975	\$887,975	\$21,100

Ethics Commission

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
RI Ethics Commission	\$2.0	\$2.2	\$2.4	\$0.2	8.1%	\$2.4	\$0.2	8.3%
Expenditures by Source	FY2023 Actual	FY2024 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$2.0	\$2.2	\$2.4	\$0.2	8.1%	\$2.4	\$0.2	8.3%
Authorized FTE Levels	12.0	12.0	12.0	-	-	12.0	-	-

\$ in millions. Totals may vary due to rounding

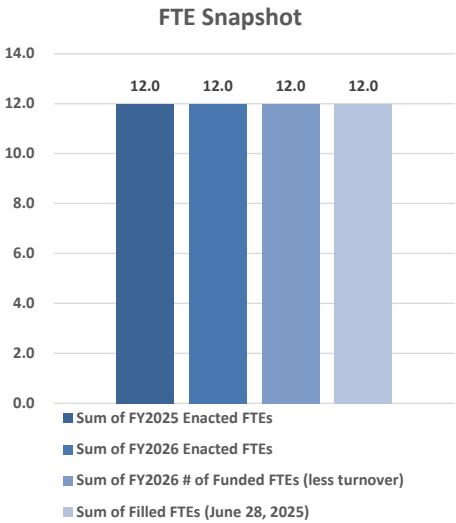
The Rhode Island Ethics Commission is responsible for adopting and disseminating the Rhode Island Code of Ethics, issuing advisory opinions to public officials and employees, enforcing financial disclosure policies and maintaining financial disclosure records, investigating and adjudicating complaints 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 FY2026 Budget includes \$2.4 million, with a net increase of \$230,844 (8.3 percent) from the FY2025 Budget as Enacted. Expenditures include an increase of \$221,910 in funds to support the 4.0 cost of living adjustment (COLA), recently negotiated by the Governor for all union employees, and extended to non-union employees.

The Budget includes \$2.3 million for FY2025 Revised. The net increase in general revenue is \$184,942 (0.1 percent) mainly to reflect the 5.0 percent cost of living increase (COLA), recently negotiated by the Governor for all union employees, and extended to non-union employees.

The Budget includes 12.0 FTE positions in FY2024 and FY2025, consistent with the enacted level.



RI Ethics Commission	General Revenue
FY2025 Enacted	\$2,234,502
Target and Other Adjustments	8,934
Personnel Adjustments (statewide adjustments)	221,910
Centralized Services (statewide adjustments)	(45,714)
FY2026 Enacted	\$2,419,632

Office of the Governor

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Governor	\$7.5	\$8.4	\$8.9	\$0.5	6.0%	\$9.3	\$0.9	10.7%
Expenditures By Source								
General Revenue	\$7.5	\$8.4	\$8.9	\$0.5	6.0%	\$9.3	\$0.9	10.7%
Total	\$7.5	\$8.4	\$8.9	\$0.5	6.0%	\$9.3	\$0.9	10.7%
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.

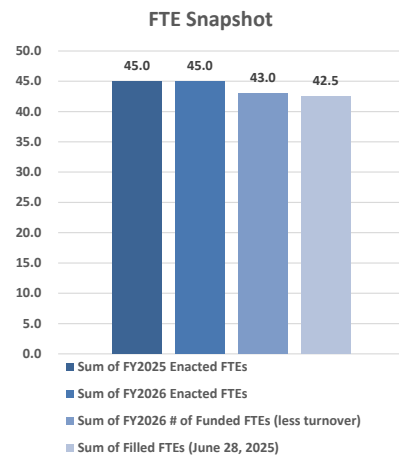
MAJOR ISSUES AND TRENDS

The FY2025 Final Budget for the Office of the Governor includes \$8.9 million in general revenue, \$502,554 more than the amount appropriated in the FY2025 Budget as Enacted.

The final budget includes the statewide personnel COLA adjustment of 5.0 percent, an increase of \$362,244. This increase is offset by increased turnover of \$67,224. Also, there is a net increase of \$12,500 for contracted services, reflecting an increase of \$10,000 for IT Systems Support and \$2,500 for Interpreter Services.

The FY2026 Budget as Enacted includes \$9.3 million in general revenue, reflecting a \$863,653 increase from the FY2025 Budget as Enacted. The Budget includes the statewide personnel COLA adjustment of 4.0 percent, reflecting an increase of \$675,437 in FY2026.

The Budget includes 45.0 FTE positions in both FY2025 and FY2026, consistent with the enacted budget.



Governor	General Revenue
FY2025 Enacted	\$8,471,265
<i>Target and Other Adjustments</i>	<i>\$2,545</i>
Personnel Adjustments (statewide adjustments)	751,908
Centralized Services (statewide adjustments)	101,291
ERP Maintenance (statewide adjustments)	7,909
Contingency Fund	<i>Informational</i>
FY2026 Enacted	\$9,334,918

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 FY2025 Budget as Enacted included \$150,000 in general revenue. As of June 27, 2025, a total of \$128,989 has been spent from the fund in FY2025, leaving a balance of \$21,011. The following table illustrates the contingency fund appropriations and expenditures over the past years:

Contingency Fund

Budget Year	Enacted/Request	Revised Changes	Total	Actual	Variance
FY2015	\$250,000	\$0	\$250,000	\$89,199	\$160,801
FY2016	250,000	160,800	410,800	65,966	344,834
FY2017	250,000	(8,000)	242,000	172,350	69,650
FY2018	250,000	(32,911)	217,089	206,587	10,502
FY2019	200,000	-	200,000	156,590	43,410
FY2020	150,000	-	150,000	149,802	198
FY2021	150,000	-	150,000	106,032	43,968
FY2022	150,000	-	150,000	25,919	124,081
FY2023	150,000	-	150,000	35,095	114,905
FY2024	150,000	-	150,000	62,000	88,000
FY2025	150,000	-	150,000	128,989	21,011
FY2026	150,000	-	150,000	-	150,000

Source: Budget Data Tables and RIFANs

FY2025 Expenditures as of June 27, 2025

Rhode Island Commission for Human Rights

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Commission for Human Rights	\$2.4	\$2.5	\$2.8	\$0.3	10.5%	\$2.8	\$0.3	10.7%
Expenditures By Source								
General Revenue	\$2.1	\$2.1	\$2.2	\$0.2	8.0%	\$2.2	\$0.2	9.4%
Federal Funds	0.3	0.5	0.5	0.1	21.6%	0.5	0.1	16.2%
Total	\$2.4	\$2.5	\$2.8	\$0.3	10.5%	\$2.8	\$0.3	10.7%
Authorized FTE Levels	14.0	15.0	15.0	-	-	15.0	-	-

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

The Rhode Island Commission for Human Rights enforces anti-discrimination laws in the areas of employment, housing, public accommodations, credit, and delivery of services. Major program activities include outreach and education, intake, investigation, conciliation, and administrative hearings.

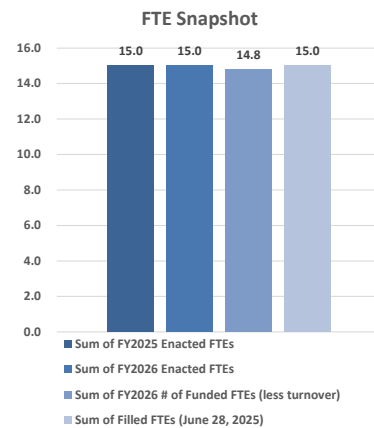
The Commission is reimbursed \$830 for each co-filed employment case processed pursuant to its work-sharing agreement with the federal Equal Employment Opportunities Commission (EEOC). The Commission also receives a reimbursement between \$1,600 and \$3,400, for each co-filed housing case processed pursuant to its contract with the federal Department of Housing and Urban Development (HUD). In addition, HUD provides the Commission between \$5,000 and \$8,000 for post-probable cause dispositions. Annual federal receipts are used to estimate the following federal fiscal year appropriation to the Commission. When the Commission processes fewer EEOC or HUD cases, the Commission receives a lower federal reimbursement, resulting in the need to appropriate additional general revenues to cover the annual operation of the Commission. The Commission's office is located at 180 Westminster Street in the City of Providence.

MAJOR ISSUES AND TRENDS

The FY2025 Final Budget includes \$2.8 million in all funds, of which \$2.2 million is general revenue and \$547,860 are federal funds. This reflects an increase of \$166,381 in general revenue and \$97,750 in federal funds from the enacted budget. The increase reflects wage and benefit changes resulting from the 5.0 percent cost of living adjustment (COLA) offset slightly by a reduction of health benefit costs. Also, there is a cost shift of \$53,524 regarding the Commission's lease costs from general revenue to federal fund expenditures.

The FY2026 Budget as Enacted includes \$2.8 million in all funds, of which \$2.2 million is general revenue and \$523,529 is federal funds, reflecting an increase of \$193,542 in general revenue and \$73,419 in federal funds. The increase primarily reflects wage and benefit changes resulting from the 4.0 percent cost of living adjustment (COLA) offset slightly by a reduction of health benefit costs. Also, there is a cost shift of \$35,188 regarding the Commission's lease costs from general revenue to federal fund expenditures.

The Budget includes 15.0 FTE positions in FY2025 and in FY2026, consistent with the enacted budget.



Commission for Human Rights	General Revenue
FY2025 Enacted	\$2,055,616
<i>Target and Other Adjustments</i>	<i>37,758</i>
Personnel Adjustments (statewide adjustment)	175,425
Rental of Outside Property	(35,188)
Centralized Services (statewide adjustments)	15,547
FY2026 Enacted	\$2,249,158

Commission for Human Rights	Other Funds
Rental of Outside Property (federal funds)	\$35,188

Rental of Outside Property ***(\$35,188)***

The Commission's leased office is located at 180 Westminster Street in the City of Providence. The lease was renewed with Dorwest Associates on September 1, 2021, and expires on August 31, 2026. The annual lease expense is \$209,351, of which \$127,900 (61.1 percent) is paid by general revenue and \$81,451 is paid by federal funds (38.9 percent). The FY2026 Budget includes a decrease of \$35,188 in general revenue and an increase of \$35,188 in federal funds, shifting a portion of the funding source from the previous fiscal year.

	FY2025	FY2025		FY2026	
Rental of Outside Property	Enacted	Final	Change	Enacted	Change
Federal Funds	\$46,263	\$99,787	\$53,524	\$81,451	\$35,188
General Revenue	163,088	109,564	(53,524)	127,900	(35,188)
Total	\$209,351	\$209,351	\$0	\$209,351	\$0

Public Utilities Commission

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Public Utilities Commission	\$11.4	\$14.6	\$15.0	\$0.4	3.0%	\$15.5	\$0.9	6.2%
Expenditures By Source								
Federal Funds	\$0.6	\$0.7	\$0.7	\$0.0	2.1%	\$0.8	\$0.0	5.9%
Restricted Receipts	10.9	13.9	14.3	0.4	3.0%	14.8	0.9	6.2%
Total	\$11.4	\$14.6	\$15.0	\$0.4	3.0%	\$15.5	\$0.9	6.2%
Authorized FTE Levels	54.0	57.0	57.0	-	-	57.0	-	-

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

The Public Utilities Commission (PUC) regulates public utilities, Community Antenna Television, common carriers, and major energy facilities; regulates rates; ensures sufficient utility infrastructure to promote economic development; and, cooperates with other states and federal government agencies to coordinate efforts to meet objectives. The PUC is comprised of two distinct regulatory bodies: the Division of Public Utilities and Carriers (Division) and a three-member Commission (Commission). The Division carries out laws relating to public utilities and carriers, and the regulations and orders of the Commission governing the conduct and charges of the public utilities. The Commission serves as a quasi-judicial tribunal that holds investigations and hearings concerning utility rates, tariffs, tolls and charges, as well as facility accommodations and locations. The Commission is funded primarily through fees paid by utility companies.

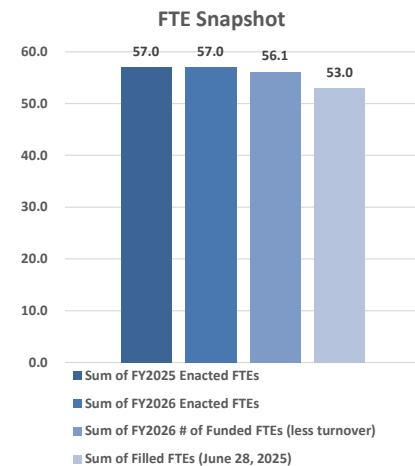
MAJOR ISSUES AND TRENDS

The FY2025 Final Budget provides a total operating budget of \$15.0 million, including \$14.3 million in restricted receipts, and \$726,117 in federal funds. This represents a net increase of \$435,457 from the FY2025 Budget as Enacted. The most significant increase includes \$596,802 for personnel costs reflecting wage and benefit changes resulting from the 5.0 percent cost of living adjustment (COLA) offset by a reduction of health benefit costs and turnover savings.

The FY2026 Budget as Enacted provides a total operating budget of \$15.5 million, including \$14.8 million in restricted receipts and \$753,555 in federal funds. The Budget reflects an all funds increase of \$900,754 compared to the FY2025 Budget as Enacted. The significant increase includes \$1.1 million for personnel costs reflecting wage and benefit changes resulting from the 4.0 percent cost of living adjustment (COLA) offset by a reduction of health benefit costs and projected turnover savings.

As the agency does not receive any general revenue funding; the costs are a pass-through expenditure and are paid by the regulated utilities pursuant to RIGL 39-1-23.

The Budget provides a staffing level of 57.0 FTE positions in FY2025 and in FY2026, consistent with the enacted budget.



Public Utilities Commission	All Funds
FY2025 Enacted	\$14,607,520
Target and Other Adjustments	(32,248)
Personnel Adjustments (statewide adjustments) (all funds)	1,096,644
Dual Party Phone Relay (restricted receipts)	(150,000)
New Vehicle Purchase (restricted receipts)	(35,000)
Centralized Services (statewide adjustments) (restricted receipts)	21,358
FY2026 Enacted	\$15,508,274

Dual Party Phone Relay (restricted receipts) (\$150,000)

The Budget includes \$168,415 in restricted receipts for the Dual Party Phone Relay service. This reflects a decrease of \$150,000 from the FY2025 Budget as Enacted, reflecting an accounting correction. The Division of Public Utilities and Carriers (DPUC) transfers receipts received from the phone surcharge, pursuant to RIGL 39-1-42, \$100,000 to the Commission on the Deaf and Hard of Hearing and transfers \$50,000 to the Department of Human Service. Previously, the DPUC mistakenly listed the transfers as an expense of the RI Relay account instead of a transfer of receipts.

Analyst Note: The dual party phone relay funds are used to fund telephone services access for people with disabilities. There is a \$.09 cent monthly surcharge on landlines only in the state used to fund the relay service. According to the DPUC the annual revenue remains consistent with no significant decrease. Per state law, annual payments are made to the Rhode Island Commission on Deaf and Hard of Hearing and to the Department of Human Services.

New Vehicle Purchase (restricted receipts) (\$35,000)

The Budget includes \$40,000 in restricted receipts for the purchase of a new vehicle for the Agency. This amount was requested by the Agency. This is a decrease of \$35,000 in restricted receipts as compared to the FY2025 Budget as Enacted.

CAPITAL PROJECTS

The 5-year capital plan includes \$700,000 in restricted receipts for ongoing asset protection of the state-owned facility at 89 Jefferson Boulevard in the City of Warwick.

Executive Office of Commerce

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$2.1	\$2.3	\$2.3	\$0.1	2.2%	\$2.4	\$0.1	4.6%
Commerce Programs	11.7	6.8	80.4	73.7	1086.9%	5.4	(1.4)	-20.0%
Economic Development Initiatives Fund	45.1	35.2	35.2	0.0	0.0%	31.7	(3.5)	-9.9%
Quasi-Public Appropriations	27.5	26.5	71.5	45.0	169.8%	19.3	(7.2)	-27.1%
Total	\$86.3	\$70.8	\$189.5	\$118.7	167.7%	\$58.8	(\$11.9)	-16.9%
Expenditures By Source								
General Revenue	\$66.2	\$40.4	\$40.4	\$0.1	0.1%	\$33.5	(\$6.8)	-17.0%
Federal Funds	19.5	22.0	141.3	119.3	542.2%	20.0	(2.0)	-9.1%
Other Funds	0.6	8.4	7.8	(0.6)	-7.7%	5.3	(3.1)	-36.9%
Total	\$86.3	\$70.8	\$189.5	\$118.7	167.7%	\$58.8	(\$11.9)	-16.9%
Authorized FTE Levels	20.0	5.0	5.0	-	-	5.0	-	-

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

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

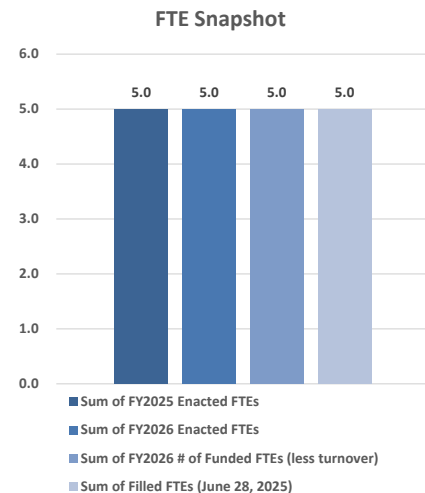
The Housing and Community Development program was transferred to the Executive Office of Commerce by the General Assembly in FY2016. In addition, the funding and administration for the Rhode Island Commerce Corporation (Commerce Corp) and the I-195 Redevelopment Commission, both previously funded in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

In 2022, the General Assembly created the Department of Housing and transferred the Housing and Community Development program and its staff from EOC to the new agency.

MAJOR ISSUES AND TRENDS

The Budget includes a total of \$58.8 million in FY2026, to fund the economic development initiatives and operations of the Executive Office of Commerce and the Commerce Corporation. This is \$11.9 million less than the FY2025 enacted level, a reduction that results primarily from one-time investments in municipal infrastructure and resiliency initiatives that do not recur in FY2026 and reduced funding for the Wavemaker program. General revenue, representing 57.0 percent of total funding, is down \$6.8 million (17.0 percent) from the enacted level. This net decrease is attributable to reduced year-over-year funding for incentives, most notably in the Wavemaker and Main Street Streetscape programs.

For FY2025, the Budget includes \$189.5 million in total funding, a \$118.7 million increase over the enacted level. This current year change reflects the mandatory reappropriation of unspent ARPA funds from previous fiscal years.



American Rescue Plan Act Federal Funding

Federal funding budgeted within the EOC comes entirely from allocations under the American Rescue Plan Act. EOC administers seven ARPA SFRF initiatives, one ARPA Capital Project, and the Small Business Credit Initiative that is directly allocated funds under the Act. The General Assembly was compelled to appropriate all of the State's ARPA allocations in FY2024 in order to meet U.S. Treasury obligation and spending deadlines. Because many of the initiatives will take several years to complete, the General Assembly required that any unspent ARPA funds at the end of any given fiscal year be reappropriated for the same purposes. It is for this reason that \$141.3 million in additional federal funds are included in the FY2025 Supplemental Budget. The following table summarizes the reappropriations.

ARPA SFRF Initiative	FY2025 Final
Port of Davisville	\$45.6
Bioscience Investments	43.0
Minority Business Accelerator	2.4
Small Business Financial and Technical Assistance: Direct Grants	2.5
Aid to Tourism, Hospitality, and Events Industries	2.0
	\$95.5
ARPA Capital Projects Initiative	
Broadband	25.8
	\$25.8
ARPA Direct Initiative	
State Small Business Credit Initiative	20.0
	\$20.0
Total ARPA	\$141.3

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

Incentives

In 2015, the General Assembly established numerous economic development incentives to spur investment in new capital and critical industry sectors, improve the workforce, and promote innovation. General revenue appropriations supporting these incentives totaled \$296.7 million prior to FY2025. The FY2025 Budget includes an additional \$18.4 million and the FY2026 Budget includes \$16.6 million. The following table shows the total appropriations and awards:

Incentive	Pre-FY2025	FY2025 Enacted	FY2025 Final	FY2026 Enacted	Appropriated To Date	Awarded to Date	Balance
Rebuild RI	\$174.6	\$10.1	\$10.1	\$10.1	\$194.8	\$205.0	(\$10.2)
I-195 Redevelopment Fund	30.0	-	-	-	30.0	25.7	(4.3)
First Wave Closing Fund	20.3	-	-	-	20.3	11.1	(9.2)
Wavemaker Fellowship	17.3	4.1	4.1	2.5	23.9	3.3	(20.6)
Small Business Assistance Fund	11.3	-	-	-	11.3	7.4	(3.9)
Innovation Initiative	15.6	1.0	1.0	-	16.6	10.4	(6.2)
Main Street RI Streetscape Improvement Fund	9.0	1.0	1.0	0.3	10.3	2.8	(7.5)
Air Service Development Fund	7.1	1.2	1.2	2.7	11.0	2.0	(9.0)
P-Tech	2.5	-	-	-	2.5	1.6	(0.9)
Innovate Small Business (STAC)	9.0	1.0	1.0	1.0	11.0	3.1	(7.9)
Qualified Jobs Tax Incentive	-	-	-	-	-	59.3	59.3
Tax Increment Financing	-	-	-	-	-	80.1	80.1
Tax Stabilization Agreement Incentive	-	-	-	-	-	2.1	(2.1)
Total	\$296.7	\$18.4	\$18.4	\$16.6	\$331.7	\$413.9	\$57.7

\$ in millions

FY2026 Budget Initiatives relating to the incentives include:

- **Reauthorization of Incentives:** Article 6 of the Governor’s recommended FY2026 Budget reauthorizes the EOC’s incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2025, to December 31, 2026. The Small Business Assistance Program is authorized through December 31, 2028, and the P-Tech program is not reauthorized. The EOC indicates that the latter program is duplicative of more effective work-based learning initiatives in the state.
- **Wavemaker:** The Budget includes \$2.5 million in funding for the Wavemaker Fellowship program in FY2026, down slightly from the enacted level. Article 6 of the Budget clarifies that healthcare professionals that operate as sole proprietors or pass-through entities are eligible for the program. Typical Wavemaker fellows work for an employer in an in-demand industry. Within the healthcare industry, however; it is not uncommon for otherwise eligible potential participants to form their own practices. The clarification ensures that the incentive is still available to all healthcare practitioners.
- **Rebuild RI:** The Budget includes \$10.1 million in funding for Rebuild RI in FY2026. The program currently supports 51 projects, for a combined total of \$216.1 million, or 96.0 percent of the current \$225.0 million program cap. Article 6 allows qualifying mixed-use/affordable housing projects a sales tax exemption up to \$4.5 million above the \$15.0 million maximum project credit (111 Westminister St currently only qualifying project, also known as the “Superman Building”).
- **RI Innovation Ecosystem:** The Budget includes \$250,000 in FY2026 for a new RI Innovation Ecosystem Initiative. According to the EOC, this initiative is intended to strengthen collaboration between Rhode Island’s higher education institutions and private industry to drive workforce development and innovation.

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
FY2025 Enacted	\$2,264,703
<i>Target and Other Adjustments</i>	-
Personnel Adjustments (statewide adjustments)	88,677
Centralized Services (statewide adjustments)	11,320
ERP Maintenance (statewide adjustments)	5,282
FY2026 Governor	\$2,369,982

COMMERCE PROGRAMS

The Budget includes \$5.4 million from general revenues in FY2026 to support Commerce Programs, \$1.4 million less than the FY2025 enacted level. The Budget reflects a \$73.6 million reduction in federal funds related to the one-time appropriation in FY2025 of federal American Rescue Plan Act (ARPA) funds for small business assistance, economic development, and infrastructure initiatives.

Commerce Programs	General Revenue
FY2025 Enacted	\$6,776,400
Target and Other Adjustments	-
Wavemaker Fellowship Program	(1,509,779)
Air Service Development Fund	1,528,800
Main Street RI Streetscape Improvement Program	(875,000)
Minority Business Accelerator	(500,000)
FY2026 Enacted	\$5,420,421

Wavemaker Fellowship Program **(\$3.1 million)**

The Budget includes \$2.6 million in general revenue in FY2026 for the Stay Invested in RI Wavemaker Fellowship Fund, \$1.5 million less than the FY2025 enacted level (an approximately 37.0 percent year-over-year reduction).

Established in 2015, the Wavemaker program originally was a competitive student loan reimbursement program for college and university graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. In 2022 the General Assembly expanded the eligible professions to include healthcare and mental health professionals. In 2023, teachers became eligible. In 2024 the General Assembly amended the authorizing statute by adding a definition for primary care healthcare professionals (presumably already included via the 2022 amendments) signaling this classification as a priority. Article 6 of the Budget clarifies that healthcare professionals that operate sole proprietorships or pass-through entities are eligible for the program.

Article 6 of the Budget clarifies that healthcare professionals that operate as sole proprietors or pass-through entities are eligible for the program. Typical Wavemaker fellows work for an employer in an in-demand industry. Within the healthcare industry, however; it is not uncommon for otherwise eligible potential participants to form their own practices. The clarification ensures that the incentive is still available to all healthcare practitioners.

The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments. Each year a fellow remains eligible (that is employed in the state and in the field) is considered a service period, and the fellow receives a tax credit for each service period up to four. The amount of the service period tax credit depends upon the degree earned by the taxpayer, i.e. \$1,000 for an associate's degree up to \$6,000 for a graduate or 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 its inception the General Assembly has appropriated \$23.9 million in general revenue to the fund and 1,432 fellowships awarded.

Analyst Note: EOC indicates that the Office of the Postsecondary Commissioner is currently engaged in an evaluation of postsecondary assistance, including the Wavemaker program, for effectiveness and return on investment. The results are expected to inform the FY2027 Budget.

Air Service Development Fund**\$1.5 million**

The Budget includes \$2.7 million in total general revenue to support the development of additional direct airline routes to major metropolitan areas, \$1.5 million more than the FY2025 enacted level.

Program Background: The Air Service Development Fund (ASDF) was established by the General Assembly in 2016 for the purpose of providing airlines various incentives to establish new direct flights originating at Rhode Island T.F. Green International Airport. These include the reduction of an airline's risk when implementing a new route by providing revenue insurance that can be used to offset losses incurred if the new route is not profitable. If the routes prove to be profitable, then incentive funds can be recaptured. In addition to revenue supports, the ASDF can also be used for other direct financial incentives determined by the Rhode Island Commerce Corporation's Air Service Development Council to be impactful to incentivizing new air service. The ASDF program is currently set to sunset on December 31, 2025. Article 6 of the Budget would extend the incentive another year.

Current Service at Rhode Island T.F. Green International Airport	
Airline	Non-Stop Service To
Allegiant Airlines	Punta Gorda
American Airlines	Charlotte, Chicago-O'Hare, Philadelphia, Washington-Reagan
BermudaAir	Bermuda
Breeze Airways	Akron/Canton, Charleston, Cincinnati, Columbus, Daytona Beach, Denver, Fort Myers, Jacksonville, Los Angeles, Memphis, Myrtle Beach, New Orleans, Norfolk, Orlando, Pensacola, Pittsburgh, Raleigh-Durham, Richmond, San Diego, Sarasota, Savannah, Tampa, Vero Beach, West Palm Beach, Wilmington
Delta	Atlanta, Detroit, Minneapolis St. Paul
Jet Blue	Fort Myers, Fort Lauderdale, New York - Kennedy, Orlando, San Juan, Tampa, West Palm Beach
Southwest Airlines	Baltimore, Chicago-Midway, Dallas, Denver, Fort Myers, Fort Lauderdale, Nashville, Orlando, Tampa, Washington-Reagan, West Palm Beach
Sun Country	Minneapolis St. Paul
United Airlines	Chicago-O'Hare, Newark, Washington-Dulles
9 Total Airlines	39 Total Non-Stop Destinations

Status: Rhode Island T.F. Green International Airport currently accommodates 39 non-stop destinations, serviced by 9 airlines.

Since FY2017 the ASDF has received \$8.3 million in appropriations. In 2023, the ASDF funds were included as part of a package of incentives used to secure commitments from Breeze Airlines to establish a hub and expand routes at the Airport. In an agreement that goes to 2033 and has significant ramp up thresholds by 2028, Breeze has committed to building out significant operations and warehouse space, basing up to 6 aircraft at the airport, achieving an average of 20 flights per week (to no less than five underserved routes) by 2028 and increasing to an average of 40 by 2033 (20 underserved routes). In turn, the State has committed to \$2.0 million over 2 years for ground handling, and \$6.0 million over five years for destination marketing.

According to the EOC, previously appropriated funds were sufficient to cover the ground handling and first two years of marketing expenses. The remaining commitment will require \$1.4 million annually for the next two years.

Recipient	Date Approved	Incentive Parameters	Funds Disbursed		Type	Use	No. of New Routes Incentivized	Airline Obligations
			to Date					
Frontier	8/9/2017	Up to \$200,000 per route	\$336,460		Grant	Reimbursable marketing expenses.	5	Marketing collateral toward which ASD funds contributed.
Norwegian	8/9/2017	Up to \$750,000 per route	1,663,540		Grant	Reimbursable marketing expenses.	4	Marketing collateral toward which ASD funds contributed.
Breeze Airlines	1/9/2023	Not to exceed \$2,038,400 and not more than \$1,019,200 in a 12 month period	1,019,200		Grant	\$700 per flight for ground handling operations	-	Establish base by 3/29/23, have 3 aircraft by 8/31/23, & average 20 flights/week/yearly from 1/1/24-3/29/28
Breeze Airlines	1/9/2023	\$6,000,000 over five years	1,390,601		Grant	Marketing campaigns to promote unserved and underserved routes	-	Establish base by 3/29/23, have 3 aircraft by 8/31/23, & average 20 flights/week/yearly from 1/1/24-3/29/28
Total			\$4,409,801				9	

Main Street RI Streetscape Improvement Program**(\$1.0 million)**

The Budget includes \$1.0 million in FY2025 consistent with the enacted level, and \$125,000 in FY2026 for the State's Main Street RI Streetscape Program. The program provides loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade streetscapes in local business

districts. Projects include refurbishing facades, improved lighting, and signage. Recipients are required to provide a 30.0 percent match. Since its inception \$9.0 million has been appropriated to the program of which \$8.3 million has been awarded. The program has supported 50 projects across 23 municipalities.

Minority Business Accelerator

(\$500,000)

The Budget reappropriates \$2.4 million in federal ARPA SFRF funds to the Minority Business Accelerator from FY2024 to FY2025. The FY2025 Budget as Enacted included \$500,000 of general revenue for the initiative as well. This was a one-time investment and does not repeat going forward.

The Minority Business Accelerator program supports and invests resources to enhance the growth of minority business enterprises as defined in RIGL 37-14.1. The initiative supports a range of assistance and programming, including financial and technical assistance, entrepreneurship training, space for programming and co-working, and assistance accessing low-interest loans. Commerce works with minority small business associations, including the Rhode Island Black Business Association (RIBBA), to advance this program.

ECONOMIC DEVELOPMENT INITIATIVES FUND

The Budget provides \$15.5 million from general revenues in FY2025 to support various incentives, business assistance, and development programs designed to create and expand economic development in Rhode Island. The Budget also includes \$22.0 million in federal American Rescue Plan Act funds to support small businesses and the tourism and hospitality industry.

Economic Development Initiatives Fund	General Revenue
FY2025 Enacted	\$13,235,000
<i>Target and Other Adjustments</i>	-
Innovation Initiative	(1,000,000)
Small Business Promotion	(750,000)
RI Innovation Ecosystem	250,000
Rebuild RI	Informational
Destination Marketing	Informational
FY2026 Governor	\$11,735,000

Innovation Initiative

(\$1.0 million)

The Budget includes \$1.0 million in FY2025 for the EOC's Innovation Initiative and does not include an appropriation for it in FY2026. There has been \$15.5 million appropriated since 2016 for this program.

The Innovation Initiative is a multi-pronged economic development incentive program administered by the RI Commerce Corporation. The program seeks to both build capacity among innovation business support organizations in the State and provide direct assistance to businesses, enabling them to better conduct research and development or procure technical assistance. A total of 160 companies have received approval from the Commerce Corporation for Innovation Vouchers or Network Matching grants totaling \$10.4 million.

Article 7 of the FY2025 Budget expanded the types of organizations eligible for the Innovation Network program to include businesses that are "evaluating a transition to become employee-owned businesses." The article also establishes a new invention incentive program that provides grants up to \$5,000 to small businesses and individuals to reduce barriers to filing a patent application.

Small Business Promotion

(\$750,000)

The Budget retains the \$750,000 that was included in the FY2025 Budget as Enacted for the Commerce Corporation's program that promotes Rhode Island-based suppliers and facilitates their connection to companies in the State that have significant procurement needs. The Budget does not include additional funding in FY2026.

Known as SupplyRI, the program was established in 2018 after the EOC analyzed the operating expenditures of large employers in Rhode Island and discovered that a disproportionate number of operating budgets are spent on out-of-State suppliers. Supply RI is intended to facilitate interaction and contracting between large “Anchor” purchasing businesses and organizations and the several tier levels of Rhode Island suppliers. It does this through conducting trainings and events connecting anchors and suppliers and through a clearinghouse website. According to the EOC, the program has connected 2,200 suppliers with 16 anchors.

RI Innovation Ecosystem **\$250,000**

The Budget includes \$250,000 in FY2026 for a new RI Innovation Ecosystem Initiative. According to the EOC, this initiative is intended to strengthen collaboration between Rhode Island’s higher education institutions and private industry to drive workforce development and innovation. Program elements include creating talent pipelines, fostering research partnerships, supporting internships and training programs, conducting workforce assessments, enhancing business recruitment, offering relocation incentives, and attracting skilled professionals to Rhode Island.

Rebuild RI **Informational**

The Budget includes \$10.1 million in both FY2025 and FY2026 for the Rebuild RI Tax Credit Program (Rebuild RI). Rebuild uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State. Total credits and exemptions are limited to \$225.0 million and the per-project cap is set at \$15.0 million. Article 6 of the FY2026 Budget extends the Rebuild sunset from December 31, 2025, to December 31, 2026. Article 6 also allows qualifying mixed-use/affordable housing projects a sales tax exemption up to \$4.5 million above the \$15.0 million maximum project credit (111 Westminster St currently only qualifying project, also known as the “Superman Building”).

Status: Commerce has awarded \$170.0 million in Rebuild RI tax credits and \$46.1 million in sales tax exemptions across 51 projects, for a combined total of \$216.1 million, or 96.0 percent of the current \$225.0 million program cap.

Tax Credit Details: Under Rebuild RI the Secretary of Commerce may issue a tax credit up to \$15.0 million, based on the lesser of 30.0 percent of the project cost or the amount needed to close demonstrated financing gaps. Tax credits are issued once a certificate of occupancy has been obtained. If the amount of the credit exceeds a taxpayer’s liability in each year, the credit may be carried forward up to four years or until the full credit is used, whichever occurs first. Credits may be used against the following taxes: business corporations, financial institutions, insurance companies, public service corporations, and personal income taxes. Any use against sales and use taxes may be permitted at the discretion of the Secretary of Commerce. Prior to assignment of the credit, the State has the right to redeem (purchase) the credits at 90.0 percent of the credit value.

Sales Tax Exemption Details: Commerce also has the authority to provide qualifying projects with sales tax exemptions on certain qualified purchases that are related to the project’s development. These purchases can include construction materials and services as well as furnishings and other interior improvements. To receive these exemptions, the developer must make application to Commerce and if approved, will received a rebate those expenditures certified by Commerce. Most of the current Rebuild projects have a sales tax rebate incentive in addition to the Rebuild tax credits.

Rebuild RI Fund: When Rebuild credits and exemptions are exercised by a developer, they negatively impact State revenue. To mitigate this impact, State law requires the state General Fund be reimbursed for the amount of the credits and exemptions from the Rebuild RI Fund. On an annual basis, Commerce works with the EOC, the Department of Administration, and the Division of Taxation to determine the availability of funds to award new tax credits. Each year, the Director of Revenue requests the amounts necessary to pay for the redemption of tax credits and sales tax rebates. This fund is capitalized by annual appropriations

by the General Assembly. Since 2016, the Rebuild RI Fund has received \$184.7 million in appropriations through FY2025, or 85.5 percent of the \$216.1 million in current Rebuild obligations. The following table provides the estimated obligations, annual drawdowns, and required appropriations by fiscal year.

Estimated Cash Flow Summary for Rebuild RI										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Beginning Balance	\$94.0	\$86.8	\$97.4	\$87.1	\$73.1	\$63.6	\$53.9	\$39.5	\$35.6	\$41.9
Combined Draw Downs*	(20.7)	(15.8)	(20.4)	(24.1)	(19.6)	(19.8)	(24.5)	(14.0)	(3.8)	(2.0)
Estimated Appropriation^	13.5	26.4	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Ending Balance	\$86.8	\$97.4	\$87.1	\$73.1	\$63.6	\$53.9	\$39.5	\$35.6	\$41.9	\$50.0

*Includes tax credits and sales tax exemptions as of February 2025. Amounts take into consideration all projects as of February 2025, excluding Fane Tower.

^ Appropriation levels for FY2027 through FY2032 have been chosen for demonstration purposes only. Consideration was given to keeping annual appropriations at the FY2025 enacted level while leaving a reasonable ending balance (Senate Fiscal Staff estimates).

Destination Marketing

Informational

The Budget includes \$1.4 million in general revenue in FY2025 and FY2026 to market Rhode Island as a destination in out-of-state markets and airports. The ability of the Rhode Island Airport Corporation to directly do this work is limited by federal regulations. In both FY2023 and FY2024, the General Assembly appropriated \$1.5 million in federal SFRF funds for this purpose (The Pandemic Recovery Office has since issued its [closeout report](#) on the Destination Marketing Initiative). It also required the Commerce Corporation to provide an equivalent amount out of its portion of the state hotel tax for the same purposes, for a total of \$6.0 million over the two fiscal years. No hotel tax revenue is required in FY2025 or FY2026.

According to the EOC, destination marketing funds are being used to maintain existing air service programs and launch advertising in new markets, invest in New England sports media buys, create experiential events and installations, support Hotel Month, and underwrite agency fees for the creation and execution of the campaign and marketing assets. The marketing is targeted at driving leisure travel during the shoulder and off-season from gateway cities such as Los Angeles, Chicago, Washington DC, and Detroit.

QUASI-PUBLIC APPROPRIATIONS

The Budget includes \$14.0 million from general revenues to support the Rhode Island Commerce Corporation and several pass-through appropriations to fund specific economic programs. There are no FTE positions allocated to this program.

Quasi-Public Appropriations	General Revenue
FY2025 Enacted	\$18,104,880
Target and Other Adjustments	-
Municipal Infrastructure Grant Program	(3,000,000)
Infrastructure Bank Statewide Coastal Resilience	(750,000)
Industrial Recreational Building Authority Obligations	(347,459)
Rhode Island Commerce Corporation Base Appropriation	Informational
FY2026 Governor	\$14,007,421

Municipal Infrastructure Grant Program

(\$3.0 million)

The FY2025 Budget as Enacted provides \$3.0 million in funding for the state's Municipal Infrastructure Grant (MIG) program. This appropriation does not recur in FY2026. The MIG program provides public infrastructure grants to municipalities for design, construction, building, land acquisition, rehabilitation,

repair, and other improvements to publicly owned infrastructure including sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian ways. It also assists municipalities with economic development projects, housing development and rehabilitation, and other community development projects. The program is administered by the Rhode Island Infrastructure Bank (RIIB), a quasi-public corporation that provides low-interest loans to municipalities for infrastructure projects.

According to RIIB, the \$3.0 million in FY2025 funding was fully awarded in December 2024. In addition to the general revenue appropriation, RIIB contributed an additional \$340,000 to support additional submitted project proposals under the popular program. Absent an appropriation in FY2026, the MIG program will not be able finance any more projects. A list of the projects funded with the \$3.3 million can be found here: [MIG Awards](#).

Rhode Island Infrastructure Bank – Coastal Resilience Plan **(\$750,000)**

The FY2025 Budget as Enacted provides \$750,000 in one-time funding for the development of a statewide coastal resilience plan. This appropriation does not recur in FY2026. The FY2025 funds were appropriated to the Executive Office of Commerce and were forwarded to the Rhode Island Infrastructure Bank to implement. The plan is to be produced in collaboration with the Department of Environmental Management, the Coastal Resources Management Council, and municipalities. According to the stakeholders, a completed plan will be useful when applying for federal resiliency funding.

Industrial Recreational Building Authority Obligations **(\$347,459)**

Consistent with the FY2025 Budget as Enacted, the Final FY2025 Budget includes \$452,553 in general revenue to meet a statutorily mandated moral obligation related to the Rhode Island Industrial Recreational Building Authority (RIIRBA). The Budget also includes \$105,094 in FY2026 for the same purpose, resulting in a negative \$347,459 year-over-year change for this obligation.

Background: RIIRBA is a quasi-public entity established to promote the expansion of commercial, industrial, and recreational (travel/tourism) facilities in the state. It does this through the provision of mortgage insurance that lowers risk to private lending institutions when making loans to businesses looking to expand their facilities.

The insurance can backstop tax-free bonds, taxable bonds, and conventional mortgages. Businesses pay premiums to maintain the insurance through RIIRBA. This revenue comprises the reserve out of which RIIRBA makes any required payments to lenders on bad debt. RIIRBA is limited to \$60.0 million in the total amount that it may insure and \$5.0 million per project. It can cover up to 90.0 percent on real estate, 80.0 percent on machinery and equipment, and 75.0 percent on tourist/travel recreation projects.

Payments: In 2010, the Providence-based company Capco Steel, L.L.C. was looking to expand its facilities and purchase additional capital equipment. The company received a \$5.0 million loan from Webster Bank that was secured through a tax-free bond issued by the Rhode Island Industrial Facilities Corporation and insured by RIIRBA. In 2012, Capco defaulted on its payments to the bank, triggering RIIRBA to step in and begin making the scheduled payments out of its cash asset balance. RIIRBA continues to make these payments.

The remaining balance owed on the bonds as of June 30, 2023, is \$648,322. At present, RIIRBA has insufficient funds in its portfolio to make the next payment, which totals \$452,553. Under Rhode Island law, RIIRBA insurance is back by the full faith and credit of the State (RIGL 42-34-15) and therefore requires the General Assembly to appropriate the necessary funds.

Rhode Island Commerce Corporation Base Appropriation **Informational**

The Rhode Island Commerce Corporation (Commerce) is a quasi-public entity charged with implementing the delivery, performance, and accountability of the State’s economic development activities.

The State provides general revenue appropriations to Commerce; however, the General Assembly does not directly approve its budget. Commerce's board has the sole responsibility to authorize the Corporation's annual budget.

The Budget includes \$8.5 million from general revenues to Commerce as its base allocation in FY2026, even with the enacted level. Commerce's total budget in FY2025 is \$24.2 million. The base allocation represents 48.3 percent of the quasi-public agency's annual revenue. The balance is comprised of hotel tax revenue (36.0 percent), federal grants (1.8 percent), financial programs (2.8 percent), and other miscellaneous revenue (11.1 percent).

The following table shows the revenues and expenditures that compose the annual Commerce RI budget:

Estimated Cash Flow Summary for Rebuild RI										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Beginning Balance	\$94.0	\$86.8	\$97.4	\$86.9	\$72.9	\$64.0	\$56.9	\$45.1	\$43.8	\$52.7
Combined Draw Downs*	(20.7)	(15.8)	(20.6)	(24.1)	(19.0)	(17.2)	(21.9)	(11.4)	(1.2)	(0.7)
Estimated Appropriation^	13.5	26.4	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Ending Balance	\$86.8	\$97.4	\$86.9	\$72.9	\$64.0	\$56.9	\$45.1	\$43.8	\$52.7	\$62.1

*Includes tax credits and sales tax exemptions as of the November 2024 Revenue Estimating Conference. Amounts take into

^ Appropriation levels for FY2027 through FY2032 have been chosen for demonstration purposes only. Consideration was given to keeping annual appropriations at the FY2025 enacted level while leaving a reasonable ending balance (Senate Fiscal Staff estimates).

CAPITAL PROJECTS

The Budget includes \$95.1 million in capital project spending for FY2025-FY2030, with \$33.3 million in FY2025 and \$34.3 million in FY2026.

EOC Capital Projects	FY2025			FY2026			FY2027-FY2030			Total
	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds	
Port of Davisville	-	\$3.2	-	-	\$10.0	-	-	\$10.0	-	\$23.2
I-195 Commission	1.0	-	-	0.7	-	-	1.4	-	-	3.1
I-195 Park Improvements	2.0	-	-	1.1	-	-	-	-	-	3.1
Innovations Centers	-	7.3	-	-	5.8	-	-	0.8	-	13.8
ProvPort	-	5.0	-	-	4.2	-	-	-	-	9.2
Quonset Infrastructure and Carrier Pier	4.8	-	-	2.5	-	-	2.5	-	-	9.8
Industrial Site Development	-	10.0	-	-	10.0	-	-	12.9	-	32.9
Total	\$7.8	\$25.5	-	\$4.3	\$30.0	-	\$3.9	\$23.7	-	\$95.1

\$ in millions

- **Port of Davisville:** The Budget reappropriates \$45.6 million in ARPA State Fiscal Recovery Funds in FY2025 to advance of the Quonset Development Corporation's (QDC) infrastructure master plan. The recommendation also includes \$10.0 million of bond proceeds in both FY2026 and FY2027 for the same purpose.
- **I-195 Commission:** The Budget includes \$1.0 million from the RI Capital Plan Fund in FY2025 and \$700,000 in FY2026 for the continued development of the land made available by the relocation of I-195. Funding will continue to support engineering, design review, legal work for ongoing and prospective deals, and the design and construction of additional park infrastructure enhancements.
- **I-195 Park Improvements:** The Budget includes \$2.0 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 FY2025 and \$1.1 million in FY2026. 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.

- **Innovation Centers:** The Budget includes \$7.3 million in FY2025 and \$5.8 million in FY2026 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.
- **ProvPort:** The Budget includes \$5.0 million in FY2025 and \$4.2 million in FY2026 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 Infrastructure and Carrier Pier:** The Budget includes \$4.8 million in Rhode Island Capital Plan funds in FY2025 and \$2.5 million in FY2026 for capital improvements to the infrastructure and piers at Quonset. The Port has two piers (Pier One and Pier Two) that are long past their expected useful lifespan. As part of the Quonset Development Corporation's \$205.0 million Port of Davisville master plan, Pier 2 will be rehabilitated by building an east extension and installing a sheet pile bulkhead. The Budget also include \$1.0 million in FY2026 to mitigate per- and polyfluoroalkyl substances (PFAS) contamination at the park.
- **Industrial Site Development:** The Budget includes \$10.0 million in bond proceed funding in FY2025 and FY2026 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.

Executive Office of Housing

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$144.0	\$58.3	\$213.6	\$155.3	266.2%	\$45.1	(\$13.3)	-22.7%
Total	\$144.0	\$58.3	\$213.6	\$155.3	266.2%	\$45.1	(\$13.3)	-22.7%
Expenditures by Source								
General Revenue	\$4.3	\$9.8	\$5.2	(\$4.7)	-47.5%	\$6.5	(\$3.4)	-34.3%
Federal Funds	126.3	35.8	190.3	154.5	431.1%	15.6	(20.2)	-56.5%
Restricted Receipts	13.4	12.7	18.2	5.5	43.4%	23.0	10.4	81.8%
Total	\$144.0	\$58.3	\$213.6	\$155.3	266.2%	\$45.1	(\$13.3)	-22.7%
Authorized FTE Levels	38.0	38.0	38.0	-	-	38.0	-	-

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

The Department of Housing was established by a series of authorizing statutes enacted by the General Assembly in 2021 and 2022. Prior to 2021, statewide coordination of housing-related planning, policy, and programming was decentralized, with pieces of it occurring in several quasi-public agencies and commissions, including the Executive Office of Commerce (EOC) with its Secretary in a central role.

With Rhode Island experiencing chronic affordable-housing shortages, persistent homelessness, and a significant influx of housing-related federal pandemic-relief funding, the 2021 General Assembly established a new state-level housing capacity centered around a Deputy Secretary of Commerce for Housing within the EOC. This new “Housing Czar” was charged with overseeing all housing initiatives in the State; developing a statewide housing plan; coordinating interagency implementation, policy development, and other housing-related activities; and developing a comprehensive annual report on the status and needs of housing in the State.

Reinforcing this priority in 2022, the General Assembly authorized the creation of a new Department of Housing, launched on January 1, 2023, and led by a new cabinet-level secretary. The Deputy Secretary position was elevated to the position of Secretary of Housing (Secretary) taking with it all of the responsibilities of the previous position. In addition, the Secretary is charged with developing a State Housing Reorganization Plan assessing housing governance and making recommendations regarding the Department of Housing structure and interagency relationships and functions.

Since the enabling legislation was cursory in nature, Article 6 of the FY2024 Budget as clarified the authority of the Secretary of Housing and the Department, providing the agency with powers and duties that are mostly consistent with other cabinet-level directors and departments. These include more detailed regulatory, administrative, operational, and programmatic authorities. Article 9 of the FY2026 Budget updated the Department of Housing into an Executive Office of Housing.

MAJOR ISSUES AND TRENDS

The Budget includes \$45.1 million in all funds for the Executive Office of Housing. This includes \$6.5 million in general revenue, \$15.6 million in federal funds, and \$23.0 million in restricted receipt funding. General revenue funding decreases by \$3.4 million, or 34.3 percent, relative to the FY2025 Budget as Enacted. The decrease reflects the shift of the Low Income Housing Tax Credit (LIHTC) fund allocation from general revenue to restricted receipts.

The Budget also includes funding for 32.6 of the 38.0 FTE positions authorized for FY2026, or 85.8 percent. As of June 28, 2025, the Department had 24.0 FTE positions filled (63.2 percent).

State Housing Plans

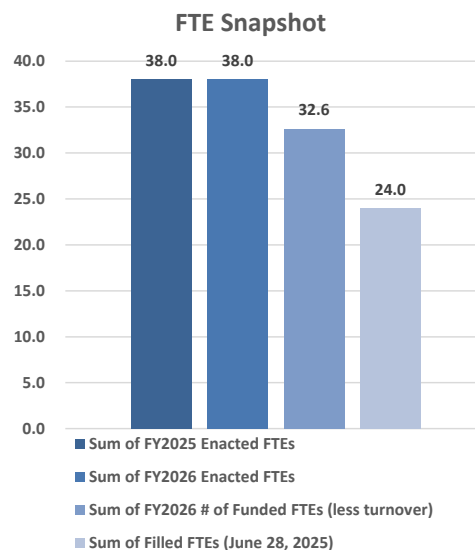
When the General Assembly established the Secretary of Housing position, among the responsibilities it was assigned was to produce a State Housing Organizational Plan due November 1, 2022. The plan was to review, analyze, and assess housing-related functions across all state departments, quasi-public agencies, boards, and commissions. It was to be informed by input from each department, agency, board, and commission, and to include comprehensive options, including the advantages and disadvantages of each. The Secretary was to make recommendations relating to the organization of the Department and the reorganization of housing governance and structure, including interagency relationships.

The plan was submitted on November 18, 2022, and was incomplete. During testimony before the Senate Finance Committee in May 2023, the Secretary indicated that a Rhode Island Foundation effort culminating in an April 2023 report titled “Housing Supply and Homelessness in Rhode Island – Observations and Options”, would serve as the foundational document for housing reorganization. Article 7 of the FY2025 Budget as Enacted includes language requiring a new State Housing Organizational Plan on or before December 31, 2024. The plan was submitted on time.

Separate from the State Housing Organizational Plan, the Department is also mandated to create an annual Integrated Housing Report, and is currently undertaking a Statewide Housing Plan project as one of its many State Fiscal Recovery Fund (SFRF) initiatives. While the State Housing Organizational Plan was intended to direct the structure and governance of the Department itself, these additional plans are intended to provide data and updates on the state of housing in Rhode Island. The Integrated Housing Report, in particular, is an annual requirement reporting on issues including but not limited to housing, municipal government, and health. The Statewide Housing Plan SFRF project has a total appropriation of \$2.0 million to support the development of a statewide comprehensive housing plan including funding for municipal planning efforts.

Statewide Housing Plan Update: The Statewide Housing Plan SFRF project was initially conceived to support the development of a singular statewide comprehensive housing plan to assess current and future housing needs, consider barriers to home ownership and affordability, and identify services needed for increased investments toward disproportionately impacted individuals and communities. The Department has contracted with Abt Associates as a consultant for the statewide housing plan, entitled “Housing 2030”, a draft of which was presented on February 13, 2025. A final version of the plan was published in April 2025. In addition to hiring consultants to assist with the Integrated Housing Report and State Housing Organizational Plan as discussed below, the project has funded a school-cost fiscal analysis, A/E feasibility studies, a visualization and implementation support consultant, and a training and capacity building consultant.

Integrated Housing Report Update: The Department delivered an Integrated Housing Report in December of 2023, with support from Abt Associates through the Statewide Housing Plan SFRF project. The FY2025 Budget as Enacted shifted the deadline for the Integrated Housing Report from December 3 annually to April 15. The latest report was published on April 15, 2025, and integrated recommendations from the “Housing 2030” plan. The FY2025 Budget also added the following requirements to the report:



- Requires every three years, beginning in 2026, and contingent upon funding, an assessment of the suitability of existing housing stock in meeting accessibility need of residents;
- Requires every three years, beginning in 2026, a projection of the number of units required to meet estimated population growth based on household formation rates;
- Requires data on the disparities in mortgage loan financing by race and ethnicity;
- Requires the annual median gross rent for each of the previous five years by municipality; and,
- Requires the annual growth in median owner-occupied home values for each of the previous five years by municipality.

State Housing Organizational Plan Update: The report was submitted in advance of the deadline, with support from The Faulkner Consulting Group through the Statewide Housing SFRF project, and includes the following key recommendations:

- Shifting the Department of Housing into an Executive Office of Housing
- Appointing the Secretary of Housing as the statutory chair of RIHousing
- Reactivating the Interagency Council on Homelessness and creating an Interagency Council on Housing Production and Preservation
- Consolidating the Housing Resources Commission and the Advisory Council to the Interagency Council on Homelessness into one overarching Advisory Council on Housing and Homelessness
- Eliminating the Housing Resources Coordinating Committee and shifting responsibility for the Housing Production Fund and interagency coordination to the Department
- Updating the Rhode Island Continuum of Care to ensure alignment with these changes

Article 9 of the FY2026 Budget as Enacted formalizes these recommendations, as well as updates responsibilities related to the Interagency Council on Environmental Lead and RI Housing.

New Funding Streams – Housing Resources and Homelessness Dedicated Revenue

The FY2026 Budget proposes two new funding streams for the Housing Resources and Homelessness Fund for a total of \$5.9 million in additional restricted receipt funding. Oversight of the Housing Resources and Homelessness Fund, previously the Housing Resources Commission account, was transferred to the Department of Housing through Article 7 of the FY2025 Budget as Enacted. The account is intended to support housing stability and homelessness efforts. The FY2026 Budget includes the following two new funding streams:

Real Estate Conveyance Tax: The Governor’s Budget proposal included an increase of an additional 0.33 percent on the second tier of the real-estate conveyance tax (RECT) for the portion of a residential property’s value over \$800,000. The existing 0.92 percent tax is directed towards the Housing Production Fund restricted receipt account. The Enacted Budget instead increased both the first- and second-tier of the RECT on the portion of a residential property’s value over \$800,000. These increases result in a total of \$4.8 million in restricted receipt funding in FY2026.

Whole-Home Short-Term Rental Tax: The Governor’s Budget proposal included \$2.1 million from the addition of a 5.0 percent tax on whole-home short-term rentals, which were previously exempted from a similar tax applied to partial home short-term rentals. The Enacted Budget maintained this tax increase but updates the revenue distribution to provide 50.0 percent for the restricted receipt account and 25.0 percent each for the municipalities and tourism districts. This decreases the total restricted receipts funding for this revenue stream to \$1.1 million in FY2026.

Department Organization

The FY2026 Budget maintains five subprograms within the Central Management program as established by OMB. Notably, three of the five subprograms include no funding in FY2026. The Community Planning and Funding, Housing Development, and Housing Stabilization subprograms contain only federal funding from ARPA SFRF projects, for which no additional funding is included in the FY2026 Budget due to federal expenditure deadlines. The Department anticipates that bond, Low Income Housing Tax Credit, Community Development Block Grant, and other funding will support the goals of these subprograms in the future once SFRF initiatives are wound down.

Subprogram	FY2025 Enacted	FY026 Enacted	Change	Initiatives
Secretary	\$22,504,746	\$29,483,419	\$6,978,673	OHCD, Housing Production Fund, Housing Resources Commission
Administration	18,530,670	15,596,037	(2,934,633)	USHUD Non-ARPA Federal Grant Programs
Housing Development	-	-	-	SFRF: Affordable Housing, Predevelopment and Development, Homelessness Infrastructure, Site Acquisition, Municipal Planning
Housing Stabilization	17,300,000	-	(17,300,000)	SFRF: Down Payment, Homelessness Stability, Workforce Housing
Community Planning and Funding	-	-	-	SFRF: Community Revitalization
Total	\$58,335,416	\$45,079,456	(\$13,255,960)	

Housing Production Fund

The Housing Production Fund (HPF) was established by the General Assembly in 2021 to provide support for the planning, production, and preservation of affordable housing in Rhode Island. That same year a dedicated revenue stream for the fund was established. Article 14 of the FY2022 Budget as Enacted increased the State's real estate conveyance tax (RECT) 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. In addition to this funding, the General Assembly provided it with a one-time infusion of \$25.0 million in general revenue. The fund completed FY2025 with a projected \$18.8 million balance.

Housing Production Fund Update: The FY2026 Budget adds a dedicated revenue stream for the HPF resulting from an increase in both the first- and second-tier real-estate conveyance tax to 0.75 percent. This funding stream is separate from the increase to the second-tier of the RECT on the portion of a residential property's value above \$800,000, which is included as a new dedicated funding stream for the Housing Resources and Homelessness account. The HPF specific revenue stream adds \$281,139 in restricted receipt funding for the fund in FY2026.

Affordable Housing Bonds

The FY2025 Budget proposed the issuance of \$120.0 million in general obligation bonds for various initiatives related to housing production and infrastructure, community revitalization, and homeownership. The bond question appeared in the November 2024 General Election ballot and was approved by voters. Assuming full issuance in bond year 1 and 6.0 percent interest, annual debt service payments are estimated at \$10.5 million. Total debt service over a 20-year term would be \$209.2 million, including \$89.2 million in interest payments. The funding is allocated among six key areas as illustrated in the table below:

November 2024 Affordable Housing Bond

Affordable Housing	\$90.0
Acquisition and Revitalization	10.0
Homeownership	10.0
Site Acquisition	5.0
Housing Related Infrastructure	4.0
Municipal Planning	1.0
Total	\$120.0
<i>\$ in millions</i>	

CENTRAL MANAGEMENT

Central Management	General Revenue
FY2025 Enacted	9,840,596
<i>Target and Other Adjustments</i>	<i>34,676</i>
Low Income Housing Tax Credit (LIHTC)	(4,000,000)
Personnel Adjustments (statewide adjustments)	489,193
Sojourner House	100,000
FY2026 Enacted	6,464,465

Central Management	Other Funds
ARPA SFRF Housing and Homelessness Initiatives (federal funds)	(17,300,000)
Housing Resources and Homelessness Fund (restricted receipts)	5,948,665
Non-ARPA SFRF Federal Grants (federal funds)	(2,934,633)
Housing Production Fund (restricted receipts)	281,139
Indirect Cost Recovery	125,000

Low-Income Housing Tax Credit Program (LIHTC) (\$4.0 million)

Article 6 of the FY2024 Budget established the Low-Income Housing Tax Credit program. The program allows the Secretary of Housing to grant up to \$30.0 million in tax credits annually for five years to promote development of affordable, low-income housing. The article also established a Low-Income Housing Tax Credit (LIHTC) restricted receipt fund within the Department for the purpose of paying for the redemption of credits or reimbursing the state for credits applied to tax liabilities. In FY2024, an initial investment of \$28.0 million in general revenue was made in this restricted receipt account. A \$4.0 million appropriation in FY2025 brought cumulative fund deposits to \$32.0 million. The FY2026 Budget includes another \$4.0 million appropriation, consistent with the initial LIHTC schedule which outlines yearly appropriations through FY2031. In FY2026, the funds are correctly reclassified as a fund transfer rather than a general revenue expenditure as originally authorized in FY2023, resulting in a \$4.0 million decrease in general revenues. There is a corresponding increase of \$4.0 million in restricted receipts to reflect this reclassification.

Sojourner House \$100,000

The Budget increases general revenues by \$100,000 to reflect a funding allocation to Sojourner House for supportive housing and rapid rehousing activities.

ARPA SFRF Housing and Homelessness Initiatives (federal funds) (\$17.3 million)

The Budget includes a reduction of \$17.3 million for the Homelessness Assistance State Fiscal Recovery Funds (SFRF) initiative, the only initiative to receive any funding in the FY2025 Budget as Enacted. It was

previously determined that to meet U.S. Department of Treasury requirements, all ARPA SFRF funding must be obligated by the end of CY2024. In order to meet this deadline, all funding for SFRF projects was shifted to FY2024 or earlier in the FY2024 Budget as Enacted. The FY2025 Budget reallocated \$17.3 million from underspending projects to an existing project, the Homelessness Assistance initiative, to align funding with the demonstrated levels of need and ensure that funds are able to meet the U.S. Treasury deadlines. The FY2026 Budget includes no additional funding for any ARPA SFRF initiatives. The below table illustrates SFRF project funding through FY2026. For detailed funding information including expenditures and remaining transfers through the first quarter of FY2025, see the Senate Fiscal Office's [SFRF Update report](#).

ARPA SFRF Initiative	FY2022 Actual*	FY2023 Actual*	FY2024 Actual	FY2025 Final	FY2026 Enacted	Total Appropriation
Development of Affordable Housing	\$14.7		\$25.2	\$60.1	-	\$100.0
Homelessness Infrastructure		3.7	23.7	17.6	-	45.0
Targeted Housing Development		-	0.0	26.0	-	26.0
Down Payment Assistance		10.0	20.0	0.0	-	30.0
Site Acquisition	6.0	9.0	10.0	0.0	-	25.0
Home Repair and Community Revitalization		-	7.0	17.5	-	24.5
Homelessness Assistance Programs		5.6	10.1	23.1	-	38.8
Workforce and Middle-Income Housing		-	3.7	16.3	-	20.0
Affordable Housing Predevelopment Program		2.5	7.5	0.0	-	10.0
Housing Related Infrastructure		-	0.0	3.0	-	3.0
Municipal Homelessness Support		-	0.3	1.9	-	2.2
Municipal Planning		-	0.0	2.3	-	2.3
Statewide Housing Plan			0.0	2.0	-	2.0
Predevelopment and Capacity Building	0.1	0.5	0.6	0.3	-	1.5
Proactive Housing Development		-	0.0	1.4	-	1.4
Preservation of Affordable Housing Units		-	0.0	0.5	-	0.5
Total	\$20.8	\$31.3	\$108.2	\$171.9	-	\$332.2

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

* FY2022 and FY2023 levels reflect the amount included for the Office of Housing and Community

Housing Resources and Homelessness Fund (restricted receipts)

\$5.9 million

Article 7 of the FY2025 Budget as Enacted included language renaming the “Housing Resources Commission” account the “Housing Resources and Homelessness Fund” and transferring oversight of the account to the Department of Housing in consultation with the Housing Resources Commission. The Housing Resources Commission (HRC) was established under Rhode Island General Law 42-128, the RI Housing Resources Act of 1998. The HRC is comprised of 28 members who meet monthly, representing a variety of stakeholders and intended to serve as the State’s planning, policy, standards, and program agency for housing issues. The majority of the HRC funding is allocated through the Consolidated Homeless Fund (CHF) which supports homeless shelter operations, outreach, rapid re-housing rental assistance, and other system supports. Additional resources are directed towards the centralized wait list for subsidized properties, lead hazard mitigation, and predevelopment and capacity building.

The Budget includes two dedicated revenue streams for the Housing Resources and Homelessness restricted receipt account for a total of \$5.9 million in dedicated restricted receipts funding in FY2026. The Governor’s Budget originally proposed the extension of the 5.0 percent rental tax to whole-home short-term rentals, with the full revenues from this extension to be directed to the Housing Resources and Homelessness restricted receipt account. The Budget retains the 5.0 percent whole-home short-term rental tax extension but updates the revenue distribution to provide 50.0 percent for the restricted receipt account and 25.0 percent each for the municipalities and tourism districts. This funding stream provides \$1.1 million in FY2026. The Governor also proposed an increase on the second tier of the real-estate conveyance tax on the portion of a residential property’s value above \$800,000. The Budget increases both the first- and

second-tier real-estate conveyance tax to 0.75 percent, providing a total of \$4.8 million in restricted receipts funding for FY2026.

Non-ARPA SFRF Federal Grants (federal funds)

(\$2.9 million)

The Budget includes a net \$2.9 million decrease in non-ARPA SFRF federal grant programs in FY2026.

Non-ARPA SFRF Federal Grants	FY2025	FY2025	Change	FY2026	Change
	Enacted	Final		Enacted	
CDBG Program	\$14.5	\$15.5	\$1.0	\$10.0	(\$4.5)
Shelter Funding	3.0	2.1	(0.9)	2.7	(0.2)
Housing Opportunities for Persons with AIDS	0.4	0.4	(0.0)	0.4	(0.0)
Recovery Housing Program	0.5	0.5	0.0	2.0	1.5
Neighborhood Stabilization Program	0.2	0.0	(0.2)	0.0	(0.2)
Affordable Housing	0.0	0.0	0.0	0.5	0.5
Total	\$18.5	\$18.4	(\$0.1)	\$15.6	(\$2.9)

- **CDBG Program:** The Budget includes a \$4.5 million decrease in Community Development Block Grant (CDBG) Funds for FY2026. Grant fund expenditures for CDBG projects are calculated at different times and it can take several years to complete the drawdown of funds. The FY2025 Budget included increases in Project Year 2021 and Project Year 2019 grants to reflect updated project funding needs and balance estimates. The FY2026 Budget includes no additional funding from the FY2015, FY2016, and FY2019 grants, as well as a reduction in funding from the FY2020 grant, resulting in a total decrease of \$4.5 million.
- **Shelter Funding:** The Budget includes \$2.7 million in standard federal shelter and homelessness funding in FY2026, a \$224,041 decrease as compared to the FY2025 Budget. This funding is received from the U.S. Housing and Urban Development (HUD) Emergency Shelter Grant (ESG) program. Additional funds from CDBG and SFRF are also used for shelter funding.
- **Housing Opportunities for Persons with AIDS:** The Budget includes \$350,000 in federal Housing Opportunities for Persons with AIDS (HOPWA) funding in FY2026, \$23,035 less than the FY2025 Budget as Enacted. The program funds supportive services and housing for low-income people living with HIV/AIDS.
- **Recovery Housing Program:** The Budget includes \$2.0 million in FY2026 for the Recovery Housing Program (RHP), a \$1.5 million increase as compared to FY2025. The increase represents an amended distribution plan including carryforward funding of previously unspent funds. This HUD initiative supports stable, transitional housing for individuals in recovery from a substance use disorder. RHP eligible activities include public facility improvements; site acquisition; lease, rent, and utilities payments; rehabilitation and construction of housing; clearance and demolition; and relocation.
- **Neighborhood Stabilization Program:** The Budget includes no additional funding for the Neighborhood Stabilization Program, a decrease of \$184,657 as compared to the FY2025 Budget.
- **Affordable Housing:** A Governor's Budget Amendment dated April 25, 2025, increases federal funds in FY2026 by \$500,000 to account for a new federal Department of Housing and Urban Development grant. The grant totals \$3.8 million and is provided to identify and remove barriers to affordable housing production and preservation.

Housing Production Fund (restricted receipts)

\$281,139

The FY2022 Budget as Enacted established a new fund to finance housing programs in the State. The Housing Production Fund (HPF) is a restricted receipt fund that provides "financial assistance by loan,

grant, or otherwise for the planning, production, or preservation of affordable housing in Rhode Island for households earning not more than 80.0 percent of area median income”. The fund may also be used to support technical and financial assistance for municipalities to support increased local housing production. It is administered by RIHousing. The authorizing legislation directs RIHousing to prioritize households either experiencing homelessness or earning not more than 30.0 percent of area median income.

The FY2022 Budget also provided a dedicated revenue stream for the fund. Article 14 increased the State’s real estate conveyance tax on the portion of real estate value over \$800,000, with the marginal new revenue to be deposited into the HPF and used to support increased affordable housing opportunities in the State. The 2021 General Assembly Budget also provided \$25.0 million in one-time general revenue to capitalize the HPF. The FY2026 Budget adds a new dedicated revenue stream for the HPF resulting from increasing both the first- and second-tier real-estate conveyance tax to 0.75 percent, providing an additional \$281,139 for the HPF in FY2026.

The following table shows expenditures and revenues for the Housing Production Fund.

	FY2022	FY2023	FY2024	FY2025	FY2026
Beginning Balance	\$25.0	\$26.4	\$16.0	\$16.9	\$18.8
RECT Receipts	1.4	3.6	3.9	4.8	
Obligations/Expenditures	-	(14.0)	(3.0)	(3.0)	(3.0)
Ending Balance	\$26.4	\$16.0	\$16.9	\$18.8	\$15.8

\$ in millions

According to RIHousing, \$35.2 million in HPF funds has been obligated and \$8.2 million has been spent. The status of these funds is summarized below.

Category	Committed	Expended	Status
Housing Production	\$22,473,833	\$5,572,385	Financed the development or preservation of 13 developments/714 units, of which 612 are deed restricted
Extremely Low Income	\$9,375,000	\$0	Provided funding for operating support of 127 units in 15 developments serving households earning no more than 30% AMI.
Technical Assistance	\$3,342,875	\$2,610,257	Funded 38 projects in 32 municipalities, with 23 completed and the rest still in progress. Funded projects involve updating zoning ordinances to comply with land use laws, update of housing elements in comprehensive plans, and infrastructure assessments.
Total	\$35,191,708	\$8,182,642	

Analyst Note: Expenditures appear lower than previous reports due to the previous inclusion of administrative funds in expenditure totals. Funds for Extremely Low-Income projects are not drawn down until developments are completed and occupied, and Housing Production projects are currently prioritizing drawing down other fund sources with impending deadlines, accounting for the significant gap in commitments and expenditures. Expenditures for both those categories of projects are expected to draw down slowly over time.

Indirect Cost Recovery (restricted receipts)

\$125,000

The Budget increases restricted receipts by \$125,000 to reflect the increased indirect cost rate on federal grants. The minimum federal rate was increased from 10.0 to 15.0 percent in the fall of 2024, however, the Department had not updated their grants accordingly.

Executive Office of Health and Human Services

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$249.8	\$316.4	\$267.1	(\$49.3)	-15.6%	\$249.1	(\$67.3)	-21.3%
Medical Assistance	3,359.9	3,701.3	3,647.1	(54.2)	-1.5%	3,977.3	276.0	7.5%
Total	\$3,609.7	\$4,017.8	\$3,914.2	(\$103.5)	-2.6%	\$4,226.4	\$208.7	5.2%
Expenditures by Source								
General Revenue	\$1,265.7	\$1,416.4	\$1,388.9	(\$27.5)	-1.9%	\$1,490.4	\$74.0	5.2%
Federal Funds	2,299.9	2,543.9	2,468.1	(75.7)	-3.0%	2,709.5	165.7	6.5%
Restricted Receipts	44.1	57.5	57.2	(0.3)	-0.6%	26.5	(31.0)	-53.9%
Total	\$3,609.7	\$4,017.8	\$3,914.2	(\$103.5)	-2.6%	\$4,226.4	\$208.7	5.2%
Authorized FTE Levels	218.0	233.0	233.0	-	-	243.0	10.0	4.3%

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

The Executive Office of Health and Human Services (EOHHS) is the umbrella agency which oversees the Departments of Health (DOH); Human Services (DHS); Children, Youth and Families (DCYF); and Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH). EOHHS coordinates the organization, finance, and delivery of publicly-funded health and human services programs and serves as the single State agency for Medicaid. Its mission is to ensure access to high quality and cost-effective services which foster the health, safety, and independence of all Rhode Islanders.

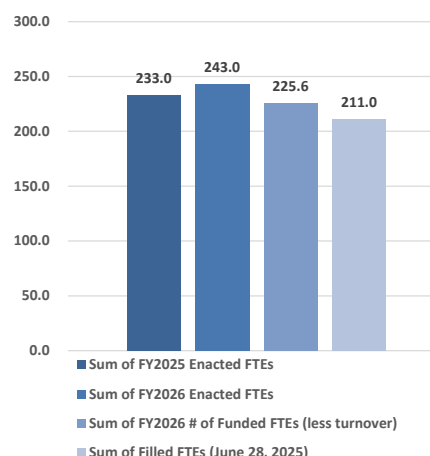
MAJOR ISSUES AND TRENDS

The FY2026 Budget contains an increase of \$74.0 million in general revenues due primarily to updated enrollment trends and inflation-based price adjustments in Medicaid. The May 2025 Caseload Estimating Conference estimate projected the need for an additional \$57.1 million from general revenues and \$170.4 million from federal funds to support the Medicaid program in FY2026 compared to the FY2025 Enacted level. In addition to the caseload growth, the budget invests an additional \$14.9 million in general revenue (\$44.4 million all funds) to support primary care. To partially offset some of the increased costs, the Governor had recommended eliminating the upper payment limits (UPL) to hospitals, reducing the annual inflationary increases on rates paid to hospitals and nursing homes to 2.3 percent to match state revenue growth, and freezing rates for home and community base services. While the General Assembly agreed to freeze the home and community-based services, the Budget includes the UPL increase and adds \$5.0 million to increase nursing home base rates up to 3.0 percent in order to increase compensation and support related employer costs. Provisory language in Article 1, specifies that \$150,000 of the general revenue appropriation to Central Management is for an Olmstead Plan Coordinator.

In FY2025, general revenues decrease by \$27.5 million (\$103.5 million all funds) primarily driven by adjustments for the May Caseload Estimating Conference that resulted in a net general revenue decrease of \$18.3 million (\$50.7 million all funds) due to lower utilization. Delays in the implementation of the Medicaid Enterprise system and Conflict free case management also contributed to lower projected costs.

The Budget authorizes 243.0 FTE positions for EOHHS in FY2026, an increase of 10.0 FTEs relative to the FY2025 Enacted level. The increase includes 4.0 FTE positions to enhance program integrity and compliance functions for Medicaid by proactively training providers to prevent fraud, waste, and abuse in the Medicaid program. Another 4.0 new FTE positions are added to evaluate and implement cost containment strategies in the Medicaid pharmacy program; however, only 1.0 FTE position is funded in FY2026. 2.0 new FTE positions are provided to work toward creating an integrated data system that is less reliant on contract employees. The integrated data system positions are budget neutral since the budget reallocates contract services financing.

FTE Snapshot



Health System Transformation Project

The Budget includes \$879,245 from federal funds and \$2.7 million from restricted receipts (\$3.5 million all funds) for the Health System Transformation Project (HSTP) in FY2026, a decrease of \$131,807 in all funds from the FY2025 Budget as Enacted, to reflect the final expenditures from the expiring funds.

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 healthcare 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 seven certified Accountable Entities: Blackstone Valley Community Health Care, Coastal Medical, Integrated Healthcare Partners, Integra Community Care Network, Providence Community Health Centers, Prospect Health Services, and Thundermist Health Center.

On October 20, 2016, the federal government approved an amendment to the State's Section 1115 Waiver to provide funding for the HSTP. This amendment brought in \$115.0 million in federal funding, by expanding matching authority for health professional education. The claimed funds were deposited into a restricted receipt account to be invested in the development of Accountable Entities, allowing approximately \$230.0 million in total new, one-time funding after matched per Medicaid rules.

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
FY2025 Enacted	\$58,336,613
<i>Target and Other Adjustments</i>	<i>894,642</i>
UHIP Operating Expenditure Consolidation	8,819,731
Medicaid Enterprise Modular System (MES) Delay	(4,346,480)
Initiative Implementation Support	(1,750,000)
RUG to PDPM Transition for Nursing Facility Payments	(1,071,815)
RIBridges System Enhancement Work shift	937,302
Mobile Response and Stabilization Services (MRSS)	900,000
Family Medicine Residency Program	500,000
Enhanced Program Integrity/Legal Team (4.0 new FTE positions)	416,693
Pharmacy Strategy (4.0 FTE positions)	279,034
Nursing Facilities Conversion Assistance	(275,000)
Hospital Care Transitions	250,000
The Work Number Income Verification Contract	(233,703)
Medicaid Access and Managed Care Rules - Waiver Resources	221,346
DCYF Court Monitor	175,000
OHIC Rate Review Recommendations MMIS Implementation Costs	(125,000)
RIPIN - Dual Ombudsman Program	59,000
e-Consults Program	20,765
FY2026 Enacted	\$64,008,128

Central Management	Other Fund Changes
ARPA Enhanced FMAP: Home and Community Based Services (federal funds)	(\$6,595,397)
Advancing All-Payer Health Equity Approaches and Development (AHEAD) (federal funds)	\$2,000,000
Infrastructure for School-Based Medicaid Services Grant (federal funds)	1,000,000
New Department of Housing and Urban Development Award (federal funds)	600,000
Opioid Accounts (restricted receipts)	(10,212,982)

UHIP Operating Expenditure Consolidation ***\$8.8 million***

The Governor recommends consolidating the operating and contract costs of UHIP/RIBridges within EOHHS to make the expenditures more transparent. There is no recommended change in the governance or management of the system. While budget neutral, the shift results in an increase of \$8.8 million in general revenue (\$17.0 million all funds) in EOHHS relative to the FY2025 Budget as Enacted.

Currently, funding for UHIP is located in three separate agencies: The Department of Administration, the Department of Human Services (DHS), and EOHHS, resulting in segmented programmatic operations. DHS is primarily responsible for eligibility and enrollment services, which is employed by the Division of Health Care Eligibility. The DHS will continue to manage the eligibility and enrollment component of the program, and maintain the FTEs within the Division of Healthcare Eligibility.

Medicaid Enterprise System (MES) Delay ***(\$4.3 million)***

To reflect the updated project schedule, the budget reduces implementation expenses for the new Medicaid Enterprise System (MES) by \$4.3 million in general revenue (\$48.0 million all funds). The State's existing Medicaid Management Information System (MMIS), originally implemented in 1993, is a rules-based, table-driven, client server system. The MES is a module structure for managing data. The existing MMIS system will run in tandem with the new MES modules until the transition is completed.

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. The MMIS is currently contracted through a single vendor. Over the years, the State's MMIS has been adapted to meet the needs of the State, but in order to come into CMS compliance, the State must adopt a modular system. CMS projects that the modular system

will improve functionality and cost-effectiveness by allowing the state to procure technology that fits the states' business and operational needs from multiple vendors. The MES Transformation program includes the procurement, modernization, and modularization of the Medicaid systems and provides 90.0 percent federal funding for design, development, and implementation costs, and 75.0 percent federal funding for maintenance and operation costs.

The cost for the shift to the MES is expected to increase through FY2029 as modules and vendors are procured. Planning for the MES began in FY2023; however, the first module, Third-Party Liability (TPL), is projected to be implemented in late FY2025 and early FY2026. Additional modules, including a System Integrator (SI) and an Operational Data Store (ODS), are scheduled for implementation in late FY2026 and early FY2027. The existing MMIS system will run in tandem with the new MES modules until the transition is completed.

Initiative Implementation Support

(\$1.8 million)

The FY2025 Budget as Enacted included an additional \$1.8 million in general revenue for system changes and contractor support that may be needed to implement new FY2025 initiatives. The FY2026 Budget removes this funding.

RUG to PDPM Transition for Nursing Facility Payments

(\$1.1 million)

The FY2025 Budget as Enacted provided \$1.1 million in general revenue (\$2.8 million all funds) to shift nursing facility payments from the Resource Utilization Group (RUG) system to a Patient-Driven Payment Model (PDPM) as recommended by the Centers for Medicare & Medicaid Services (CMS). The funding is removed from the FY2026 Budget as the contract should be fulfilled. EOHHS will request that any unspent funds will be carried forward through October 1, 2025, in case additional support is needed.

This funding supported necessary MMIS system changes and contract costs for subject matter experts. Rhode Island used the RUG model, which is based on resident acuity, to determine per-diem payments to nursing facilities; however, CMS, the Office of the Inspector General (OIG), and the Medicaid Payment Advisory Commission noted that the RUG model is based on the amount of therapy provided regardless of a resident's individual needs or goals. CMS asserts that the PDPM will improve payment accuracy and appropriateness by focusing on the patient instead of the amount of services provided. In addition, the PDPM is expected to reduce the administrative burden on providers and improve payments for underserved beneficiaries. Since CMS is discontinuing support for the technical infrastructure Rhode Island needs for the RUG-based payment on September 30, 2025, and EOHHS cannot gather the data necessary to calculate the RUG payments; the State will transition to the PDPM. The system redesign costs associated with the transition are eligible for 75.0 percent federal funding. The subject matter expert costs are eligible for 50.0 percent federal funding. EOHHS received approval of an Advanced Planning Document for the project which provides a 90.0 percent federal match for some expenditures. Article 9 of the FY2025 Budget as Enacted included the changes to the State Medicaid Resolution and RIGL 40-8-19 (Rates of payments to nursing facilities), necessary for this transition.

According to the Department, the majority of states are transitioning to the PDPM model.

RIBridges System Enhancement Work Shift

\$937,302

Pursuant to Governor's Budget Amendment (GBA) 25, the Budget shifts \$937,302 in general revenue and \$3.3 million in federal funding for application enhancement work to the RIBridges system from the FY2025 into FY2026 to reflect delays due to the cybersecurity breach. As mentioned previously, the funding is consolidated into EOHHS to align with the Governor's recommendation to consolidate RIBridges operating and contract costs to make the expenditures more transparent.

Mobile Response and Stabilization Services (MRSS)

\$900,000

The Budget adds \$900,000 in general revenue to support uninsured and underinsured recipients, and cover costs not reimbursed by Medicaid or other insurers. The MRSS program provides immediate in-person

support for children ages 2 through 21 experiencing behavioral or emotional distress. The MRSS team responds to the child's location to de-escalate situations, stabilize individuals, and connect them with ongoing care. Article 8 includes language authorizing EOHHS to pursue and implement necessary state plan amendments, needed to establish a rate methodology.

Family Medicine Residency Program

\$500,000

In support of primary care in Rhode Island, the Budget includes \$500,000 in general revenue as the state share to support the Thundermist Health Center's Family Medicine Residency Program. The program will grow to support 12 residents, 4 residents per year for 3 years, who will provide primary care to patients. These funds will only be used if the residency program receives funding in federal budget for FFY 2026.

The state funds will be used to fill gaps in the federal support. For example, in the first year the funding will be used to retain residency faculty and recruit the inaugural class of residents. The Accreditation Council for Graduate Medicine Education (ACGME) requires that program faculty be employed and supported at the time of accreditation, prior to recruiting the first class of residents. The federal program funding from the federal Health Resources and Services Administration (HRSA) is not available until the residents begin training and will be phased in on a per-resident basis. Starting July 1, 2026, the first four residents will begin the program, with an additional four beginning each subsequent July until the program reaches full capacity in July 2028 with 12 residents. Once at full capacity, the cost of the program is estimated to be \$2.4 million, including \$1.9 million from HRSA and \$500,000 in general revenue.

Enhanced Program Integrity/Legal Team (4.0 new FTE positions)

\$416,693

The Budget includes \$416,693 in general revenue (\$833,386 all funds) to support 5.0 FTE positions, including four new FTE positions and one previously unfunded position, and additional operating expenses to enhance program integrity and compliance functions for Medicaid by proactively training providers to prevent fraud, waste, and abuse in the Medicaid program. The initiative is estimated to generate \$2.9 million in general revenue savings (\$6.9 million all funds), for a net general revenue savings of \$2.5 million (\$6.0 million all funds). An additional FTE position is provided in the Office of Internal Audit and Program Integrity in the Department of Administration to support this initiative. This position will spend one half of its time assisting Medicaid, resulting in a 50.0 percent federal match for this one half. In addition, the recommendation upgrades an existing position to create parity with the new fraud investigator positions.

EOHHS reports that the Centers for Medicare and Medicaid Services has found the State to be noncompliant with the staffing requirements for program integrity in two consecutive reviews, and that the State is non-compliant with the Corrective Action Plan due to the inability to hire more staff to conduct the federal requirements. Currently, EOHHS has 3.0 FTE positions assigned to fraud investigations.

The positions include the following; however, one position will be managed within the existing FTE cap:

- 1.0 FTE Chief of Strategic Planning, Monitoring, and Evaluation: This position will serve as the Unit director and be responsible for all the investigations, coordination with the Attorney General's Medicaid Fraud Unit, and developing the relationship with the Managed Care Organizations' (MCO's) fraud units to ensure timely recoupment;
- 1.0 FTE Assistant Director of Financial and Contract Management: This position will manage the investigators and oversee recoupments and overpayments.
- 2.0 FTE Interdepartmental Project Managers: These positions will be fraud investigators.
- 1.0 FTE Programming Services Officer: This position will be a paralegal to help prepare evidence packages and documents for hearings and investigations.

Pharmacy Strategy (4.0 new FTE positions)

\$279,034

The Budget provides an increase of \$279,034 in general revenue (\$558,068 in all funds) and 4.0 new FTE positions to evaluate and implement cost containment strategies in the Medicaid pharmacy program;

however, only 1.0 FTE position is funded in FY2026. The Budget includes \$258,068 in salaries and benefits and \$300,000 in contracted professional services. The proposal is estimated to save \$4.1 million in general revenue costs in FY2027, and \$8.3 million in FY2028.

Nursing Facilities Conversion Assistance **(\$275,000)**

The FY2025 Budget as Enacted provided \$275,000 in general revenue to support nonprofit nursing facilities in converting licensed nursing home beds to assisted living beds; however, this funding is not continued into FY2026. Of that total, \$200,000 was designated for Linn Health and Rehabilitation. This funding was in addition to \$10.0 million in federal State Fiscal Recovery Funds (SFRF) provided in the Department of Administration to continue funding for nursing facilities during the first three months of FY2025, until the new rate changes took effect in October 2024. The final report completed by Pandemic Recovery Office (PRO) on the \$10.0 million Health Care Facilities: Nursing Home Assistance Phase II project can be found [here](#).

Hospital Care Transitions **\$250,000**

The FY2025 Budget as Enacted included \$250,000 in general revenue (\$500,000 all funds) to continue the operation of the Hospital Care Transitions Initiative (HCTI); however, the funding was allocated to the Medical Assistance Program. In FY2026 the funding is appropriately moved to Central Management. The HCTI is a partnership between EOHHS and the Rhode Island Parent Information Network (RIPIN) that supports high-risk, elderly, Medicaid patients being discharged from the hospital to prevent extended stays in skilled nursing facilities. HCTI programs provides certified community health worker teams at South County Hospital, Kent Hospital, and Rhode Island Hospital.

The Work Number Income Verification Contract **(\$233,703)**

Based on the contract for FY2026, the Budget reduces funding for the Equifax income verification product by \$233,703 in general revenue (\$934,812 all funds) to reflect contract costs for FY2026. Currently, income data for Medicaid eligibility is determined through State Wage Information Collection Agency (SWICA) data or the Internal Revenue Service (IRS); however, the SWICA is only updated quarterly and is known to be 30 to 120 days old. TWN data provides employment data by pay period. Post-Eligibility Verification (PEV) is required quarterly pursuant to state regulation.

The vendor costs are an annual subscription cost that will depend on the annual transaction volume. The Budget includes all of these costs within EOHHS. EOHHS will track usage monthly through year one to get a better understanding of how to manage these costs moving forward. The project is expected to reduce benefit costs through reduced enrollment.

Medicaid Access and Managed Care Rules - Waiver Resources **\$221,346**

The Budget provides \$221,346 in general revenue (\$442,691 in all funds) to support contracted professional services needed to continue certain federal participation in the 1115 Demonstration Waiver renewal. Under the current waiver, Rhode Island has authority to claim federal participation for inpatient and residential treatment of substance use disorder (SUD) in settings dedicated to such treatment. Federal participation is generally not permitted. In the waiver renewal application, EOHHS has requested to continue this authority in 2025-2029. In exchange, the Centers for Medicare and Medicaid Services (CMS) has complex and varying quarterly and annual monitoring and reporting requirements.

While not recommended by the Governor or included in the Budget, in the FY2026 Budget Request, EOHHS requested \$2.3 million in general revenue and \$5.7 million in federal funds to support 10.0 new FTE positions and increased vendor costs to implement the Medicaid Access Rule and Medicaid Managed Care Rule that were finalized by the Centers for Medicare and Medicaid Services (CMS) in May 2024. The new rules delineate significant changes to the Medicaid program including new requirements to improve and standardize the monitoring, evaluation, and reporting of access to Medicaid services.

Of the \$8.0 million in all funds, \$1.3 million would support the 10.0 new FTE positions, assuming a September 1, 2025, start date. The positions include:

- 1.0 Chief of Family Health Systems FTE to function similar to an ombudsman in supporting the development and management of the new advisory groups including the Medicaid Advisory Committee (MAC), the Beneficiary Advisory Council (BAC), and the HCBS Interested Parties Advisory Group.
- 3.0 FTE positions to support the collection of quality metric data and reporting. Currently, 1.0 FTE and 1.0 contract position focus on data collection and reporting for the managed care metrics. Under the new rules, managed care and HCBS metrics will be expanded and updated regularly. The Department anticipates needing an additional 2.0 FTE positions in FY2027 for quality data and reporting requirements.
- 1.0 FTE position to support the development and oversight of grievance and incident management systems, as well as support in coordinating incident management work. Currently, there is no statewide grievance or incident management system, instead, each agency has a separate system. The Department anticipates another 1.0 FTE for FY2027 dedicated to the IT work necessary to implement the system.
- 3.0 FTE positions to support compliance efforts with the new rules. The Department anticipates needing an additional 2.0 FTE positions in FY2028. The team would be responsible for evaluating and reporting provider data, investigating instances of noncompliance, elevating cases to management/legal as needed, and other similar functions.
- 1.0 health program administrator FTE to support the Medicaid finance program through annual rate reporting and analysis required through the new rules, and to support the new State Directed Payment (SDP) rules.
- 1.0 project manager FTE, and another in FY2027, to support the overall implementation of the new rules.

The remaining \$6.7 million will support increased vendor costs for the new federal 1115 Demonstration Waiver evaluation and monitoring requirements that require an independent evaluation of the waivers, internal evaluations will no longer be permitted.

Effective July 9, 2024, the Medicaid Access Rule aims to improve access to care, quality, and health outcomes, while addressing health equity issues across fee-for-service (FFS), managed care, and home and community-based services (HCBS) programs. More information on the new managed care rule can be found [here](#).

DCYF Court Monitor \$175,000

To support costs required by the consent decree with the United States Department of Justice pertaining to the hospitalization of children with behavioral health disabilities under DCYF care, the Budget includes an increase of \$175,000 in general revenue for a court monitor to oversee the State’s compliance.

OHIC Rate Review Recommendations MMIS Implementation Costs (\$125,000)

The FY2025 Budget as Enacted included \$22.2 million in additional general revenue (\$56.0 million all funds) for the Department’s recommendation related to the Office of the Health Insurance Commissioner (OHIC) submitted [final report](#) on the Social and Human Services Programs Review as required pursuant to RIGL 42-14.5-3(t)(2)(x). The total recommendation included \$125,000 in general revenue (\$500,000 all funds) to support additional contract professional services in Central Management. This funding does not continue into FY2026.

RIPIN – Dual Ombudsman Program \$59,000

The Budget adds \$59,000 in general revenue (\$118,000 all funds) to continue the program through the end of FY2026. Since the federal rule only requires the program to continue through December 31, 2025, the

Governor only included six months of funding. The Dual Ombudsman program assists individuals eligible for both Medicare and Medicaid access healthcare.

e-Consults Program

\$20,765

The Budget includes \$131,518 in net general revenue savings (\$511,709 all funds) realized through the implementation of an e-Consult program in the Medicaid fee-for-service (FFS) program to facilitate the asynchronous exchange of health record assessments, management services, and referral services. The proposal includes an increase of \$20,765 in general revenue funded contract professional services (\$83,059 all funds) and \$152,283 in general revenue (\$594,768 all funds) in Medicaid program savings. The program would allow primary care physicians to consult with specialists without requiring unnecessary in-person patient visits. Currently, this program is used in the Managed Care. This initiative would reduce the average per-member-per-month (PMPM) for specialists from \$83 to \$70.

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

(\$6.6 million)

The Budget includes a decrease in federal funds of \$8.3 million and restricted receipts of \$23.3 million reflecting the expiration of time-limited funds. Of this total, \$6.6 million in federal funds and \$22.1 million in restricted receipts is in Central Management and \$1.7 million in federal funds and \$1.2 million in restricted receipts is in Medical Assistance. Through the American Rescue Plan Act (ARPA), the State was eligible for enhanced FMAP of 10.0 percentage points on Home and Community Based Services (HCBS) for all expenditures that took place from April 1, 2021, through March 31, 2022. These new federal dollars freed up an equal amount of state funding that was deposited into a restricted receipt fund which were used to enhance, expand, or strengthen Medicaid HCBS. According to the Department, all of the funds were used for one-time expenses except for ongoing development and operating costs for WellSky, the software used to support home healthcare providers, payers, and community organizations.

Advancing All-Payer Health Equity Approaches and Development (AHEAD)(federal funds) \$2.0 million

Pursuant to Governor’s Budget Amendment 18, dated April 25, 2025, the Budget includes \$2.0 million in federal funds to work toward the federal States Advancing All-Payer Health Equity Approaches and Development (AHEAD) model. In October 2024, Rhode Island was chosen to participate in the federal [AHEAD](#) model. In September 2023, the Centers for Medicare & Medicaid Services (CMS) announced this voluntary, total cost of care (TCOC) model intended to curb health care cost growth, improve population health, and promote healthier living. According to CMS, the TCOC model holds participating states “accountable for quality and population health outcomes, while constraining costs of health care services delivered in a state or specified sub-state region. As applied by the CMS Innovation Center, this process takes places across all health care payers, including Medicare, Medicaid, and private health insurers and plans.”

The first state chosen to participate was Maryland, followed by a second cohort including Connecticut, Hawaii, and Vermont. Rhode Island is part of the third cohort which includes parts of New York. As part of Cohort 3, Rhode Island began a 24-month implementation period that goes from January 2025 to December 2026. The first of eight performance years will begin in January 2027.

Through the program, Rhode Island would commit to the following:

- Implementation of state accountability targets, such as TCOC growth, primary care investments, and equity and population health outcomes;
- Hospital global budgets that provide a pre-determined, fixed annual budget
- Primary Care AHEAD which is the primary care component of the model: and
- Cooperative Funding Agreement which provides \$2.0 million in annual, federal funding over the first five to six years of implementation.

While EOHHS is still analyzing the initiative, it is unlikely the federal funding will cover all the costs of implementation or the Medicaid hospital and primary care investments requested by stakeholders and recommended by CMS.

Analyst Note: Rhode Island and CMS signed the State Agreement on January 16, 2025; however, EOHHS had indicated that coordination on this project is on hold. During the May 20, 2025, Senate Finance Committee, EOHHS confirmed the program will be moving forward under new leadership at the Center for Medicare and Medicaid Innovation (CMMI). While key financial terms of the January agreement, such as the enhanced primary care payments, hospital incentive payments, and the total cost of care savings, targets will be honored, CMMI indicated that additional programmatic and policy requirements may be added. EOHHS indicated that these additional requirements will be negotiated through the early fall of 2025. Under the State Agreement, the State and CMS can withdraw from the program with 30-days prior notice up to December 2026.

The GBA included an additional \$65,000 in general revenue to support MMIS modifications needed to support the AHEAD model. This funding was included in the budget.

Infrastructure for School-Based Medicaid Services Grant (federal funds) \$1.0 million

To reflect a federal grant, \$1.0 million in federal funds are provided in FY2026 and \$145,215 in FY2025 from a three-year \$2.5 million grant to expand Medicaid school-based services (SBS) to include services beyond those included in a student’s Individual Education Plan (IEP). Currently, Rhode Island Schools may only bill Medicaid for services provided pursuant to an IEP. According to the Department, the funds will be used for SBS infrastructure such as research and development, stakeholder engagement, systems enhancements, development of training resources and guidance documents, and direct technical assistance for schools. The grant funds will not be distributed directly to schools but will be used for one-time costs to expand SBS billing to more students for more types of health-related services, including mental health services, allowing for increased federal reimbursements to districts.

New Department of Housing and Urban Development Award (federal funds) \$600,000

The Budget includes \$600,000 in federal funds from a new \$3.8 million Department of Housing and Urban Development (HUD) grant to identify and remove barriers to affordable housing production and preservation. Barriers to affordable housing may include restrictive zoning regulations, complicated permitting processes that discourage development, and infrastructure impediments such as water, sewer, or transportation.

Opioid Accounts (restricted receipts) (\$10.2 million)

The Budget includes a net increase in restricted receipt opioid funding of \$10.2 million, including the following:

Project	FY2023 Actual	FY2024 Spent	FY2025 Enacted	FY2025 Final	Change from Enacted	FY2026 Enacted	Change from Enacted
Statewide Opioid Abatement Account							
Investment in Community -Based Mental Health - RI Foundation	\$1,375,000	\$1,125,000	\$1,200,000	\$1,775,000	\$575,000	\$1,200,000	\$0
Overdose Prevention Center	400,000	867,642	1,000,000	2,982,358	1,982,358	1,250,000	250,000
Harm Reduction Technologies	7,500	189,858	300,000	446,250	146,250	550,000	250,000
First Responder/Peer Recovery Specialist Trauma Supports	-	1,000,000	-	-	-	250,000	250,000
Housing Capital, Operating, and Services for High-Risk Communi	-	802,534	1,200,000	4,517,466	3,317,466	1,000,000	(200,000)
Non-Profit Capacity Building and Technical Assistance - RI Found	750,000	-	-	250,000	250,000	-	-
BIPOC Industry Workers and Chronic Pain Treatment and Prever	1,133	160,879	300,000	637,988	337,988	600,000	300,000
Recovery Infrastructure	-	-	1,300,000	1,300,000	-	800,000	(500,000)
Family Recovery Supports	-	450,000	450,000	450,000	-	450,000	-
Project Evaluation (contractor)	-	250,203	500,000	1,249,797	749,797	800,000	300,000
Communications - multilingual media	3,194	114,352	300,000	562,454	262,454	447,500	147,500
Emergency Response Set-Aside - Department of Housing	149,702	33,100	925,000	1,593,590	668,590	1,000,000	75,000
Racial Equity Across All Agencies	-	-	500,000	800,000	300,000	350,000	(150,000)
Youth Treatment Infrastructure	-	-	800,000	-	(800,000)	500,000	(300,000)
Post Overdose	-	-	250,000	-	(250,000)	300,000	50,000
Treatment - Stimulant	-	-	500,000	500,000	-	325,000	(175,000)
Program Administration	179,895	221,700	753,187	1,069,327	316,140	667,500	(85,687)
Harm Reduction Infrastructure/Naloxone	-	-	-	-	-	300,000	300,000
Analytical Drug Testing Forensic Toxicology Laboratory	-	-	11,204,415	-	(11,204,415)	240,000	(10,964,415)
Workforce Supports	-	-	-	-	-	200,000	200,000
Total	\$2,866,423	\$5,215,268	\$21,482,602	\$18,134,230	(\$3,348,372)	\$11,230,000	(\$10,252,602)
McKinsey Opioid Settlement Fund							
Harm Reduction Communications Campaign	\$192,179	\$190,145	\$100,000	\$262,676	\$162,676	\$24,000	(\$76,000)
Harm Reduction - West Elmwood Health Equity Zone (HEZ)	60,000	-	-	-	-	-	-
Total	\$252,179	\$190,145	\$100,000	\$262,676	\$162,676	\$24,000	(\$76,000)
Opioid Stewardship Fund							
Administration: Director and Accountant Positions	\$164,778	\$347,088	\$358,508	\$325,199	(\$33,309)	\$474,128	\$115,620
Support for the Task Force Work Group Community Co-Chairs	13,223	39,600	65,000	90,400	25,400	65,000	-
Total	\$178,001	\$386,688	\$423,508	\$415,599	(\$7,909)	\$539,128	\$115,620
Total	\$3,296,603	\$5,792,101	\$22,006,110	\$18,812,505	(\$3,193,605)	\$11,793,128	(\$10,212,982)

Source: EOHHS

- **Statewide Opioid Abatement Account:** The Budget provides \$11.2 million in Statewide Opioid Abatement, a.k.a. Distributors Settlement, funds in FY2026 and \$18.1 million in FY2025, a decrease of \$10.3 million and \$3.2 million respectively from the FY2025 Budget as Enacted. The decrease is due to a placeholder for a project that did not materialize so the funds are carried forward for ongoing projects. The fund supports 2.5 FTE positions with \$347,946 in salaries and benefits through the Program Administration line in the above table. The programming of the Opioid Abatement Account is determined through formal recommendations from the Advisory Committee to the Secretary of EOHHS. The Distributors Settlement requires the establishment of an Advisory Committee to ensure that the State and participating municipalities have equal input into the distribution of the funds for approved purposes across the State. Distributions from the McKinsey Settlement Agreement will continue to be deposited into a separate account.
- **McKinsey Opioid Settlement:** The Budget provides \$24,000 in McKinsey Opioid Settlement restricted receipts in FY2026 and \$262,676 in FY2025, an increase of \$162,676 in FY2025 due to the carry forward of unutilized funds. In FY2024, FY2025 and FY2026, the communications funds will be used to continue the evidence-based, Harm Reduction Campaign. In FY2023, the funding for the communications campaign was used for an interagency evidence-based communications campaign on polysubstance use, fentanyl risk, and harm reduction, and \$60,000 was used for the West Elmwood Health Equity Zone.

A Health Equity Zone (HEZ) is designed to organize people in specific neighborhoods to build healthy resilient communities. The West Elmwood (02907) HEZ encompasses the West End, Elmwood, South Elmwood, and Reservoir neighborhoods in Providence, as well as the western portion of the Upper South Providence neighborhood.

In February 2021, the Attorney General's office reached a settlement with McKinsey and Company, consultant to several opioid manufacturers including Purdue Pharma. Rhode Island has received \$2.6 million as part of the settlement for McKinsey's role in the opioid epidemic. The

funds must be used to address the impact of the opioid epidemic in the State through treatment, rescue, recovery, and prevention programs.

- **Opioid Stewardship Fund:** The Budget provides \$539,128 in restricted receipts from the Opioid Stewardship Fund within EOHHS in FY2026 and \$415,599 in FY2025, an increase of \$115,620 and a decrease of \$7,909 respectively relative to the enacted level. The funds support 1.5 FTE positions, including one half of the Director of Overdose, Prevention, and Response and a Supervising Accountant.

The FY2020 Budget as Enacted established an annual restricted, \$5.0 million Opioid Stewardship Fund requiring all licensed manufacturers, distributors, and wholesalers to contribute towards the fund through a registration fee. The registration fee is intended to encourage the monitoring of prescription opioids produced and distributed in Rhode Island and to provide accountability for the role that pharmaceuticals have had in the opioid crisis. Licensed manufacturers, distributors, and wholesalers are required to report the details of all opioids sold or distributed in the State to calculate their liability. Registration payments are due annually on December 31. The first payment was due by December 31, 2019, based on 2018 data.

The Opioid Stewardship Fund is only to be used for opioid addiction treatment, recovery, prevention, education services, and other related programs. The FY2023 Budget as Enacted transferred the management of the Opioid Stewardship Fund and the assessment of the registration fee to the Executive Office of Health and Human Services (EOHHS) from the Department of Health. According to the Office of Management and Budget, as the health and human services umbrella agency, EOHHS can better lead and coordinate the Opioid Stewardship Fund efforts.

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
FY2025 Enacted	\$1,358,081,619
<i>Target and Other Adjustments</i>	-
May 2025 Caseload Estimating Conference	57,082,939
Medicaid Primary Care Rates	8,250,000
Home and Community Based Services (HCBS) Rate Freeze	(7,211,528)
Nursing Home Minimum Staffing Enhanced Rate	5,000,000
Community Health Worker Program Integrity	(4,443,468)
Federally Qualified Health Care Center Rate	4,000,000
HLF Base Year Shift and Partial SDP Reinvestment	9,379,175
DSH Payment - Eleanor Slater Hospital	(3,444,127)
Hospitals - Long-Term Care Behavioral Health Beds	3,210,000
Nursing Facility Rate Reduction	(3,202,609)
Enhanced Program Integrity/Legal Team	(2,943,226)
Primary Care Health Assessment Impact	2,100,000
Medicare Savings Program Expansion	700,000
e-Consults Program	(152,283)
FY2026 Enacted	\$1,426,413,116

Medical Assistance	Other Fund Changes
ARPA Enhanced FMAP: Home and Community Based Services (federal funds)	(\$3,430,486)
Conflict Free Case Management (federal funds)	3,161,481
Health System Transformation Project (federal funds)	756,363
Transfer Organ Transplant Fund transfer from EOHHS to DHS (restricted receipts)	(15,000)

May 2025 Caseload Estimating Conference **\$57.1 million**

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget year. These adopted expenditure levels determine the appropriations for the Governor's and Enacted Budgets. Projections are based on enrollment trends as well as inflation-based price adjustments.

May 2025 CEC	FY2025 Enacted		FY2026 May CEC		Change to Enacted	
	GR	AF	GR	AF	GR	AF
Hospitals - Regular	\$114,743,376	\$345,400,000	\$117,853,941	\$369,700,000	\$3,110,565	\$24,300,000
Hospitals - DSH	9,497,713	21,738,872	9,239,021	21,738,872	(258,692)	-
Nursing and Hospice Care	173,311,380	393,800,000	203,171,600	474,700,000	29,860,220	80,900,000
Home and Community Care	97,185,377	221,203,676	129,384,400	302,300,000	32,199,023	81,096,324
Managed Care	456,944,195	1,070,082,576	458,092,776	1,100,600,000	1,148,581	30,517,424
Rhody Health Partners	150,069,004	338,533,764	136,586,157	330,500,000	(13,482,847)	(8,033,764)
Rhody Health Options	96,965,547	220,508,737	96,385,600	225,200,000	(579,947)	4,691,263
Medicaid Expansion	78,053,872	733,026,212	78,509,209	728,400,000	455,337	(4,626,212)
Pharmacy	104,515	(300,000)	3,669,654	7,800,000	3,565,139	8,100,000
Clawback	96,800,000	96,800,000	96,400,000	96,400,000	(400,000)	(400,000)
Other Medical Services	84,406,640	227,125,552	85,872,200	237,100,000	1,465,560	9,974,448
Total	\$1,358,081,619	\$3,667,919,389	\$1,415,164,558	\$3,894,438,872	\$57,082,939	\$226,519,483

The May 2025 CEC projected a net general revenue increase of \$57.1 million (\$226.5 million all funds) to reflect the results of the May 2025 Caseload Estimating Conference (CEC). The estimates project total Medicaid spending of \$3,894.4 million in FY2026, including \$1,415.2 million from general revenues. The net increase is due primarily to higher per-member costs across programs, a higher utilization of home care services, and a higher acuity among nursing facility residents.

The changes attributed to the Medicaid initiatives, described below, are calculated relative to the caseload estimate, rather than the Enacted Budget.

Medicaid Primary Care Rates **\$8.3 million**

The Budget includes \$8.3 million in general revenue (\$26.4 million all funds) to increase Medicaid primary care rates to 100.0 percent of Medicare rates, effective October 1, 2025. The proposal is intended to capture services predominately used by primary care physicians for office visits and preventive care. Article 8 includes language authorizing EOHHS to pursue necessary state plan amendments, and changes to rules, regulations and procedures needed to effectuate this initiative.

Home and Community Based Services (HCBS) Rate Freeze **(\$7.2 million)**

Since home-care providers are included in the biennial rate review process conducted by the Office of the Health Insurance Commissioner (OHIC), section 6 of Article 8 eliminates the annual rate increase provided in statute. Home care was the only provider type included in the rate review that was also receiving a secondary rate adjustment. The inflationary rate is applied to the base rate for home-care providers, home nursing care providers, and hospice providers to deliver Medicaid fee-for-service personal care attendant services, skilled nursing and therapeutic services, and hospice. This proposal is estimated to generate \$7.2 million in general revenue savings (\$16.9 million all funds).

Pursuant to federal regulation, home hospice care rates cannot be lower than Medicare rates; consequently, the rates are reviewed by EOHHS annually and adjusted as necessary.

Inflationary Increases for Home Care Providers

Date	Increase
1-Jul-20	3.40%
1-Jul-22	2.43%
1-Jul-23	2.29%
1-Jul-24	0.12%
1-Oct-24 (OHIC)	15.8% to 74.28% based on code ¹

¹ Rate Increases compared to July 1, 2024, and exclude home hospice care. There was no inflationary increase in FY2021.
Source: Office of Management and Budget

Nursing Home Minimum Staffing Enhanced Rate **\$5.0 million**

The Budget provides \$5.0 million in general revenue (\$12.0 million all funds) to increase base rates to nursing facilities up to 3.0 percent. The total increase in FY2026 is \$8.8 million in general revenue (\$21.3 million all funds); however, \$12.0 million of the increase must be expended to increase compensation and related employer costs, including hiring, for eligible direct-care staff. Section 4 of Article 8 expands direct care staff to include social workers and nursing aids with a valid license, including probationary licenses.

Community Health Worker Program Integrity **(\$4.4 million)**

Projected expenses for the Community Health Worker Program are decreased by \$4.4 million in general revenue (\$15.0 million all funds) to correct updated projections after adjusting for inappropriate expenses that led to a program review and proposed changes to the rules to secure the integrity of the program.

In Rhode Island, certain Community Health Worker (CHW) services are reimbursable through Medicaid; however, all such providers must be enrolled as an eligible provider. In May 2025, the requirements for CHW services were updated to strengthen program integrity, align services with national best practices, and ensure the delivery of high-quality, medically necessary services. The updated Medicaid CHW [Provider manual and compliance calendar](#) details the timeline for the program changes.

In addition, EOHHS submitted a [State Plan Amendment](#) (SPA) to the federal Centers for Medicare and Medicaid (CMS) at the end of June 2025. Approval is anticipated within the next couple of months, and once approved the final version will be posted on the EOHHS website.

Federally Qualified Health Care Center Rates **\$4.0 million**

The Budget adds \$4.0 million in general revenue (\$10.5 million all funds) to increase reimbursements to Federally Qualified Health Care Center (FQHCs) effective July 1, 2025. FQHCs provide an array of services including primary, dental, and behavioral healthcare. The rate increase will apply to primary and behavioral healthcare, not dental.

HLF Base Year Shift and Partial SDP Reinvestment**\$9.4 million**

Pursuant to Article 8, in FY2026, the base year for nongovernmental hospital licensing fee (HLF) is shifted into 2023, consistent with government-owned hospitals. The HLF is estimated to generate \$215.7 million in FY2025, consistent with the enacted budget, and \$232.5 million in FY2026, an increase of \$16.8 million in general revenue. Of the increased revenue, the FY2026 Budget as Enacted reinvests \$9.4 million in general revenue (a total of \$99.5 million in general revenue), and an increase of \$31.0 million in all funds (a total of \$331.3 million all funds), relative to the May CEC, into the state directed payment (SDP) to managed care organizations who then make quarterly payments to hospitals.

The SDP federal match is a blended rate that includes the Children's Health Insurance Program (CHIP) and Expansion populations providing a more favorable rate than the traditional FMAP used for the DSH program. For example, in the May 2025 Caseloads, the traditional FMAP for FY2026 was 57.20 percent, while CHIP was 70.04 percent and Expansion was 90.0 percent.

State Directed Payments to Managed Care

	FY2025 Enacted	FY2025 Final	Change from Enacted	FY2026 May CEC	FY2026 Enacted	Change from Enacted	Change from CEC
General Revenue	\$90,094,921	\$87,621,945	(\$2,472,976)	\$90,094,921	\$99,474,096	\$9,379,175	\$9,379,175
Federal Funds	196,673,258	199,146,234	2,472,976	210,223,833	231,870,851	35,197,593	21,647,018
Total	\$286,768,179	\$286,768,179	\$0	\$300,318,754	\$331,344,947	\$44,576,768	\$31,026,193

The federal government allows states to assess taxes on health care provided the taxes are broad-based, uniformly imposed throughout a jurisdiction, and do not violate the hold harmless provisions specified in federal regulation. These taxes include revenue from patient care activity but exclude non-patient enterprises such as research, academic activity, or investment earnings. Rhode Island assesses a number of provider taxes, including a hospital licensing fee (HLF) authorized by RIGL 23-17-38.1. The HLF must be authorized annually.

The SDP is based on the difference between the Medicaid reimbursement and a percentage of commercial equivalent reimbursement by class, not to exceed 100.0 percent of the commercial equivalent. The commercial equivalent reimbursement is calculated using the top five commercial payers for each of the services of the eligible provider class for the enhanced payment.

DSH Payment - Eleanor Slater Hospital**(\$3.4 million)**

Article 8 authorizes the disbursement of Medicaid Disproportionate Share Hospital (DSH) payments to qualifying community hospitals in federal fiscal years (FFY) 2025 and 2026. In FY2026, the article requires EOHHS to submit a state plan amendment to the federal government to limit aggregate DSH payments to \$13.9 million, including a limit of \$12.9 million for government-owned hospitals and \$1.0 million for other participating hospitals. This represents an increase of \$2.5 million in general revenue DSH payments to Eleanor Slater (\$5.9 million all funds). The cap on the aggregate payments represents a decrease of \$3.4 million in general revenue (\$7.8 million all funds), relative to the May 2025 Caseload Estimating Conference (CEC). Payments to both government-owned and other participating hospitals must be made by June 30, 2026, and are conditioned upon approval by the Secretary of the United States Department of Health and Human Services of all state plan amendments necessary to secure the benefit of federal financial participation for the DSH payments in FFY2026.

In FY2025, the article provides an aggregate limit of \$27.7 million in DSH payments, while capping the allowable payment to government-owned hospitals at \$12.9 million. The cap represents an increase of \$2.6 million in general revenue (\$5.9 million all funds) relative to the FY2025 Budget as Enacted. The May 2025 (CEC) provides for a payment of \$27.6 million, including \$12.1 million in general revenue.

	FY2025 Enacted	FY2025 May CEC	FY2025 Final	Change from Enacted	Change from May CEC	FY2026 Enacted	FY2026 May CEC	Change from Enacted	Change from from CEC
DSH Payment									
General Revenue	\$9,497,713	\$12,075,423	\$12,075,423	\$2,577,710	\$0	\$5,794,894	\$9,239,021	(\$3,702,819)	(\$3,444,127)
Federal Funds	12,241,159	15,563,449	15,563,449	3,322,290	-	8,105,106	12,499,851	(4,136,053)	(4,394,745)
Total	\$21,738,872	\$27,638,872	\$27,638,872	\$5,900,000	\$0	\$13,900,000	\$21,738,872	(\$7,838,872)	(\$7,838,872)

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 June and are subject to the applicable Federal Medical Assistance Percentage (FMAP) at the time of issuance. Funds are distributed in proportion to each hospital’s share of statewide uncompensated care

Payments to both government-owned and other participating hospitals must be made by June 30, 2026, and are conditioned upon approval by the Secretary of the United States Department of Health and Human Services of all state plan amendments necessary to secure the benefit of federal financial participation for the DSH payments in FFY2026.

The Disproportionate Share Hospitals (DSH) payments are required under federal statute and intended to offset uncompensated care costs for hospitals to improve access for Medicaid and uninsured patients, as well as improving the financial stability of safety-net hospitals.

Hospitals - Long-Term Care Behavioral Health Beds **\$3.2 million**

The Budget provides \$3.2 million in general revenue (\$7.5 million all funds) to support long-term behavioral health care placement in community hospitals. Article 8 requires the Secretary to pursue the state plan amendment (SPA) needed to establish a rate methodology to support long-term behavioral health inpatient units for non-government owned hospitals.

Nursing Facilities Rate Reduction **(\$3.2 million)**

As a cost containment measure for FY2026, section 4 of Article 8 reduces the annual inflationary increases on rates paid to nursing homes to 2.3 percent to match state revenue growth, instead of the 4.2 percent adopted by the November 2024 Caseload Estimating Conference. This recommendation reduces general revenue expenditures by \$3.2 million (\$7.7 million in all funds), relative to the FY2025 Budget as Enacted.

Nursing Facilities	
Rate	
Date	Increase
1-Oct-20	2.4%
1-Oct-21	2.7%
1-Oct-22	4.0%
1-Oct-23	6.9%
1-Oct-24	14.5%
	6.1%

Enhanced Program Integrity/Legal Team **(\$2.9 million)**

The Budget includes \$416,693 in general revenue (\$833,386 all funds) to support f5.0 FTE positions, including 4.0 new FTE positions and one previously unfunded position, and additional operating expenses to enhance program integrity and compliance functions for Medicaid by proactively training providers to prevent fraud, waste, and abuse in the Medicaid program. The initiative is estimated to generate \$2.9 million in general revenue savings (\$6.9 million all funds), a net general revenue savings of \$2.5 million (\$6.0 million all funds) with the additional salary and benefits for 5.0 FTE positions. An additional FTE position is provided in the Office of Internal Audit and Program Integrity in the Department of Administration to support this initiative. This position will spend one half of its time assisting Medicaid, resulting in a 50.0 percent federal match for this one half. In addition, the recommendation upgrades an existing position to create parity with the new fraud investigator positions.

Primary Care Health Assessment Impact **\$2.1 million**

The Budget adds \$2.1 million in general revenue (\$7.0 million all funds) for Medicaid costs associated with the assessment on insurance providers established in Article 10. The levy will be similar to the child and adult immunization program assessments, and is projected to be about \$4.00 per month per covered life beginning January 1, 2026. The assessment is estimated to generate \$30.0 million annually to support primary care and other critical healthcare programs; however, due to the effective date, \$15.0 million in estimated for FY2026.

Medicare Savings Program Expansion**\$700,000**

The Budget includes \$700,000 in general revenue (\$7.1 million all funds) to expand program eligibility by increasing income disregards for the Qualified Medicare Savings Program (MSP) to 125.0 percent of federal poverty and Qualified Individual (QI) Medicare Savings Program eligibility up to 168.0 percent of federal poverty. The MSP is a federal program that helps beneficiaries pay for Medicare Part A and Part B premiums, Medicare Deductibles, copayments, and coinsurance. The QI level of the program specifically helps with Part B premiums only. Pursuant to Article 8, the Secretary will discontinue enrollment when Part B premiums meet the federal allotment and is authorized to pursue necessary state plan amendments, and changes to rules, regulations and procedures needed to effectuate this initiative.

A similar expansion provided in the FY2025 Budget as Enacted could not be implemented because it increased eligibility to only one group.

e-Consults Program**(\$152,283)**

The Budget includes \$131,518 in net general revenue savings (\$511,709 all funds) realized through the implementation of an e-Consult program in the Medicaid fee-for-service (FFS) program to facilitate the asynchronous exchange of health record assessments, management services, and referral services. The proposal includes an increase of \$20,059 in general revenue funded contract professional services (\$83,059 all funds) in Central Management and \$152,283 in general revenue (\$594,768 all funds) in Medicaid program savings. The program would allow primary care physicians to consult with specialists without requiring unnecessary in-person patient visits. This initiative would reduce the average per-member-per-month (PMPM) for specialists from \$83 to \$70.

ARPA Enhanced FMAP: Home and Community Based Services (federal funds)**(\$3.4 million)**

The Budget includes a decrease in federal funds of \$10.0 million and restricted receipts of \$24.4 million reflecting the expiration of time-limited funds. Of this total, \$6.6 million in federal funds and \$22.1 million in restricted receipts is in Central Management and \$3.4 million in federal funds and \$2.3 million in restricted receipts is in Medical Assistance. Through the American Rescue Plan Act (ARPA), the State was eligible for enhanced FMAP of 10.0 percentage points on Home and Community Based Services (HCBS) for all expenditures that took place from April 1, 2021, through March 31, 2022. These new federal dollars freed up an equal amount of state funding that was deposited into a restricted receipt fund which were used to enhance, expand, or strengthen Medicaid HCBS. According to the Department, all of the funds were used for one-time expenses except for ongoing development and operating costs for WellSky, the software used to support home healthcare providers, payers, and community organizations.

Conflict Free Case Management (federal funds)**\$3.2 million**

Pursuant to GBA 18, the Budget shifts \$3.2 million in federal funds and \$2.1 million in restricted receipts from FY2025 into FY2026 to reflect the updated project timeline for modifications to the IT system needed to provide person-centered planning (PCP) and conflict-free case management (CFCM) to Medicaid beneficiaries who receive long-term services and supports (LTSS) in a home or community-based setting, as required by federal regulation. In March 2014, the CMS implemented a final rule requiring states to separate case management from service delivery to reduce conflicts of interest for services provided under home and community-based services (HCBS).

Health System Transformation Project (federal funds)**\$756,363**

Pursuant to GBA, the Budget adds \$756,363 in federal funds and \$340,864 in restricted receipts to correct an error in the original recommendation and provides a total of \$3.5 million, exhausting the time-limited funds. 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.

Transfer Organ Transplant fund from EOHHS to DHS – restricted receipts ***(\$15,000)***

The Budget transfers \$15,000 in restricted receipts for the Organ Transplant Fund from EOHHS to the Department of Human Services (DHS) to align with RIGL 42-11-13, which mandates that DHS administer the program. The fund, which is not part of the Medicaid program, is used to help minimize any expenses incurred by Rhode Island residents and their families during the process of human organ transplants.

CAPITAL PROJECTS

The Executive Office has no capital projects.

Department of Children, Youth, and Families

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$30.4	\$25.5	\$37.0	\$11.6	45.4%	\$33.2	\$7.7	30.2%
Children's Behavioral Health Services	16.7	17.4	21.1	3.6	20.9%	15.9	(1.5)	-8.6%
Child Welfare	244.4	317.4	302.9	(14.6)	-4.6%	307.5	(9.9)	-3.1%
Youth Development Services	24.0	38.5	55.1	16.6	43.1%	37.6	(0.9)	-2.4%
Higher Education Incentive Grants	0.1	0.2	0.2	-	-	0.2	-	-
Total	\$315.7	\$399.1	\$416.3	\$17.2	4.3%	\$394.4	(\$4.7)	-1.2%
Expenditures by Source								
General Revenue	\$215.1	\$261.4	\$261.4	(\$0.0)	0.0%	\$262.8	\$1.4	0.5%
Federal Funds	97.6	121.7	124.5	2.8	2.3%	118.6	(3.1)	-2.6%
Restricted Receipts	1.5	0.7	1.5	0.8	110.1%	1.7	1.0	148.0%
Other Funds	1.5	15.3	29.0	13.7	90.0%	11.3	(4.0)	-26.2%
Total	\$315.7	\$399.1	\$416.3	\$17.2	4.3%	\$394.4	(\$4.7)	-1.2%
Authorized FTE Levels	705.5	714.5	714.5	-	-	713.5	(1.0)	-0.1%

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

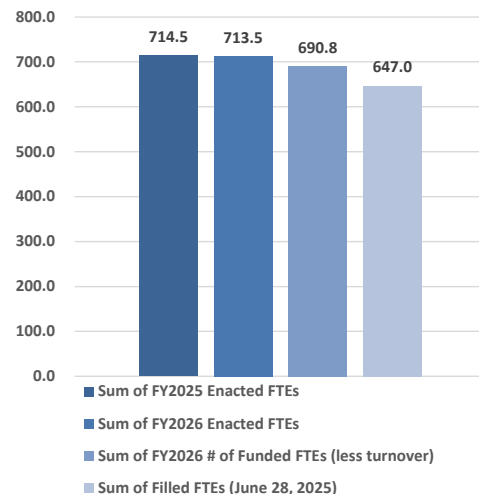
The Department of Children, Youth, and Families (DCYF) is charged with implementing a statewide network of supports to protect vulnerable children and families. The Department develops, oversees, and evaluates programs which provide opportunities for children to reach their full potential. DCYF has three major operational divisions: Children's Behavioral Health Services; Child Welfare (including child protective services, family services, and permanency supports); and Youth Development Services (formerly Juvenile Correctional Services), which includes the Rhode Island Training School and juvenile probation. The Department supports an average of 3,400 children and their families and indirectly services thousands more through community-based programs.

MAJOR ISSUES AND TRENDS

The Budget includes \$394.4 million in all funds for the Department of Children, Youth, and Families (DCYF). This includes \$262.8 million in general revenue, \$118.6 million in federal funds, \$1.7 million in restricted receipts, and \$11.3 million in other funds. General revenue funding increases by \$1.4 million, or 0.5 percent relative to the FY2025 Budget as Enacted. Federal funding decreases by \$3.1 million, or 2.6 percent. Restricted receipt funding increases by \$1.0 million, or 148.0 percent, due primarily to an increase in a Children's Trust Fund SSI allocation as well as a funding commitment from the Annie E. Casey Foundation to assist with work related to the consent decree.

The Budget also shifts 1.0 Early Childhood System Coordinator FTE to DHS, decreasing the Department's total FTE authorization to 713.5 FTEs. The Budget includes funding for approximately 690.8 of the positions authorized for FY2026, or 97.0 percent. As of June 28, 2025, the Department had 647.0 FTE positions filled (90.7 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 the 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 the COA in September 2019 and submitted its accreditation plan on October 1, 2020. The plan analyses the Department's alignment with 59 COA standards and establishes a timeline and process to implement policy, practice, programmatic, and operations changes needed to reach accreditation. The analysis is limited to the Department's child welfare and behavioral health standards and does not include benchmarks for the juvenile justice population, which 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.

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

The report recommends a "Prioritized Practice" approach for the Department, occurring over a four-year period, where the Department completes a self-study and gradually demonstrates alignment with COA standards. The timeline is "contingent upon the approval and appropriation by the Governor and the General Assembly of sufficient and sustained funding necessary for the Department to achieve COA accreditation". Accordingly, the FY2022 Budget as Enacted authorized and funded the 91.0 FTE positions and incidental operating costs identified in the COA report. The Budget also provides a financing mechanism to replace the RICHIST system. These investments provide the necessary support for the Department to continue its progress towards accreditation.

Accreditation Update: On February 14, 2025, the Department received notification that it had received accreditation and the final accreditation report containing the scores from the review team was provided. The accreditation is valid through February 28, 2029. The Department is developing a calendar and monitoring procedure to ensure each division remains on track to maintain key standards and related activities. The Department will submit quarterly and annual reports to COA over the next four years, at which time they will need to be re-accredited. This re-accreditation process will begin in FY2028 and is expected to have a budgetary impact.

RICHIST Replacements

The FY2021 Revised Budget transferred \$17.0 million to the Information Technology Investment Fund (ITIF) to provide upfront capital to fund the 60.0 percent State share of the costs to replace RICHIST, the Department's case management information system, over a three-year period. RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, provider, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was a national leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes

over the last 23 years. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested. The project was initially scheduled to take place from FY2022 to FY2024, but the FY2023 Budget as Enacted included an adjusted schedule stretching the project into FY2025 due to project delays. The FY2025 Budget stretched the project into FY2026 and added a general revenue line to account for IT personnel expenditures related to the project. The RICHIST project technically appears under the Department of Administration budget.

RICHIST Replacement Update: The FY2026 Budget stretches the project further in FY2027 and extends the general revenue line, bringing total project costs to \$56.9 million. The procurement process included federal approval of the vendor contract, which required revisions and a resubmission, resulting in the project delay. The project officially kicked off with the selected vendor in January 2025. Following the competition of the Discovery phase, the project has moved into the Configuration phase as of summer 2025 and is expected to continue in this phase for approximately one year.

Children's Rights Settlement

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State's child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement outlined a number of new screening and reporting requirements to be met by the Department and overseen by the Office of the Child Advocate. The Department continues to monitor these benchmarks and provides monthly reports pursuant to the settlement. The Budget contains \$138,000 in annual general revenue funding within the Child Welfare program for a data validator for this purpose.

Children's Behavioral Health Consent Decree

In December 2024, a Consent Decree was filed following a Federal investigation which found that from 2017 to 2022, children with behavioral health disabilities in the care of the State of Rhode Island were unnecessarily segregated in an acute-care psychiatric hospital, a violation of federal civil rights law. The State worked with the U.S. Department of Health and Human Services and the U.S. Attorney's Office to develop the Consent Decree, which formally went into effect on January 7, 2025. The Consent Decree is intended to strengthen community-based services for children with behavioral health disabilities, transition children who have been hospitalized at Bradley Hospital to family settings, and to prevent further avoidable psychiatric hospitalization. There are three intended phases; a planning phase lasting from 2025-2026, an implementation phase from 2026-2028, and a monitoring phase through 2029. A Court Monitor and consultant team were assigned to monitor and support the State's progress.

Status Update: The first action step in the Consent Decree is a Baseline Data Report due 180 days from the effective date. The report was delivered on July 3, 2025, and includes an overview of the focus population including Bradley Hospital admissions, availability of community-based services and therapeutic foster care parents, and number of children with open cases experiencing three or more emergency room visits in a period of twelve months. The State will provide quarterly updates to the report beginning after the publication of the Implementation Plan in April 2026.

Psychiatric and Intensive Residential Treatment Facilities

The FY2023 Budget included funding for the expansion of a current psychiatric residential treatment facility (PRTF) as well as the construction of a new step-down facility, both of which will help increase state capacity to house female youth with severe behavioral challenges. A current shortage of available, in-state, residential facilities for these youth results in, on average, approximately 25 to 30 female youth being placed out of state at any given time.

Psychiatric Residential Treatment Facility: The FY2023 Budget as Enacted included \$11.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to expand existing in-state capacity at private facilities. The Department announced a signed agreement for the expansion of services

with St. Mary's Home for Children, the only existing licensed PRTF in the State, on February 9, 2023. The expansion was intended to consist of the construction and operation of an additional 12-bed facility on the St. Mary's Campus in North Providence, bringing their total capacity to 26.

PRTF Status Update: The project was officially paused on June 14, 2024, following the issuance of a letter from the Division of Purchases requiring St. Mary's to cease all work and \$644,724 in unexpended funds was returned to the State. All children were transitioned out of St. Mary's, with no children remaining in its facilities as of June 2024, and the facility was closed in August 2024, ending the contract for this project. The FY2026 Governor's proposal shifted unspent funds from the project to the expansion and maintenance of a similar facility at Bradley Hospital, however, this project was ultimately discontinued. As of August 29, 2025, the St. Mary's Board has unanimously accepted a letter of intent from the state and the Division of Capital Asset Management and Maintenance (DCAMM) is conducting a due diligence assessment on the St. Mary's property to determine a potential forward course of action for this project.

Intensive Residential Treatment Facility: The FY2023 Budget included \$15.0 million per year in RICAP funds from FY2024 through FY2026, for a total of \$45.0 million in RICAP funds for the construction of a new 16-bed intensive residential treatment facility. \$1.0 million in SFRF funding was also included for the initial design and construction stage of the project. The IRTF facility began construction in FY2024, with an estimated start of operations in early 2026.

IRTF Status Update: Construction on the facility began on August 13, 2024. The SFRF portion of the project is considered completed as of September 18, 2024, and a closeout report was issued on October 1, 2024. The FY2026 Budget maintains total RICAP funding of \$45.0 million and shifts \$4.0 million from FY2026 to FY2027, extending the project length by one year. Although the construction of the IRTF is anticipated to be completed in FY2026, the Budget adds language allowing unused funds to be utilized for an additional in-state facility. The project extension to FY2027 allows for future renovation or construction costs of an additional in-state facility. \$2.0 million is also retained in FY2026 for planning costs or a feasibility study related to an additional facility.

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
FY2025 Enacted	\$15,565,996
<i>Target and Other Adjustments</i>	55,839
Salary and Benefit Adjustments	1,381,843
Personnel Adjustments (statewide adjustments)	611,207
Financial Consultant Report	(578,888)
Inflation Factor	547,732
Consent Decree Consultant	540,000
Early Childhood System Coordinator FTE to DHS	(186,570)
FY2026 Enacted	\$17,937,159
Central Management	Other Fund Changes
ARPA SFRF: DCYF Provider Workforce Stabilization (federal funds)	(1,200,000)
RICHIST Replacement (federal funds)	Informational

Salary and Benefit Adjustments **\$1.4 million**

The FY2025 Budget as Enacted included an underestimate for direct salary costs in the Central Management program. The FY2026 Budget returns direct salaries to the correct number based on FY2024 actual spending as well as increases general revenue expenses in response to a reduction of Temporary Assistance for Needy Families Emergency Assistance (TANF/EA) funding, an overall increase in salary and benefits costs of \$1.4 million. This adjustment is separate from the statewide COLA increases applied in FY2026.

Financial Consultant Report **(\$578,888)**

The Budget decreases general revenues by \$578,888 to represent the end of temporary funding included in the FY2025 Budget for a rate setting consultant. The consulting work is expected to be completed by the end of FY2025, therefore, no additional funding was included in FY2026.

Inflation Factor **\$547,732**

The Budget adds a 4.0 percent inflation factor across the Operating Supplies and Expenses category to mitigate a potential deficit in FY2026. The FY2024 budget closed with a significant deficit in this category. \$547,732 is added in general revenues as a result of this increase.

Consent Decree Consultant **\$540,000**

The Budget includes \$540,000 in general revenue for a consultant to oversee compliance with the consent decree which the State formally entered into with the United States Department of Justice on January 7, 2025. The Governor’s proposed budget included \$750,000 for this consultant in FY2026, however, a Governor’s Budget Amendment dated May 22, 2025, decreases the general revenues allocation by \$210,000. This reflects a new restricted receipts funding commitment from the Annie E. Casey Foundation to assist with work related to the consent decree. The consent decree is in relation to the State’s hospitalization of children with behavioral health disabilities, and requires a consultant to conduct a review of Rhode Island’s children’s behavioral health system. Funding is provided in the Executive Office of Health and Human Services’ budget for a court monitor.

Early Childhood System Coordinator FTE to DHS **(\$186,570)**

The Budget includes the transfer of an Early Childhood Systems Coordinator from DCYF to DHS. The transfer is intended to facilitate interagency coordination on early childhood goals, and is a reduction of \$186,570.

ARPA SFRF: DCYF Provider Workforce Stabilization (federal funds) **(\$1.2 million)**

The FY2025 Budget as Enacted included \$1.2 million in ARPA SFRF funds to continue the provider workforce stabilization program. No additional funding for this initiative is included in FY2026. Funding for the program was initially intended to end in FY2024, but the FY2025 Budget extended the payments through the final months of the Department’s contract procurement process which concluded in FY2025. In addition to the \$1.2 million included in FY2025, the initiative provided \$12.5 million in FY2022, \$2.5 million in FY2023, and \$7.9 million in FY2024 for a total appropriation of \$24.1 million. As of the Department’s March 19, 2025, report, \$23.4 million has been disbursed and providers have reported a net gain of 139 staff.

RICHIST Replacement (federal funds) **Informational**

The Budget includes \$9.5 million in federal funds to finance the costs to replace RICHIST, the Department’s case management system, consistent with the FY2025 allocation. The Budget also includes \$9.8 million in restricted receipt funds 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 initially planned to take approximately three years, from FY2022 to FY2024, and \$28.0 million from all funds, with the costs shared 60/40 between the State and federal government. The FY2024 Budget adjusted the funding schedule to stretch the project through FY2026 to reflect project delays as well

as an increase in project costs. The FY2025 Budget added a general revenue line to capture IT personnel expenditures related to the project, increasing total project funding across all years and sources to \$56.5 million. In the FY2026 Budget, the project is stretched an additional year into FY2027 and the general revenue line item is extended, increasing total project costs to \$56.9 million.

RICHIST Replacement - Revised Schedule	Pre-FY2025	FY2025	FY2026	FY2027	Total
State Funds - ITIF	\$152,969	\$9,700,000	\$9,797,031	\$5,000,000	\$24,650,000
General Revenue	-	1,270,142	1,270,142	1,270,142	3,810,426
Federal Funds	-	9,486,809	9,486,809	9,486,809	28,460,427
Total	\$152,969	\$20,456,951	\$20,553,982	\$15,756,951	\$56,920,853

The FY2021 Revised Budget transferred \$17.0 million to the ITIF to provide upfront capital to fund the 60.0 percent State share of the system replacement over the three-year period. The Governor proposed issuing debt, in the form of certificates of participation (COPs), which would have accrued \$2.7 million in interest over ten years; instead, the Budget used one-time general revenues to provide interest-free financing.

RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, providers, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was a national leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes over the last 23 years. Most significantly, the existing RICHIST system does not enable easy mobility for staff in the field which inhibits the Department's ability to operate efficiently.

The new system would be a modular system that enables data analytics and reporting, allows easy access to real-time information when making important decisions for children and families, and simplifies the system's mobile interface. The federal government encourages use of modular systems because they are more comprehensive and flexible, and enhance the ability to navigate case information and incorporate data analytics into child welfare practice. Modern systems are also more dynamic, allowing child welfare agencies to respond more adeptly to frequent changes in standards and practices. The Budget assumes the use of Custom-Off-the-Shelf (COTS) software package which can be adapted from interfaces being used in other states, as opposed to custom-building a solution from scratch. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested.

CHILDREN'S BEHAVIORAL HEALTH SERVICES

The Children's Behavioral Health Services program designs, implements, and monitors a statewide system of care for children and youth requiring mental health services, including those children who are involved with the Department due to abuse, neglect, or delinquency. The Department seeks to support all children and youth with developmental disabilities or emotional disturbances in the least restrictive settings possible.

Children's Behavioral Health Services	General Revenue
FY2025 Enacted	\$7,732,064
<i>Target and Other Adjustments</i>	<i>(267,564)</i>
FTE Account Adjustment	(354,864)
FY2026 Enacted	\$7,109,636

FTE Account Adjustment **(\$354,864)**

The Budget decreases general revenues by \$354,864 to correct a funding allocation for 8.0 FTE positions inadvertently budgeted in the wrong programs. The FY2025 Budget incorrectly included 8.0 FTE positions which were intended to be Juvenile Program Worker positions within the Youth Development Services program as 5.0 FTE positions within Children's Behavioral Health Services and 3.0 FTE positions within

Child Welfare. The correction results in a net-zero shift of general revenues to the correct programs and a decrease of \$271,136 in federal funds (\$88,168 within the Children's Behavioral Health Services program) to align with the correct federal match levels for the positions.

CHILD WELFARE

The Child Welfare division has two major sub-programs:

- **Child Protective Services (CPS):** CPS reviews and responds to reports of child abuse and neglect. CPS staff includes child protective investigators who specialize in the investigation of these reports. If a child is deemed to be at imminent risk of harm, they may be removed from the home and placed in State care for up to 48 hours, pending petitions before the Rhode Island Family Court.
- **Family Services Unit (FSU):** Staff members within Family Services provide ongoing social services and case management to children and families who become involved with DCYF due to abuse, neglect, substance abuse, or behavioral health issues.

The Child Welfare program includes out-of-home placements such as foster and congregate care. Foster care settings include kinship and non-kinship placements as well as private agency homes. Congregate care settings encompass residential treatment facilities, group homes, semi-independent living, and independent living. Child Welfare also includes the Permanency Services Unit, which oversees the administration of the adoption and guardianship subsidy program for children and youth in permanent placements.

Child Welfare	General Revenue
FY2025 Enacted	\$214,966,186
<i>Target and Other Adjustments</i>	<i>3,825,304</i>
Congregate Care Reduction	(6,968,484)
Personnel Adjustments (statewide adjustment)	3,714,185
Unclaimed LEA Costs	(2,975,000)
FTE Account Adjustment	(501,481)
Overtime Reduction	(210,813)
FY2026 Enacted	\$211,849,897

Central Management	Other Fund Changes
Emergency Housing (federal funds)	\$6,144,394
Adoption and Legal Guardianship Grant (federal funds)	1,061,000
Children's Trust Account - SSI (restricted receipts)	900,294
Consent Decree Consultant (restricted receipts)	210,000

Congregate Care Reduction **(\$7.0 million)**

The Budget includes a reduction of \$7.0 million in general revenues to reflect the reduction of congregate care placements, both in and out-of-state, for youth in DCYF custody. Prior year investments in the Department's provider services are expected to enhance the ability to place children in foster care placements and home-based settings, therefore decreasing the need for congregate care. The reduction targets youth in both out-of-state care and congregate care, with the intent of transitioning such youth into foster care with wrap around services and other step-down care options. Currently, 25.0 percent of youth in the care of the Department are in congregate care placements.

In order to reach the goal of a reduced need for congregate care placements, the Department has outlined strategic initiatives including the following:

- Increased capacity for family-based care through recruitment of additional foster homes and expanded supports for kinship care, intensive foster care, and other transitional homes

- Expansion of home and community-based services supported by wrap-around services
- Analysis of youth placement data, in particular youth in group placements identified as having a lower level of need
- Enhanced interagency coordination and public-private partnerships for better coordination of care as well as transition planning
- Enhanced oversight and data evaluation for youth progress in both family-based and congregate care placements
- Increased support for resource families to encourage more care opportunities for higher-need children

These strategies are intended to support the Department's overall goal of shifting its placement philosophy to emphasize family-based care over congregate care settings.

Unclaimed LEA Costs

(\$3.0 million)

The Budget includes \$3.0 million in general revenue savings resulting from the reduction of annual uncollected receivables due from Local Education Authorities (LEAs). Currently, the State makes upfront payments to providers educating DCYF youth in residential treatment centers and must then bill providers for the reimbursement, resulting in uncollected LEA amounts ranging between \$3.0 and \$4.0 million annually. This reduction shifts the responsibility for these payments from DCYF to the required agency or town in an effort to improve collection rates and ensure a timelier reimbursement process.

FTE Account Adjustment

(\$501,481)

The Budget decreases general revenues by \$501,481 to correct a funding allocation for 8.0 FTE positions inadvertently budgeted in the wrong programs. The FY2025 Budget incorrectly included 8.0 FTE positions which were intended to be Juvenile Program Worker positions within the Youth Development Services program as 5.0 FTE positions within Children's Behavioral Health Services and 3.0 FTE positions within Child Welfare. The correction results in a net-zero shift of general revenues to the correct programs and a decrease of \$271,136 in federal funds (\$182,968 within the Children's Behavioral Health Services program) to align with the correct federal match levels for the positions.

Overtime Reduction

(\$210,813)

The Budget includes a net \$210,813 decrease in general revenue for reductions in overtime. The savings is estimated based on historical data and operational requirements for the Department. The intent is to reduce overtime by 20.0 percent, focusing on Child Protective Services. The Department has noted an all-time high for current staffing levels along with higher retention percentages, contributing to a higher likelihood for filling vacancies which drives overtime coverage requirements.

Emergency Housing (federal funds)

\$6.1 million

The Budget includes \$6.1 million in federal funding for emergency hotel housing for DCYF-involved families. The Department had previously funded emergency hotel stays for unhoused families in instances where housing was a barrier to reunification through general revenues. The FY2026 Budget utilizes a mechanism to transfer available Temporary Assistance for Needy Families (TANF) funds to Social Services Block Grant (SSBG) funding in order to support these placements through federal rather than general revenue funds. SSBG funding is allowed for use for programs and services to children and families with an income less than 200 percent of the federal income poverty level (FPL).

Adoption and Legal Guardianship Grant (federal funds)

\$1.1 million

The Budget includes an increase in federal funds of \$1.1 million to reflect the carry forward balance of an Adoption and Legal Guardianship federal award.

Children’s Trust Account – SSI (restricted receipts) \$900,294

The Children’s Trust Account restricted receipt account is funded by SSI income from children in State care. The FY2026 increases funding for this account by \$900,294 to more closely align with FY2024 Actuals following an underestimate of funding in the FY2025 Budget as Enacted.

Consent Decree Consultant (restricted receipts) \$210,000

The Budget includes funding for a consultant to oversee compliance with the consent decree which the State formally entered into with the United States Department of Justice on January 7, 2025. The Governor’s proposed budget included \$750,000 for this consultant in FY2026, however, a Governor’s Budget Amendment dated May 22, 2025, decreases the general revenues allocation by \$210,000 and includes a corresponding restricted receipts increase to reflect a new funding commitment from the Annie E. Casey Foundation to assist with work related to the consent decree. The consent decree is in relation to the State’s hospitalization of children with behavioral health disabilities, and requires a consultant to conduct a review of Rhode Island’s children’s behavioral health system. Restricted receipt funding is provided in the Child Welfare program, general revenue funding with Central Management, and additional funding for a court monitor is provided in the Executive Office of Health and Human Services’ budget.

YOUTH DEVELOPMENT SERVICES

The Youth Development Services program (formerly Juvenile Correctional Services) includes two major sub-programs.

- **Rhode Island Training School (RITS):** The RITS is a secure correctional facility for adjudicated juvenile offenders as well as those who are detained and awaiting trial. The facility has a maximum capacity of 148, with 124 beds for male residents and 24 beds for female residents. The Training School is a 24-hour, 365-day operation providing housing, food, clothing, medical care, education, vocational training, and other programs and services to meet the needs of its residents.
- **Juvenile Probation and Parole:** Juvenile Probation supervises all formerly adjudicated youth placed on probation by the Family Court. Each youth is evaluated to determine their risk for recidivism. Staff members then create and enforce individualized plans to address the factors which contribute to delinquent behavior in order to prevent recidivism.

Youth Development Services	General Revenue
FY2025 Enacted	\$22,893,954
<i>Target and Other Adjustments</i>	<i>18,111</i>
Personnel Adjustments (Statewide Adjustment)	1,857,656
FTE Account Adjustment	856,345
Central Utilities Fund (Statewide Adjustment)	702,516
Overtime Reduction	(589,187)
Financial Consultant Report	(61,029)
FY2026 Enacted	\$25,678,366

Youth Development Services	Other Fund Changes
OJJDP Grant (federal funds)	\$400,000

FTE Account Adjustment \$856,345

The Budget increases general revenues by \$856,345 to correct a funding allocation for 8.0 FTE positions inadvertently budgeted in the wrong programs. The FY2025 Budget incorrectly included 8.0 FTE positions which were intended to be Juvenile Program Worker positions within the Youth Development Services program as 5.0 FTE positions within Children’s Behavioral Health Services and 3.0 FTE positions within

Child Welfare. The correction results in a net-zero shift of general revenues to the correct programs and a decrease of \$271,136 in federal funds to align with the correct federal match levels for the positions.

Overtime Reduction **(\$589,187)**

The Budget includes a net \$589,187 decrease in general revenue for reductions in overtime. The savings is estimated based on historical data and operational requirements for the Department. The intention is to reduce overtime by 20.0 percent, focusing on the Training School. The Department has noted an all-time high for current staffing levels along with higher retention percentages, contributing to a higher likelihood for filling vacancies which drives overtime coverage requirements.

Financial Consultant Report **(\$61,029)**

The Budget decreases general revenues by \$61,029 to represent the end of temporary funding included in the FY2025 Budget for a rate setting consultant. The consulting work is expected to be completed by the end of FY2025, therefore, no additional funding was included in FY2026.

OJJDP Grant (federal funds) **\$400,000**

The Budget increases federal funds by \$400,000 to reflect a federal grant award from the Office of Juvenile Justice and Delinquency Prevention. The grant totals \$800,000 between FY2025 and FY2026 and is to support the development of a community-based continuum of prevention and intervention services related to youth in the juvenile justice system. The grant has no matching requirement.

HIGHER EDUCATION INCENTIVE GRANTS

The Higher Education Incentive Grant Program provides tuition assistance for former foster youth to attend a wide range of post-secondary institutions. The program is funded by State higher education incentive grants and federal Education and Training Vouchers (ETVs). General revenue funding for the incentive program is set by statute at \$200,000 per year. DCYF coordinates with the Office of the Post-Secondary Education Commissioner's Division of Higher Education Assistance (DHEA) to administer this grant program and provide tuition assistance to between 50 and 75 former foster youth each year. DHEA provides information regarding cost of attendance and financial aid for each applicant to the program. This allows DCYF to ensure that funding is distributed equitably across participants.

Higher Education Incentive Grants	General Revenue
FY2025 Enacted	\$200,000
FY2026 Enacted	\$200,000

CAPITAL PROJECTS

The Budget includes a total of \$47.8 million in Rhode Island Capital Plan (RICAP) funds from FY2025 through FY2030, including \$28.9 million in FY2025 and \$11.3 million in FY2026.

Intensive Residential Treatment Facility: The Budget includes \$28.9 million in FY2025 and \$11.3 million in FY2026 for the construction of a 16-bed Intensive Residential Treatment Facility (IRTF) for female youth in Rhode Island. A current shortage of available, in-state-, residential facilities for female youth with severe behavioral challenges results in an average of approximately 25 to 30 female youth being placed out of state at any given time. The facility began construction in FY2024 and is estimated to be completed in FY2026. Total funding for the project is \$46.0 million, including \$45.0 million in RICAP funds and \$1.0 million in SFRF funds. The SFRF allocation was provided pre-FY2025 for the initial design and construction phase of the project. This spending has been completed, and a closeout report has been issued.

A Governor's Budget Amendment dated April 18, 2025, updates funding levels and language related to this project. The amendment changes "Facility" to "Facilities" in the project name to reflect an intent to utilize excess appropriations from the existing project for the development of other potential residential treatment

facilities in Rhode Island for DCYF youth. The current Exeter Female Youth Facility project is expected to complete approximately \$6.0 million under budget. The amendment maintains \$2.0 million of this excess funding in FY2026 to conduct a feasibility study, planning, and design for an additional facility. The remaining \$4.0 million is shifted to FY2027 as a placeholder for future renovation or construction expenses. The excess funding is not expected to cover the full costs of an additional facility; following the planning stage additional appropriations would be needed.

Training School Asset Protection: The Budget funds improvements and ongoing maintenance at the Training School, including resolving security system, water heater, and other structural issues. The Budget includes \$377,000 in FY2025 and \$250,000 per year in FY2026 through FY2030. Pre-FY2025 spending on this project totals \$1.2 million, for a total project total of \$3.1 million.

Department of Health

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$21.4	\$33.9	\$26.8	(\$7.1)	-21.0%	\$32.5	(\$1.4)	-4.2%
Community Health and Equity	139.0	165.5	157.4	(8.1)	-4.9%	157.8	(7.7)	-4.6%
COVID-19	72.8	68.9	96.6	27.8	40.3%	15.2	(53.7)	-78.0%
Customer Services	21.3	23.0	26.0	3.1	13.4%	0.0	(23.0)	-100.0%
Emergency Preparedness and Infectious Disease	-	-	0.0	-	-	17.1	17.1	100.0%
Environmental Health	16.1	19.6	22.9	3.3	16.8%	22.4	2.8	14.4%
Health Laboratories	15.8	18.9	24.7	5.8	30.7%	20.9	2.1	11.0%
Healthcare Quality and Safety	-	-	0.0	-	-	15.8	15.8	100.0%
Policy, Information, and Communication	6.4	6.9	6.7	(0.2)	-2.3%	9.2	2.3	33.5%
Preparedness, Response, Infectious Disease, and Emergency Medical Services	21.3	19.7	20.8	1.1	5.6%	0.0	(19.7)	-100.0%
Medical Examiner	-	-	0.0	-	-	4.6	4.6	100.0%
Total	\$314.0	\$356.3	\$381.9	\$25.6	7.2%	\$295.5	(\$60.7)	-17.0%

Expenditures by Source	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	34.0	40.1	38.5	(\$1.52)	-3.8%	40.8	\$0.8	1.9%
Federal Funds	204.7	205.1	244.4	39.3	19.1%	152.9	(91.5)	-25.5%
Restricted Receipts	74.9	108.1	91.0	(17.1)	-15.8%	93.1	2.1	-13.9%
Other Funds	0.4	3.0	8.0	5.0	164.9%	8.8	0.8	190.0%
Total	\$314.0	\$356.3	\$381.9	\$25.6	7.2%	\$295.5	(\$60.7)	-17.0%

Authorized FTE Levels	575.6	572.6	572.6	-	-	572.6	-	-

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

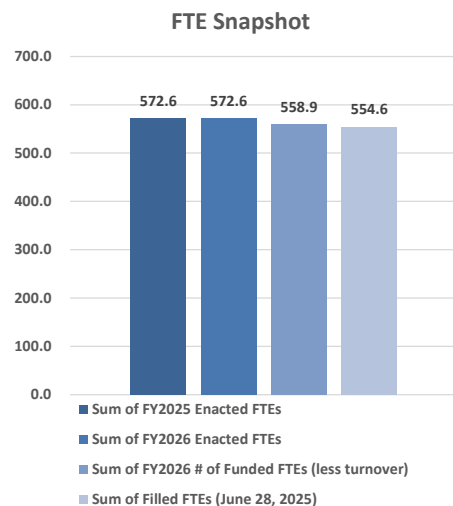
The mission of the Rhode Island Department of Health (RIDOH) is to prevent disease and to protect and promote the health and safety of the people of Rhode Island. Since Rhode Island has no local health departments the Department coordinates public health activities across the State. The Department's responsibilities include licensing and regulation, collection and analysis of health data, disease surveillance, prevention, and control, vital records, and state laboratories. The Department also houses the Office of the Medical Examiner, the agency responsible for investigating and certifying suspicious or otherwise unexplained deaths.

MAJOR ISSUES AND TRENDS

The FY2026 Budget allocates funding for the nine programs within the Department of Health (DOH): Central Management, Community Health and Equity, COVID-19, Emergency Preparedness and Infectious Disease, Environmental Health, Health Laboratories, Healthcare Quality and Safety, Policy, Information and Communications, and Medical Examiner. The Budget includes \$295.5 million in all funds for FY2026, a decrease of \$60.7 million from the FY2025 Budget as Enacted. General revenues compromise 13.2 percent of the total funds, equaling \$40.8 million, an increase of \$71,128 million from the FY2025 Budget as Enacted.

The Budget includes \$381.9 million in all funds for FY2025, an increase of \$25.6 million from the FY2025 Budget as Enacted. General revenues compromise 10.1 percent of the total funds, equaling \$38.5 million, a decrease of \$1.5 million from the FY2025 Budget as Enacted.

The Budget includes a total authorized FTE count of 572.6, level with the FY2026 Enacted Budget.



RIDOH Program Restructure:

The FY2026 budget reorganizes several programs which will help to facilitate and enhance implementation of their three leading priorities; addressing the socioeconomic and environmental determinants of health in Rhode Island, eliminate disparities of health in Rhode Island and to promote health equity, and ensure access to quality health services for Rhode Islanders, including its vulnerable populations. The public health emergency emphasized gaps and ongoing challenges in the delivery of public health services to Rhode Island. The reorganization of the Department will enable the Department to streamline and improve coordination across public health operations, create agility to respond to a public health crisis, and leverage analytics and data to identify and address the most critical determinants of health. The proposal dissolves the Division of Customer Services, shifting its functions to Central Management, and Healthcare Safety and Quality; dissolves the Division of Preparedness Response, Infectious Diseases, and Emergency Medical Services, shifting its functions to Emergency Preparedness and Infectious Disease, and Healthcare Quality and Safety; and splits the Division of Health Laboratories and Medical Examiner into the Division of Health Laboratories, and the Division of the Medical Examiner. The reorganization also shifts the Health Equity Institute from Central Management to Community Health and Equity.

Functions	FY2025	FY2026
Health Equity Institutes	Central Management	Community Health and Equity
Opioid Overdose Prevention	Customer Services	Central Management
Vital Records	Customer Services	Policy, Information, and Communications
Emergency Preparedness, and Response	Preparedness, Response, Infectious Disease, and Emergency Medical Services	Emergency Preparedness and Infectious Disease
Emergency Medical Services	Preparedness, Response, Infectious Disease, and Emergency Medical Services	Healthcare Quality and Safety
Health Facilities Regulation	Customer Services	Healthcare Quality and Safety
Health Professionals Boards and Licensing	Customer Services	Healthcare Quality and Safety
Medical Examiners	Health Laboratories and Medical Examiners	Medical Examiners
Health Laboratories	Health Laboratories and Medical Examiners	Health Laboratories

CENTRAL MANAGEMENT

Central Management provides overall leadership, management, and administrative functions for the Department. The Division includes two subprograms: Executive Functions, and Management Services.

Central Management	General Revenue
FY2025 Enacted	\$6,269,508
<i>Target and Other Adjustments</i>	<i>6,000</i>
Health Equity Institute Shift to Community Health and Equity	(3,607,652)
Primary Care Training Sites Program	2,000,000
Psychiatry Resource Network	750,000
Personnel Adjustments (statewide adjustments)	(129,124)
Gloria Gemma Breast Cancer Grant	50,000
FY2026 Enacted	\$5,338,732

Central Management	Other Fund Changes
Opioid Overdose Prevention (restricted receipts)	\$6,880,872
Health Equity Institute Shift to Community Health and Equity (federal funds)	(3,918,355)
Indirect Cost Recovery (restricted receipts)	(3,009,381)
Preventive Health and Health Services Block Grant (federal funds)	(736,565)
Public Health Infrastructure Grant (federal funds)	181,251

Health Equity Institute Shift to Community Health and Equity **(\$3.6 million)**

The Budget includes a \$3.6 million decrease to reflect the transfer of the Health Equity Institute to the Division of Community Health and Equity. The Health Equity Institute ensures that every Rhode Islander has a fair and just opportunity to be healthy by identifying the root cause of uneven health outcomes across population groups, collaborating with partners to address those root causes, and monitoring Rhode Island’s progress towards more equitable outcomes. The Department believes that the Institute better aligns with the Division of Community Health and Equity over Central Management as the Division is tasked with eliminating health disparities. This budget item includes a corresponding federal funds shift of \$3.9 million.

The FY2025 Budget as Enacted includes \$2.7 million within the Health Equity Institute to support Primary Care training sites, and the Office of Primary Care, which corresponded with Article 11 of the FY2025 Enacted. However, the reorganization does not include any funding for primary care training sites, reducing total funding to \$0. These funds supported the implementation of the Office of Primary Care and grants of up to \$90,000 for participating training sites. Article 11 also charged the Department with the authority to enter into contracts with participating primary care sites so long as they focus on a curriculum based on the patient-centered medical home model, a model of care placing patients at the forefront of care. PCMH models build better relationships between patients and physicians, resulting in high quality and efficient care, improving both patient and staff experience.

Functions	FY2025	FY2026
Health Equity Institutes	Central Management	Community Health and Equity

Primary Care Training Sites **\$2.0 million**

The Budget includes a reappropriation of \$2.0 million in general revenue to support primary care training sites, which corresponds with the Article 11 of the FY2025 Budget as Enacted, which establishes primary care training sites and the Office of Primary Care Training. These funds support the implementation of the Office and grants of up to \$90,000 for participating training sites. Article 11 also charges the Department with the authority to enter into contracts with participating primary care sites so long as they focus on a curriculum based on the patient-centered medical home model, a model of care placing patients at the forefront of care. PCMH build better relationships between patients and physicians, resulting in high quality and efficient care, improving both patient and staff experience.

Psychiatry Resource Network **\$750,000**

The Budget includes a general revenue increase of \$750,000, reflecting legislation adopted by the 2024 General Assembly subsequent to the budget’s enactment. The legislation authorized the Department of Health to use \$850,000 each from available childhood and adult immunization resources, and the existing Pediatric Psychiatry Resource Network and Rhode Island Maternal Psychiatry Resource Network information lines. The Department obtained \$900,000 in federal funds; however, the recommended budget does not include funding for the MOMsPRN Line, therefore the Budget updates operating expenses to \$750,000.

Gloria Gemma Breast Cancer Grant **\$50,000**

The Budget includes a \$50,000 general revenue increase to support the Gloria Gemma Breast Cancer Grant, which will support the foundation’s new survivorship and well-being center in Lincoln. Gloria Gemma provides free programs and support services to breast cancer patients, survivors, and their loved ones.

Opioid Overdose Preventions (restricted receipts) **\$6.9 million**

The Budget includes a restricted receipt shift of \$6.9 million, reflecting the transfer of Opioid programs from customer services to central management. This is \$1.8 million more than the FY 2025 Enacted Budget (\$5.1 million). Of these funds, \$1.4 million derive from the Opioid Stewardship Funds, and the remaining \$5.5 million derive from the Statewide Opioid Abatement Account. According to the Department, this program best fits into the Division of Central Management as the Division is primarily responsible for management operational functions, which includes financial management.

Indirect Cost Recoveries (restricted receipts)***(\$3.0 million)***

The Budget includes a net decrease of \$3.0 million related to changes in the indirect cost recovery expenditures resulting from changes in various federal grant programs accounts within DOH. This decrease is attributable to the decrease of COVID-19 awards in FY2024 and is based on the most recently ended fiscal year, which is SFY2023. The Department utilizes indirect cost recovery funds for state-supported operational costs to federal programs or activities.

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

Preventative Health and Health Services Block Grant (federal funds)***(\$736,565)***

The Budget includes a federal funds decrease of \$736,565 to reflect the conclusion of the state's Preventive Health and Health Services Block Grant, which was provided to the State by the U.S. Centers for Disease Control and Prevention (CDC) to bolster public health systems. The Department, in partnership with its Prevention Block Grant Advisory Committee, set program priorities, including a focus on health disparities, health promotion, community interventions, and public health information. The grant supported numerous Department initiatives including increasing physical activity and active transportation, expanding the perinatal mental health workforce, supporting access to food in high need areas, Health Equity Zones, and supportive services to individuals with disabilities.

Public Health Infrastructure Grant (federal funds)***\$181,251***

The Budget includes a \$181,251 federal funds increase (\$4.6 million total) related to the Public Health Infrastructure Grant. The grant supports activities that bolster the staffing diversity required to effectively implement and respond to public health emergencies. The Department received a five-year, \$15.3 million grant from the CDC to address critical public health infrastructure in ways that improve the Department's ability to serve the needs of Rhode Island's residents. These funds are to be used in support of workforce, data modernization, and foundational capabilities.

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
FY2025 Enacted	\$1,151,326

<i>Target and Other Adjustments</i>	19,221
Health Equity Institute Shift to Community Health and Equity	847,220
Maternal and Child Health	33,591
FY2026 Enacted	\$2,051,358

Community Health and Equity	Other Fund Changes
Immunizations (restricted receipts)	(\$13,295,582)
Maternal and Child Health (federal funds)	(1,680,593)
Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program (federal funds)	4,339,923
CARES Act: RI Community Health Workers for COVID	(2,451,927)
Health Equity Institute Shift to Community Health and Equity (federal funds)	2,101,399
Suicide Prevention (federal funds)	(1,104,895)
Advancing Health Equity (federal funds)	775,927
Pediatric Mental Health Care Access (federal funds)	612,144
Pregnancy and Postpartum Death Review Committee (federal funds)	317,724
Women, Infant, and Children (WIC) Expenses (federal funds)	158,998

Health Equity Institute Shift to Community Health and Equity **\$847,220**

The Budget includes a general revenue shift of \$847,220 to reflect the transfer of the Health Equity Institute to the Division of Community Health and Equity, resulting in a \$2.8 million decrease to the institute relative to FY2025 Enacted.

The Health Equity Institute collaborates with RIDOH staff to ensure that every Rhode Islander has a fair and just opportunity to be healthy by identifying the root cause of uneven health outcomes across population groups, collaborating with partners to address those root causes, and monitoring Rhode Island's progress towards more equitable outcomes. The Department believes that the institute better aligns with the Division of Community Health and Equity over Central Management as the Division is tasked with eliminating health disparities. This budget item includes a corresponding federal funds shift of \$2.1 million.

Maternal and Child Health Services **\$33,591**

The Budget includes a \$33,591 general revenue increase, with a corresponding \$1.7 million decrease in federal funds to support with the Maternal and Child Health Block Grant. The Department receives this grant from the Health Resources and Services Administration to improve public health systems for mothers, children, and their families. The Department emphasizes health equity as an underlying principle of the program, which results in improving the health of women and children by reducing perinatal health disparities, reducing maternal mortality rate, strengthening the bond between mother and baby, ensuring school readiness, supporting behavioral health in adolescence, and ensuring effective care coordination.

Immunizations (restricted receipts) **(\$13.3 million)**

The Budget includes a decrease of \$13.3 million to support immunization efforts within the Department. The immunization estimates were done in 2024 without exact costs and dosage requirements, actual vaccine costs and demand were lower than projected. This decrease reflects revised projections for vaccine costs, dosage, and demand in FY2026.

Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program (federal funds) **\$4.3 million**

The Budget increases federal funds by \$4.3 million to support the Department's share of the Maternal, Infant, and Early Childhood Home Visiting Program. The Budget removes federal funds for the home visiting program that are associated with the Medicaid match to ensure more efficient Medicaid billing processes; however, the Department will still administer the program. These funds cover the remaining costs of the home visiting program that are not associated with Medicaid.

CARES Act: RI Community Health Workers for COVID (federal funds) (\$2.5 million)

The Budget decreases federal funds by \$2.5 million for the CARES Act Community Health Workers Grant.

Suicide Prevention (federal funds) (\$1.1 million)

The Budget includes a \$1.1 million decrease in federal funds to support the Department's suicide prevention initiatives. These funds help the Department maintain Prevent Suicide RI and Rhode Island Youth Suicide Prevention Project, as well as provide resources, educating parents, and develop the suicide prevention State Plan. The FY2025 Enacted budget included a \$1.5 million federal fund increase, restoring programming expenditures to pre-FY2025 levels.

Advancing Health Equity (federal funds) \$775,927

The Budget includes a federal funds increase of \$775,927 to support equitable health opportunities to Rhode Island residents. The budget includes funding to support populations with or at risk for diabetes, approached to teen pregnancy prevention, and Asthma control.

Advancing Health Equity	Funding Changes
RI Advancing Health Equity in Asthma Control	488,291
Equity-Centered Approaches to Teen Pregnancy Prevention	268,654
Advancing Health Equity for Priority Populations with or at Risk for Diabetes	18,982
FY2026 Enacted	\$775,927

Pediatric Mental Health Care Access (federal funds) \$612,144

The Budget includes \$612,144 in federal funds to support access to pediatric mental health care. Rhode Island has received upwards of \$12 million in federal support to fund initiatives that promote mental health. These funds specifically address pediatric mental health by increasing access to early intervention, providing resources to school and primary care providers to better identify and address mental health challenges, and integrate mental health services with other social and healthcare services.

Pregnant and Postpartum Death Review Committee (federal funds) \$317,724

The Postpartum Committee is a multidisciplinary review board charged with examining the death of individuals who were pregnant or died within one year of pregnancy to identify factors that may have contributed to the death. The Committee is comprised of 50 members, all of which are health professionals with various organizations. The Committee also provides recommendation on how to improve systems of care through their reports. The Committee also established a data sharing relationship with the Center for Disease Control and Prevention (CDC) to contribute to national data regarding maternal mortality. Past appropriations have derived from general revenue only, and this is the first year that the Committee receives any federal funding. The Budget includes \$317,724 to fund the operations of the Committee.

Women, Infant and Children (WIC) Expenses (federal funds) \$158,998

The Budget includes an increase of \$158,998 to support the Department's Women, Infant, and Children (WIC) Supplemental Nutrition program. In FY2025, the Department received an allotment of funds from the U.S. Department of Agriculture (USDA) which will be used to provide financial assistance to pregnant and postpartum women, and children. The Department's WIC program provides monthly payment of \$25 in cash benefits to children up to age 5, \$44 in benefits to pregnant and postpartum women, and \$49 in benefits to breastfeeding participants.

COVID-19

The COVID-19 program was established within the Department of Health in FY2021 to support Rhode Island's pandemic response. The program primarily consists of federal appropriations related to the public health response to the COVID-19 pandemic. This program continues into the FY2024 Revised and FY2025 Enacted budgets. The Department of Health is responsible for coordinating the State's efforts in combatting COVID-19 with contact tracing and case investigations, treatment, testing, vaccinations, and lab processing.

COVID-19**Other Fund Changes**

COVID-19 Adjustments (federal funds)	(\$53,693,240)

COVID-19 Adjustments (federal funds)**(\$53.7 million)**

The Budget decreases federal funds by \$53.7 million to reflect expenditures towards 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 \$7.1 million in ARPA funds and \$8.1 million in the other COVID-19 funds.

COVID-19	FY2025 Enacted	FY2026	
		Enacted	Change from Enacted
Other Support Services	\$49.0	\$6.9	(\$42.0) -85.8%
Contact Tracing/ Case Investigation	3.7	4.2	\$0.5 12.3%
Supplies	4.6	0.0	(\$4.6) -100.0%
Data Analytics, Tech, & Modeling	6.3	2.3	(\$4.0) -62.9%
Community Mitigation & Prevention	4.3	0.0	(\$4.3) -100.0%
Testing	0.9	1.6	\$0.7 82.6%
Communications	0.1	0.2	\$0.1 56.5%
Total	\$68.9	\$15.2	(\$53.7) -78.0%

COVID-19	FY2025 Enacted	FY2026	
		Enacted	Change from Enacted
ARPA Direct	\$53.1	\$7.1	(\$46.0) -86.6%
CARES Act	0.1	0.7	0.6 659.7%
PPEHCE	4.1	2.3	(1.7) -42.7%
Consolidated Appropriations Act	11.6	5.0	(6.6) -57.0%
Total	\$68.9	\$15.2	(\$53.7) -78.0%

- **Other Support Services:** The Budget decreases federal funds by \$42.0 million for support services. These services include miscellaneous costs associated with the overall response to the public health crisis. These include costs related to community mitigation, high density cases, human services relief, childcare, and government readiness.
- **Testing:** The Budget increases federal funds by \$710,596 for costs related to equipment, staffing, and contracted services related to COVID-19.
- **Data Analytics, Tech, and Modeling:** The Budget decreases federal funds by \$4.0 million for costs related to tracking data associated with COVID-19. This includes tracking cases, tests, treatment, hospitalizations, and deaths as well as infrastructure needed to develop models that predict disease projections.
- **Case Investigations and Contact Tracing:** The Budget increases federal funds by \$455,202 reflecting increased need for the infrastructure required for contract tracing and investigations, operating support, and the personnel to manage the overall process.
- **Communications:** The Budget increases federal funds for communications by \$60,583 to reflect a decreased need for infrastructure related to delivering information to Rhode Island residents that will assist them in making appropriate health decisions.
- **Supplies:** The Budget decreases federal funding by \$4.6 million for vaccination and immunization costs.

- **Community Mitigation and Prevention:** The Budget decreases federal funds for Community Mitigation by \$4.3 million for services related to mitigation and prevention of COVID-19. This expense includes community outreach, mitigation and prevention in homeless service sites and health equity zones, and vaccination costs.

CUSTOMER SERVICES

Customer Services	General Revenue
FY2025 Enacted	\$8,969,365
<i>Target and Other Adjustments</i>	-
Program Restructure	Informational
FY2026 Enacted	\$0

Program Restructure

Informational

Due to the Department's reorganization initiative, the Division of Customer Services has been dissolved, shifting its functions to the Division of Policy, Information, and Communications, Division of Healthcare Quality and Safety, and Central Management. The Division of Customer Services had licensure and regulatory responsibilities of health care professionals and facilities, and was comprised of three centers: Professional Licensing, Boards and Commissions; the Center for Vital Records', and the Center for Health Facilities Regulation.

Functions	FY2025	FY2026
Opioid Overdose Prevention	Customer Services	Central Management
Vital Records	Customer Services	Policy, Information, and Communications
Health Facilities Regulation	Customer Services	Healthcare Quality and Safety
Health Professionals Boards and Licensing	Customer Services	Healthcare Quality and Safety

EMERGENCY PREPAREDNESS AND INFECTIOUS DISEASE

The Division of Emergency Preparedness and Infectious Disease is responsible for creating and promoting a state of readiness and prompt response to protect the health of Rhode Islanders during catastrophic events, large-scale disasters, and other types of emergencies and controlling person-to-person spread of infectious disease. The Division oversees the Center for Acute Infectious Disease Epidemiology, Center for HIV, Hepatitis, STD, and TB Epidemiology, Center for Emergency Preparedness and Response, and Center for COVID-19 Epidemiology.

Emergency Preparedness and Infectious Disease	General Revenue
FY2025 Enacted	2,169,568
<i>Target and Other Adjustments</i>	(3,970)
Emergency Medical Services Shift to Health Quality and Safety	(347,740)
Personnel Adjustments (statewide adjustments)	89,993
FY2026 Enacted	\$1,907,851

Emergency Preparedness and Infectious Disease	Other Fund Changes
Federal Fund Changes (federal funds)	(2,306,804)

The Emergency Preparedness and Infectious Disease program is new to RIDOH's FY2026 budget. Narratives compare CSL to the accounts shifted from the Preparedness, Response, Infectious Disease, and Emergency Medical Services (PRIDEMS) program that have been discontinued.

Emergency Medical Services Shift to Health Quality and Safety **(\$347,740)**

The Budget shifts the Emergency Medical Services program to the Division of Health Quality and Safety, resulting in a general revenue decrease of \$347,740. The Division oversees emergency medical services throughout the State by collaborating with the Ambulance Service Advisory Board, developing comprehensive statewide plans for emergency medical services, establishing standards for licensing, vehicles, equipment, personnel, training, and communications; and analyzing ambulance run data. As the Division of Healthcare Quality and Safety oversees the provisions of healthcare services, the Department feels that the program will better align with the Division's mission.

Federal Fund Changes (federal funds) **(\$2.3 million)**

The Budget includes a decrease of \$2.3 million in federal funds, or negative 13.2 percent change to funding, which is primarily attributable to the shift of the Emergency Medical Services program to Emergency Preparedness and Infectious Disease program. The Division has a total of \$15.2 million in federal support. The table below illustrates the Division's federal fund changes by program, completely eliminating the Emergency Medical Services program, and decreasing the remaining three programs by an average of 14.6 percent.

	FY2025	FY2026	Change from	
Federal Funds Change by Program	Enacted	Enacted	Enacted	
Acute Infectious Disease	\$4.4	\$5.0	\$0.6	14.3%
Emergency Preparedness and Response	8.4	7.1	(1.2)	-14.9%
HIV, Hep, STDs and TB	3.6	3.1	(0.5)	-14.0%
Emergency Medical Services	1.2	-	(1.2)	-100.0%
Total	\$17.5	\$15.2	(\$2.3)	-13.2%

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
FY2025 Enacted	\$7,155,472
<i>Target and Other Adjustments</i>	<i>2,948</i>
Personnel Adjustments (statewide adjustments)	829,443
Health Risk Assessment	(622,279)
Operating Supplies and Expenses	(391,031)
Food Inspector to RR Funds	(137,657)
FY2026 Enacted	\$6,836,896

Environmental Health	Other Fund Changes
Drinking Water Safety (federal funds)	(2,402,908)
Aid to Disadvantaged Communities (federal funds)	433,726
Lead Remediation in Schools and Child Care (federal funds)	315,228
Rhode Island Manufactured Food Regulatory Program (federal funds)	173,536
Food Inspector to RR Funds (restricted receipts)	137,657

Health Risk Assessment ***(\$622,279)***

The Budget includes \$1.5 million in general revenue to support the Health Risk Assessment (HRA), a decrease of \$622,279 from the FY2025 Enacted. This decrease is attributable to the implementation and initial roll out of the lead registry, which was projected to be much more than the subsequent years. The HRA account used towards salary & fringe match for federal award funding, lead education, lead inspection and lead related services

Operating Supplies and Expenses ***(\$391,031)***

The Budget includes a general revenue decrease of \$391,031, reflecting an expenditure decrease in operating supplies and expenses. This reduction is primarily within the Food Protection program, which is reduced by \$375,562. According to the Office of Management and Budget (OMB), the reduction is largely attributable to a trade off in miscellaneous expenditures shifting to personnel. It is a common practice for the Department to place funds for future FTE positions within operating expenditures, and then removes these costs the following fiscal year when the position is filled. It is unclear why the Department is budgeting funds for personnel in operating expenditures.

Food Inspector to RR Funds ***(\$137,657)***

The Budget shifts \$137,657 in general revenue funds to restricted receipts to preserve 1.0 FTE Food Inspector position for FY2026. According to the Department, the position would be removed in FY2027. The position is responsible for ensuring food safety and sanitation in licensed food businesses, including restaurants, hospitals, schools, cottage foods, etc. In the FY2026 Budget request, the Department notes that removing this position could jeopardize Rhode Island businesses that sell shellfish and milk interstate, as well as interstate and interdepartmental collaborations. The shellfish inspection program is a collaborative program with the Food and Drug Administration (FDA), and must follow the FDA National Shellfish Sanitation Program. The Rhode Island Milk Program has similar requirements under the FDA Pasteurized Milk Ordinance. Furthermore, this proposal could negatively impact interagency collaboration as the Department of Education (RIDE) and the Department of Environmental Management (DEM) both rely on the food inspector programs to meet federal programmatic qualifications.

Drinking Water Safety (federal funds) ***(\$2.4 million)***

The Budget includes \$1.9 million in federal funds to support initiatives related to the safe drinking water act (SDWA), resulting in a federal funds decrease of \$2.4 million. These monies enable RIDOH to sample public water systems, provide guidance related to the SDWA, provide outreach and training, and plan for emergencies. The Safe Drinking Water Act requires the Environmental Protection Agency (EPA), to set

standards for drinking water such as barriers related to pollution, including source water protection, treatment, and distribution system integrity.

Aid to Disadvantaged Communities (federal funds) \$433,726

The Budget includes a federal funds increase of \$433,726, reflecting two new grants intended to mitigate adverse social determinants of health within Rhode Island’s disadvantaged communities. Of these funds, \$143,209 derive from the Southeast New England Program (SNEP) Opportunity to Advance Resilience (SOAR) Fund, a program developed in 2023 by the Environmental Protection Agency (EPA) region 1, to improve climate resiliency in communities throughout southeast New England. SOR is funded through the Infrastructure Investment and Jobs Act. The remaining \$290,517 is funded through the Small and Underserved Communities Emerging Contaminants EPA grant, which provides states with grants for public water systems in small or disadvantaged communities.

Lead Remediation for Schools and Child Care (federal funds) \$315,228

The Budget includes \$315,228 in federal funds, reflecting the inclusion of the new Lead Remediation in Schools and Child Care grant provided by the EPA. In August of 2024, the EPA announced the award, which is intended to protect children from lead in drinking water at schools and childcare facilities. The funding will be used to reduce lead exposure where children learn and play while advancing the goals of the Biden Administration’s Lead Pipe and Paint Action Plan.

Rhode Island Manufactured Food Regulatory Program (federal funds) \$173,536

The Budget includes a total of \$173,536 in federal funds to support the manufactured food program, which ensures the safety of food processed in RI. The Food Safety Modernization Act (FSMA), a federal law enacted in 2011, requires firms that manufacture food to follow the preventative controls for human food (PCHF) food safety requirements. RIDOH adopted these regulations and enforced all applicable provisions. The increase in federal funds is attributable to a new federal reward; the Department expects to receive \$150,000 per year.

HEALTH LABORATORIES

The Division of Health Laboratories provides laboratory services to state and municipal agencies, health care providers, and the general public, for the purposes of public health, environmental protection, and forensic science.

Health Laboratories	General Revenue
FY2025 Enacted	\$13,340,120
Target and Other Adjustments	-
State Medical Examiner subprogram shift	(4,199,657)
Personnel Adjustments (statewide adjustments)	651,253
Operational Adjustments	(219,196)
Contract Adjustments	(58,000)
FY2026 Enacted	\$9,514,520

State Medical Examiner Subprogram Shift (\$4.2 million)

The Department’s reorganization removes the State Office of the Medical Examiner, establishing a stand-alone division. In December 2024, the Department hired a Medical Examiner, with an annual salary of \$393,750. It has been more than eight years since the State has had a permanent medical examiner. Due to the extensively long vacancy, the Department had previously combined the Divisions of Health Laboratories, and Medical Examiner, charging the associate Director of Health Laboratories with oversight of the Medical Examiner’s Office.

Operational Adjustments**(\$219,196)**

The Budget includes a general revenue decrease of \$219,196, which is primarily due to the program restructure, which resulted in a \$340,596 decrease in the Office of the Associate Director. This change is attributable to internal service fund adjustments made by the Department of Administration, which is due to anticipated staff level needs for contracted clerical services.

Contract Adjustments**(\$58,000)**

The Budget includes a \$58,000 decrease in contract expenditures, which is primarily attributable to the hiring of a medical examiner, and the reorganization of the Division. Prior to hiring a Medical Examiner, the Division would contract out these services, which was consistently costlier than maintaining the position. This change is attributable to ISF adjustments made by the Department of Administration, which is due to anticipated staff level needs for contracted clerical services.

HEALTHCARE QUALITY AND SAFETY

The Division of Healthcare Quality and Safety oversees the minimum standards for the provision of healthcare services. The Division licenses, investigates, and disciplines healthcare professionals, healthcare facilities, and health-related facilities. The Division encompasses three centers; the Center for Professional Licensing, Boards, and Commissions, the Center for Health Facilities Regulation, and the Center for Emergency Medical Services.

Healthcare Quality and Safety	General Revenue
FY2025 Enacted	\$7,646,364
<i>Target and Other Adjustments</i>	-
Personnel Adjustments (statewide adjustments)	863,791
Operating Adjustments	(629,921)
Contract Adjustment	(164,779)
Nursing Home Staffing and Regulation	109,173
Emergency Medical Services Shift	43,693
FY2026 Enacted	\$7,868,321

Healthcare Quality and Safety	Other Fund Changes
Cannabis 1.0 FTE (restricted receipts)	165,833

The Division of Healthcare Quality and Safety is new to the Department's FY2026 Budget. Narratives compare accounts shifted from the Division of Customer Services, and the Division of Preparedness, Response, Infectious Disease, and Emergency Medical Services, which have been discontinued. The general revenue accounts that are impacted include the Associate Director (CS), Facilities Regulation (CS), Assisted Living Regulation (CS), Professional Licensing and Boards (CS), and Emergency Medical Services (PRIDEMS).

Operating Adjustments**(\$629,921)**

The Budget includes \$624,431 in general revenue, a \$625,503 decrease in operating expenditures, aligning the Division with the prior year actuals of the Division of Customer Services. Of these funds, the Division includes total operating expenditures of \$14,430 for the Center for Emergency Medical Services, \$199,620 for the Center for Health Facilities Regulation, and \$344,485 for the Center for Professional Licensing, Boards, and Commissions.

In the wake of a budget deficit, the Governor made the decision to constrain operating expenditures to control spending growth, which has resulted in significant decreases in contract expenditures. The Governor proposes this budget mechanism, rather than broad based tax increases or personnel layoffs.

Contract Adjustments **(\$164,779)**

The Budget includes \$277,797 in general revenue to fund contract expenditures, resulting in a \$164,779 general revenue decrease, which is primarily attributable to decreased contracting expenditures in out years due to the winding down of 1.0 Senior Data Collection Quality Control Specialist, and 2.0 Program Manager I position's. These positions contributed to the Center for Emergency Medical Services, servicing the Mobile Integrated Health Community Paramedicine Program, EMS for Children Program, the First Responders Workgroup, the Governors Overdose Taskforce, and Comprehensive and Addiction Recovery programs.

Nursing Home Staffing and Regulation **\$109,173**

The Budget includes a general revenue increase of \$109,173 to support operations related to the Nursing Home Staffing and Quality Care Act, which established a minimum standard of hours in which direct care staff interacted with patients, and requires the Department to consult with industry experts to determine new staffing standards. Article 10 amends the Nursing Home Staffing and Quality Care Act, establishing new staffing standards and penalty structure, and waiving all penalties assessed before the third quarter of 2025.

Emergency Medical Services Shift **\$43,693**

The Budget includes a general revenue increase of \$43,693 to support the shift of the Center of Emergency Medical Services from the Division of Preparedness, Response, Infectious Disease, and Emergency Medical Services (PRIDEMS) to the Division of Healthcare Quality and Safety. PRIDEMS has been discontinued as a result of the Department's reorganization initiative, however, the Division's functions remain within the Department. According to the Department, the Center for Emergency Medical Services is better suited for the Division of Healthcare Quality and Safety as its primary function includes the licensure, regulation, and oversight of EMS practitioners, ambulance services, ambulances, and training programs.

Cannabis 1.0 FTE (restricted receipts) **\$165,883**

The Governor includes a restricted receipt increase to support 1.0 FTE Data Analyst I position which will be tasked with oversight of cannabis testing laboratories - ensuring compliance to State regulations, managing cannabis testing responsibilities, and responding to compliance investigations. Currently, the State utilizes private third-party laboratories to test batches, however, several issues have arisen related to the structure and compliance of the third-party labs. RIDOH, in conjunction with the Department of Business Regulation (DBR), have requested this position to deploy a statistical analysis of the testing protocol and processes.

POLICY, INFORMATION, AND COMMUNICATIONS

The Division of Policy, Information, and Communication is responsible for public health communications; data collection, analysis, and dissemination; coordination of the Department's legislative and regulatory functions; and ensuring standards of care are maintained in new and existing healthcare facilities. The Division includes four centers: Public Health Communications, Health Data and Analysis and Public Informatics, Health Systems Policy and Regulation, and Legislative and Regulatory Affairs.

Policy, Information, and Communications	General Revenue
FY2025 Enacted	\$2,669,329
<i>Target and Other Adjustments</i>	<i>37,340</i>
DOH - Loan Repayment Program	200,000
Associate Director	(153,029)
Center for Vital Records	31,973
FY2026 Governor	\$2,785,613

Healthcare Quality and Safety	Other Fund Changes
Primary and Behavioral Health Care Integration (federal funds)	\$590,885
All Payor Claims Database (restricted receipts)	(338,146)
State Loan Repayment Match (restricted receipts)	(321,639)
State Loan Repayment Match (federal funds)	(260,331)
Health Systems Reimbursement (restricted receipts)	(204,126)

DOH - Loan Repayment Program **\$200,000**

The Budget includes a general revenue increase of \$200,000 in general revenue to support the health professional loan repayment program, which provides loan repayment assistance to health professionals such as licensed primary care, dental, and mental health clinicians, working for a minimum of 2.0 years at an approved health professional shortage area. The program aims to improve access to care and address health professional shortages that cause disparities in health. There is a corresponding federal funds, and restricted receipts decrease of \$260,311, and \$321,639, respectively.

Associate Director **(\$153,029)**

The Budget includes a general revenue decrease of \$153,029, which is primarily attributable to the elimination of 1.0 FTE Senior Research Technician (\$126,608), as well as eliminate an additional \$47,000 in contracted services which supported a temporary administrative position. RIDOH stated that the Department is able to absorb the responsibilities of these positions. This funding change relates to the Governor's proposal to amend the Certificate of Need Process through consolidation and streamlining within the program.

Center for Vital Records **\$31,973**

The Budget includes a \$31,973 general revenue increase to support the transfer of the Center for Vital Records from the now defunct Division of Customer Services to the Division of Policy, Information, and Communications. The Center for Vital Records ensures the appropriate access to permanent records related to births, deaths, marriages, and civil unions for all 39 municipalities in Rhode Island. The funding change is primarily attributable to a \$98,060 increase in personnel expenditures, a \$105,389 decrease in contracting expenditures, and a \$36,302 increase in operating expenditures, aligning the Centers expenditures with prior year actuals.

Due to the Department's reorganization initiative, the Center for Vital Records, has shifted to the Division of Policy, Information, and Communication. Previously, the Center was located within the Division of Customer Services. FY2025 Enacted numbers are derives from the Center for Vital Records subprogram within the Division Customer Services.

Primary and Behavioral Health Care Integration (federal funds) **\$590,885**

The Budget includes a federal funds increase of \$590,885, reflecting a new grant awarded to the Department from the Substance Abuse and Mental Health Services Administration. The grant incentivizes projects that focus on the coordination and integration of services in community-based behavioral settings.

All Payor Claims Database (restricted receipts) **(\$338,146)**

The Budget includes a decrease of \$338,146 in restricted receipts. The account supports HealthFacts RI, the State's all payor claims database. HealthFacts RI collects healthcare claims data from a variety of

sources including Medicare and Medicaid. In FY2025, the budget included an increase in contracted services to maintain the database, as the services have been completed, these funds have been decreased to prior year actuals.

Health Systems Reimbursement (restricted receipts)

(\$204,126)

The Budget includes a restricted receipt decrease of \$204,126. The Health Systems Reimbursement account is paid for by contributions from healthcare entities as part of their Conditions of Approval in relation to an application (Certificate of Need, Change of Effective Control, Initial Licensure). It supports staff costs and related expenses in the Office of Health Systems Development. Additionally, the Office of Health Systems Development requires legal consultants to represent RIDOH in connection with the review of applications as referenced in RI Gen Laws 23-1-53. These legal expenses are reimbursed by the applicants.

PREPAREDNESS, RESPONSE, INFECTIOUS DISEASE, AND EMERGENCY MEDICAL SERVICES

Preparedness, Response, Infectious Disease, and Emergency Medical Services	General Revenue
FY2025 Enacted	\$2,169,568
<i>Target and Other Adjustments</i>	<i>(2,169,568)</i>
Program Restructure	Informational
FY2026 Enacted	\$0

Program Restructure

Informational

Due to the Department's reorganization initiative, the Division of Preparedness, Response, Infectious Disease, and Emergency Medical Services has been dissolved, shifting its functions to the Division of Emergency Preparedness and Infectious Disease, and Division of Healthcare Quality and Safety. The Preparedness, Response, Infectious Disease, and Emergency Medical Services division included four centers: Emergency Preparedness and Response; Infectious Disease and Epidemiology; HIV, Hepatitis, STD, and TB Epidemiology; and, Emergency Medical Services. The Division prepared for and responded to catastrophic events, disasters, and emergencies. It also monitored and worked to prevent the spread of infectious diseases, and licenses and regulates emergency medical services in the state.

Functions	FY2025	FY2026
Emergency Preparedness, and Response	Preparedness, Response, Infectious Disease, and Emergency Medical Services	Emergency Preparedness and Infectious Disease
Emergency Medical Services	Preparedness, Response, Infectious Disease, and Emergency Medical Services	Healthcare Quality and Safety

MEDICAL EXAMINER

The Office of the Medical Examiner determines the cause and manner of death through postmortem investigations of all known or suspected homicides, suicides, accidental deaths, sudden infant deaths, drug-related deaths, medically unattended or unexplained deaths, and deaths that may constitute the threat of an epidemic or in any way endanger the public. OSME interacts with federal, state, and local law enforcement agencies when a death is found to be due to a crime. Medical examiners provide testimony in court as subject matter experts during criminal prosecutions.

State Medical Examiner	General Revenue
FY2025 Enacted	\$4,199,657
<i>Target and Other Adjustments</i>	<i>11,339</i>
Personnel Adjustments (statewide adjustments)	428,610
Contract Adjustments	(117,822)
FY2026 Enacted	\$4,521,784

Contract Adjustments**(\$117,822)**

The Budget includes a \$117,822 general revenue decrease to reflect decreased use in contracted services. The State has experienced vacancies within the Chief Medical Examiner, and Assistant Medical Examiner positions for eight years, contracting out these services. In December 2024, the Department hired the Chief Medical Examiner position, resulting in decreased expenditures related to contracted services. As the Department continues to onboard new positions, contracting expenditures will continue to decrease.

Due to the Department's reorganization initiative, the Office of the State Medical Examiner, has been separated, creating its own standalone Division. Previously, the Office was located within the Division of Health Laboratories and State Medical Examiner. FY2025 Enacted numbers are derived from the Office of the State Medical Examiner subprogram within the Division of Health Laboratories and Medical Examiner.

CAPITAL PROJECTS**State Health Laboratory Building**

The Budget includes \$97.7 million in all funds within the Department to construct a new state health laboratory building, of which \$81.7 million derive from a federal CDC grant. The total expenditures exceed the projected cost of the lab (\$81.8 million) by \$15.2 million. The FY2026 Budget includes \$8.4 million in RICAP funds.

New Health Lab	Total Funding	FY2026 Enacted
Federal Funds	\$81.7	-
Restricted Receipts	4.4	-
RICAP	11.6	8.4
Total	\$97.7	\$8.4

\$ in millions

Health Laboratories & Medical Examiner Equipment

The Budget includes \$400,000 in Rhode Island Capital Plan (RICAP) funds within the Department for various capital improvement projects in FY2026, with a total project fund of \$3.5 million from FY2022 through FY2028. The funding will support the Laboratory Medical Equipment Fund to replace laboratory equipment at the State Health Laboratory. Much of the equipment is obsolete or no longer supported by the manufacturer. Failure to replace the equipment could result in the Health Lab losing the capability to complete necessary testing on food and water, infectious diseases, insect-borne viruses, forensics, and air quality.

Department of Human Services

Expenditures by Program	FY2024 Actuals	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$17.2	\$15.1	\$16.2	\$1.0	6.9%	\$16.4	\$1.3	8.7%
Child Support Enforcement	16.82	18.44	18.8	0.3	1.7%	18.4	(0.0)	0.0%
Health Care Eligibility	29.75	27.46	27.2	(0.2)	-0.8%	27.2	(0.3)	-1.0%
Individual and Family Support	186.92	176.69	192.8	16.1	9.1%	164.0	(12.7)	-7.2%
Office of Healthy Aging	32.60	37.09	35.9	(1.2)	-3.3%	38.9	1.9	5.0%
Office of Veterans Affairs	44.92	52.17	52.8	0.6	1.2%	51.9	(0.2)	-0.4%
State Funded Programs	358.57	363.55	388.4	24.8	6.8%	384.7	21.1	5.8%
Rhode Island Works/ Child Care	87.25	107.65	104.8	(2.9)	-2.7%	119.1	11.5	10.7%
Supplemental Security Income Program	16.63	16.59	16.7	0.1	0.5%	16.7	0.1	0.6%
Total	\$790.6	\$814.7	\$853.4	\$38.7	4.7%	\$837.4	\$22.6	2.8%

Expenditures by Source	FY2024 Actuals	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$135.3	\$142.8	\$142.1	(\$0.7)	-0.5%	\$136.0	(\$6.8)	-4.7%
Federal Funds	645.4	659.7	695.5	35.8	5.4%	690.0	30.2	4.6%
Restricted Receipts	4.6	6.2	9.9	3.7	58.6%	5.4	(0.8)	-13.6%
Other Funds	5.3	6.0	6.0	(0.0)	-0.8%	6.0	0.0	0.2%
Total	\$790.6	\$814.7	\$853.4	\$38.7	4.7%	\$837.4	\$22.6	2.8%

Authorized FTE Levels	1,067	1,070	1,070	-	-	1,079	9.0	0.8%

\$ 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

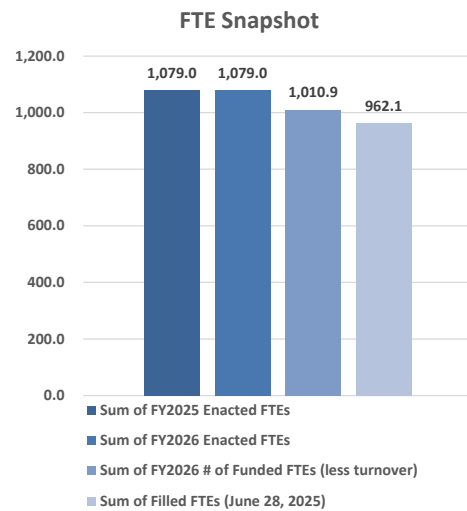
The FY2026 Budget includes total funding of \$837.4 million, a \$22.6 million increase from the FY2025 Budget as Enacted. This includes a general revenue decrease of \$6.8 million.

The Budget includes a 4.0 percent cost of living adjustment (COLA) which resulted in a \$4.9 million general revenue increase (\$10.3 million all funds), a \$1.0 million adjustment to ISF, and other initiatives. Additionally, the Budget includes consolidating UHIP operating expenditures to EOHHS, which results in a \$8.1 million general revenue decrease (\$16.3 million all funds), and shifts field operating expenses to block grants. The General Assembly also included an additional \$450,000 in general revenue to increase funding for Meals on Wheels and the RI Food Bank. The Budget extends the Childcare for Childcare educators' pilot through 2028, resulting in a \$2.7 million increase in federal funds. Lastly, the Budget includes \$3.1 million in federal funds to increase infant childcare rates.

The Budget authorizes 1,079.0 FTE positions for FY2026, consistent with enacted levels.

RI Bridges

The RI Bridges Project, previously known as Unified Health Infrastructure Project (UHIP), is the largest information technology (IT) project undertaken by the State intended to fully integrate health and human service programs, and establish a State-based health insurance exchange, HealthSource RI. The project was



developed in two phases. Phase I, launched in 2013, created an online portal for purchasing commercial health insurance and income-based Medicaid eligibility. Phase II of UHIP, launched in September of 2016, was intended to expand the system to serve as a portal through which residents apply for and enroll in other health and human service programs such as Child Care, Supplemental Nutrition Assistance Program (SNAP), General Public Assistance (GPA), and Supplemental Security Income (SSI) programs.

The terms UHIP and RI Bridges tend to be used interchangeably by the State's health and human services agencies; however, they are distinct. UHIP is the infrastructure that coordinates health and human services programs as supported by the RI Bridges system. RI Bridges is the major eligibility and enrollment system supporting health and human services programs administered by DHS, HSRI, and Medicaid. The UHIP budget supports agency operations and the ongoing development, maintenance, and operation of RI Bridges, which is allocated across three agencies; the Executive Office of Health and Human Services (EOHHS), DHS, and HealthSource RI (HSRI), totaling \$103.3 million in FY2025 and \$94.5 million in FY2026. The Department's FY2026 budget includes a total of \$12.8 million related to RI Bridges/UHIP expenditures, a decrease of \$16.5 million from the FY2025 Budget as Enacted level.

RI Bridges Data Breach

On December 13th, 2024, the State was informed by Deloitte, the vendor for RI Bridges, that there had been a major security threat to the RI Bridges system, which manages the State's social and human services programs. According to the State and Deloitte, there is a high probability that cybercriminals obtained personal information for individuals enrolled in the RI Bridges system. This includes names, date of birth, home addresses, and social security numbers. Any individual who received or applied to State health coverage or health and human services programs or benefits could be impacted by this breach.

In January, the State began notifying individuals affected by the data breach, sending out individual notification letters to those whose information was stolen. As of February 5, 2025, it has been reported that personal information of more than 650,000 Rhode Islanders was stolen in the breach, and prevented approximately 2,000 Rhode Islanders from enrolling in state-paid healthcare coverage. Deloitte agreed to pay \$5.0 million to the State to cover expenses incurred as a result of the data breach, as well as credit monitoring and identity theft protection services for the 650,000 individuals who had their data stolen. The FY2026 Budget does not reflect any additional expenditures related to the breach.

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 2024 Caseload Estimating Conference adopted estimates dictate the entitlement program appropriations included in the FY2026 Recommended Budget.

Overall spending for cash assistance programs, including RI Works, child care subsidies to working families, Supplemental Security Income (SSI) state supplement, and General Public Assistance (GPA), is estimated to be \$138.0 million in FY2026, an increase of \$18.9 million from the FY2025 Enacted level. Major contributors to the increase include eligibility expansion for the CCAP program, increased childcare reimbursement rates, a Rhode Island Works benefit increase, and the elimination of full family sanctions. The FY2026 Budget authorized a 3-year extension of the Childcare for Childcare Educator's Pilot, and an increase in Infant childcare rates, which also contribute to the increased caseload and costs.

Cash Assistance Program - May 2025 Adopted Estimates

	FY2024 Actual	FY2025 Enacted	FY2025 Final	FY2026 May	FY2026 Enacted	Change to Enacted
Rhode Island Works						
Persons	8,323	9,278	9,415	9,875	9,875	597
Monthly Costs per Person	\$235.8	\$274.9	\$288.2	\$298.0	\$298.0	\$23.10
Federal Funds*	\$24.7	\$25.5	\$34.7	\$37.6	\$37.6	\$12.1
Child Care						
Subsidies	6,099	6,571	6,324	6,578	6,818	247
Annual Cost per Subsidy	\$10,108	\$11,411	\$11,077	\$11,524	\$11,956	\$545
Federal Funds*	\$51.5	\$64.8	\$59.9	\$65.9	\$71.6	\$6.8
General Funds*	\$10.2	\$10.1	\$10.1	\$9.9	\$9.9	(\$0.2)
SSI - State Supplement						
Persons	30,900	30,608	31,000	30,757	30,757	149
Monthly costs per Person	\$44.7	\$45.0	\$44.5	\$45.0	\$45.0	\$0.0
General Revenue*	\$16.6	\$16.6	\$16.6	\$16.7	\$16.7	\$0.1
General Public Assistance						
Persons	533	725	578	790	790	65
Monthly Costs per Person	\$137.5	\$167.0	\$170.0	\$168.0	\$169.0	\$2.0
General Revenue*	\$1.5	\$2.1	\$1.9	\$2.2	\$2.2	\$0.1
Total	\$104.5	\$119.1	\$123.2	\$132.3	\$138.0	\$18.9
Federal Funds*	\$76.2	\$90.3	\$94.6	\$103.5	\$109.2	\$18.9
General Revenue*	\$28.3	\$28.8	\$28.6	\$28.8	\$28.8	\$0.0

* \$ in millions.

CENTRAL MANAGEMENT

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

Central Management	General Revenue
FY2025 Enacted	\$6,793,641
<i>Target and Other Adjustments</i>	-
ERP Maintenance and Operation Billing (statewide adjustment)	1,067,567
Community Service Grants	200,000
Operating Adjustments	(101,500)
Personnel Adjustments (statewide expenditures)	48,332
Centralized Services (statewide adjustments)	42,791
FY2026 Enacted	\$8,050,831

Community Service Grants **\$200,000**

The Budget includes a general revenue increase of \$200,000, to support the Departments Community Service Grants, reflecting a \$400,000 increase in one time grant funds to support the RI Community Food Bank, and a \$50,000 increase to support the Substance Use and Mental Health Leadership Council. Generally, community service grants are appropriated to reflect the General Assembly's priorities and provide additional support to organizations outside of the Department's scope. The FY2025 Enacted budget

increased the grant to the food bank by \$250,000, from \$550,000 to \$800,000. The Budget now includes a total of \$950,000 for the food bank, and \$50,000 to support the Substance Use and Mental Health Leadership Council.

Operating Adjustments

(\$101,500)

The Budget includes a \$101,500 general revenue decrease to reflect a \$110,000 decrease related to the operating expenses in the Grant Management Office. According to the Office of Management and Budget, the reduction aligns with the past two years of actual expenditures. The decrease is partially offset by a \$2,000 increase in out-of-state transportation, \$2,000 increase in out-of-state registration, \$2,000 increase in out-of-state lodging, and \$500 in out-of-state per diem costs.

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
FY2025 Enacted	\$4,624,506
<i>Target and Other Adjustments</i>	39,847
Child Support Enforcement Case Management System Transition	(274,307)
FY2026 Enacted	\$4,390,046

Child Support Enforcement	Other Fund Changes
Personnel Adjustments (statewide adjustment) (federal funds)	\$477,890
Child Support Enforcement Case Management System Transition (federal funds)	198,000
Child Support Enforcement Case Management System Transition (restricted receipts)	102,000

Child Support Enforcement Case Management System Transition (\$274,307)

The Budget decreases funding in Child Support Enforcement by \$274,307, which is offset by a federal funds increase of \$198,000, and a restricted receipt increase of \$102,000 in FY2026, to support the transfer of RIKidsBridge, the primary mainframe utilized by the Office of Child Support Enforcement, off the mainframe and into a web-based platform. While the mainframe is utilized by the Office, it has become outdated (designed in the early 1990s). Additionally, by CY2028, the Office will be the only tenant following the end of the current contract. The system supports approximately 70,000 child support cases, and is the collection platform for about \$93.0 million in child support annually.

OFFICE OF HEALTHY AGING

The Office of Healthy Aging, previously the Division of Elderly Affairs, provides comprehensive services, advocacy, and public policy dedicated to the needs of older Rhode Islanders, adults with disabilities, their caregivers, and families. The Office implements a system of community-based care for individuals sixty years and older as well as adults with disabilities. The Office is responsible for developing and implementing a State Plan on Aging under the federal Older Americans Act. The Office oversees the Aging and Disability Resource Center (called “The Point”) and a network of community information specialists who provide referrals to services and other resources to elders and adults with disabilities.

Office of Healthy Aging	General Revenue
FY2025 Enacted	\$14,223,241
<i>Target and Other Adjustments</i>	<i>(6,066)</i>
OHA At-Home Supports for Individuals 60+	713,366
Elderly Transportation	458,555
Senior Center State Directed Grant	200,000
ISF Adjustments	92,181
Housing Security	(85,000)
Meals on Wheels	50,000
CNOM FMAP Adjustments	(32,908)
Personnel Adjustments (statewide expenditures)	20,371
Administrative Savings	(10,400)
FY2026 Enacted	\$15,623,340

Office of Healthy Aging	Other Fund Changes
ARP Direct Adjustments (federal funds)	(\$1,181,838)
CNOM Adjustments (federal funds)	948,397
OHA At-Home Supports for Individuals 60+ (federal funds)	526,372
Intermodal Service Transportation Fund (other funds)	275,143
Elder Justice Act (federal funds)	176,868
Older Americans Act - Nutrition Incentives Program (federal funds)	(174,000)

OHA At-Home Supports for Individuals 60+ **\$713,366**

The Budget includes a general revenue increase of \$713,366 to expand eligibility to the at-home cost share program to older adults age 60-64 meeting existing level of care and financial criteria. Currently, RIGL 42-66-8 outlines the OHA responsibility for community living supports as individuals ages 60+, however, national and State standards set the eligibility at age 60. The higher age threshold creates confusion among providers. Aligning this statute with the majority of other eligibility criteria will minimize confusion and streamline access to programming for older adults. This budget initiative includes a \$526,372 increase in federal funds to support the additional population covered.

Elderly Transportation **\$458,555**

The Budget includes an increase of \$458,555 in general revenue for an anticipated increase in elderly non-emergency transportation. The Office requires additional funds due to an annual 5.0 percent growth in the contract with Medical Transportation Management Inc. (MTM), Rhode Island's contracted non-emergent medical transportation services. Of these funds, \$166,424 funds adjustments to the elderly transportation program, while the remaining \$292,131 align with gas tax estimates from the revenue estimating conference. There is a corresponding other funds increase of \$275,143.

Senior Center State Directed Grants **\$200,000**

The Budget includes a general revenue increase of \$200,000, resulting in a total of \$1.8 million in senior center grants, resulting in rates equal to \$8.19 per senior. The Governor intends to reach rates equal to \$10.00 per senior by 2030.

Senior Centers are tasked with meeting the needs of the aging community, and are one of the most widely used services among older adults. According to Rhode Island Senior Center Directors' Association, senior centers are significantly underfunded, with the present rate equal to approximately \$7.00 per senior in each municipality, and concur with the Governor's goal to increase funding to \$10.00 per senior. According to the Directors Association, a rate of \$10.00 per senior will provide the necessary funding to provide holistic, connective, and compassionate services to Rhode Island residents as they age.

As of 2024, 31.0 percent of Rhode Island's population is age 55 or older, exceeding national rates of 28.0 percent. By 2030, it is estimated that one in four Rhode Island residents will be 65 or older. As the population ages, the utilization and needs for senior services will continue to increase. Increasing funding now, may mitigate organizational and industry challenges.

ISF Adjustments

\$92,181

The Budget includes a general revenue increase of \$92,181 to support adjustment to internal service funds (ISF). The ISF accounts are reimbursements for services that OHA receives from other State agencies including IT services, state fleet, facilities, and HR services.

Housing Security

(\$85,000)

The Budget proposes a general revenue decrease of \$85,000 which supported grants which fund the Security for Housing for the Elderly program. Eliminating this program will also require legislative and regulatory updates; these were not included in the Governor's budget submission. This will also result in six housing authorities not receiving annual funding through a competitive grant process, therefore cutting funds for security installations, enhancements, and repairs, and could also jeopardize future federal awards and subawards. This initiative was originally proposed by the agency to meet its constrained budget request, and adopted by the Governor in the FY2026 recommended budget.

Meals on Wheels

\$50,000

The Budget includes a \$50,000 increase in general revenue, bringing total funding to \$680,000. These funds will enable the Office to continue to support and collaborate with Meals on Wheels, by providing meals for homebound older adults and other eligible individuals.

CNOM FMAP Adjustments

(\$32,908)

The Budget includes a decrease of \$32,908 in general revenue to account for updated utilization rates, which the Office originally overestimated based on FY2024 Enacted rates. CNOM, or costs not otherwise matchable, are finances spent on population and services not covered by Medicaid. These expenses include, but are not limited to, dentures, most dental care, co-payments, hearing aids and fittings, and long term/ custodial care and the Department is experiencing a decrease in these services. OHA reports that the Office continues to see program growth, but have not yet returned to pre-pandemic levels as there is decreased utilization in housekeeping, meal service, adult day care, health centers, and other assistance to individuals 65 and older. There is a corresponding federal funds increase of \$948,397.

Administrative Savings

(\$10,400)

The Budget proposes a \$10,400 general revenue decrease, reducing discretionary administrative expenses by 20.0 percent. To accomplish this, OHA will hold 1.0 FTE position vacant for FY2026. The agency warns that this could result in the elimination or significantly reduce programs that rely heavily on state funds. It could also have a detrimental impact on the agencies ability to acquire or maintain federal funding.

ARP Direct Adjustments (federal funds)

(\$1.2 million)

The Budget includes a total reduction of \$1.2 million in ARP Direct federal funds, reflecting the spend down of ARP direct funds appropriated to the Office of Healthy Aging during the public health emergency. The following table shows specific changes to the Offices APR Direct funds.

	FY2025	FY2026		
ARP Direct Adjustments	Enacted	Enacted	Change from Enacted	
Adult Protective Services	\$357,442	\$155,400	(\$202,042)	-56.5%
ARP for LTCO	14,431	10	(14,441)	-99.9%
Building ADRC Public Health Workforce	25,263	13	(25,276)	-99.9%
Congregate Meals	187,247	94	(187,341)	-99.9%
Expanding the Public Health Workforce (SHIP)	20,550	10	(20,560)	-100.0%
Expanding the Public Health Workforce within the	19,653	-	(19,653)	-100.0%
Family Caregivers	153,155	83,146	(236,301)	-45.7%
Home Delivered Meals	389,671	195	(389,866)	-99.9%
Preventive Services	50,536	13,295	(63,831)	-73.7%
Supportive Services	240,120	24,067	(264,187)	-90.0%
	\$1,458,068	\$276,230	(\$1,181,838)	-81.1%

Elder Justice Act (federal funds)**\$176,868**

The Budget includes \$176,868 in federal funds to account for the reauthorization of the Elder Justice Act. Although the Act was passed in 2010, Congress chose to reauthorize and modernize the Act to fund programs that prevent, investigate, and prosecute elder abuse, neglect, and exploitation.

Older Americans Act- Nutrition Incentives Program (federal funds)**(\$174,000)**

The Budget includes a federal funds decrease of \$174,000 to reflect federal cuts to the program. In federal FY2024, the nutrition incentives program experienced a funding reduction of 30.0 percent, while the entire program experienced a 0.8 percent decrease. This decrease reflects these funding cuts.

The Nutrition Incentives Program provides funding to States to support nutrition services to seniors such as home-delivered meals, and food for congregate meals. This grant intends to incentivize nutritious meals for eligible seniors.

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
FY2025 Enacted	\$10,634,812
<i>Target and Other Adjustments</i>	<i>8,438</i>
Personnel Adjustment (statewide adjustment)	709,288
Operating Adjustments	(672,804)
Reduce Miscellaneous Expenses	(168,647)
FY2026 Enacted	\$10,511,087

Health Care Eligibility	Other Fund Changes
Reduce Miscellaneous Expenses (federal funds)	(\$168,647)
Operating Adjustments (federal funds)	1,622,908
Personnel Adjustments (federal funds)	1,632,109

Operating Adjustments**(\$672,804)**

The Budget includes general revenue decrease of \$672,804, with a corresponding federal funds increase of \$1.6 million. This item is partially reflecting an accounting adjustment related to the end of the Public Health Emergency, where all accounts with PHE funding were expended completely, and remaining expenses were consolidated within operating accounts rather than contracting accounts. The remaining expenditure changes align with spending actuals reflected in past fiscal years, which intend to level the budget to ensure fiscally responsible spending in preparation for any upcoming budget deficits.

Reduce Miscellaneous Expenses**(\$168,647)**

The Budget includes a \$168,647 general revenue decrease, with a corresponding federal funds decrease of \$168,674. These funds support operating expenses in the Medical Assistance program, and would likely impact records retention and software maintenance.

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
FY2025 Enacted	\$44,747,836
<i>Target and Other Adjustments</i>	<i>(170,562)</i>
UHIP Consolidation EOHHS	(8,125,977)
Personnel Adjustments (statewide adjustment)	2,505,830
Shift Field Operation Expenses to Block Grants	(2,038,000)
Contract Adjustments	(976,962)
Reduce Miscellaneous Expenses	(350,364)
Operating adjustments	(260,253)
Capital Adjustments	(200,000)
DCYF Early Childhood Systems Coordinator Position Transfer	186,570
Assistance and Grants Adjustments	163,262
Turnover (statewide adjustment)	(156,652)
ISF Adjustments	(154,955)
Assisted Living State-Only Stipend	(90,227)
OT COLA Ratified (statewide adjustments)	63,820
FY2026 Enacted	\$35,143,366

Individual and Family Support	Other Fund Changes
SNAP Adjustments (federal funds)	\$13,017,808
UHIP Operating Expenditures Consolidation (federal funds)	(8,210,449)
LIHEAP (federal funds)	(4,030,939)
RI Work's Vendors (federal funds)	4,006,000
Shift Field Operation Expenses to Block Grants (federal funds)	2,038,000
UHIP - Child Care Federal Allocation (federal funds)	1,251,043
Preschool Development Block Grant (federal funds)	(1,088,590)
UHIP Operating Expenditures Consolidation (restricted receipts)	(520,708)
ARP Direct Federal Adjustments (federal funds)	(392,000)
Reduce Miscellaneous Expenses (federal funds)	(376,026)
Refugee Social Services Programs (federal funds)	(365,433)
Food Stamp Bonus Funding (other funds)	(298,874)
Transfer Organ Transplant Fund from EOHHS to DHS (restricted receipts)	15,000

UHIP Consolidation to EOHHS (\$8.1 million)

The Budget includes a general revenue reduction of \$8.1 million, with a corresponding federal funds decrease of \$8.2 million to reflect the decision to centralize all operating and contract expenditures related to the Unified Health Infrastructure Program (UHIP) at the Executive Office of Health and Human Services (EOHHS).

Currently, funding for UHIP are located in three separate agencies; The Department of Administration, The Department of Human Services, and EOHHS, resulting in segmented programmatic operations DHS is primarily responsible for eligibility and enrollment services, which is employed by the division of Health Care Eligibility.

The intent behind the operating and expenditure consolidation is to clearly reflect expenditure changes within the UHIP programs. According to the Department, this will provide a more transparent and unified view of UHIP expenditures. This budget item will not impact UHIP governance, nor employee expenditures. The Department will maintain its charge as the eligibility and enrollment hand of the program, and maintain its FTEs within the Division of Healthcare Eligibility.

Shift Field Operation Expenses to Block Grants**(\$2.1 million)**

The Budget includes a decrease of \$2.1 million in general revenue to account for a shift in operating and personnel funds to the Temporary Assistance to Needy Families (TANF) Block grant and social services block grant, which supports administrative funding up to 15.0 percent. According to the Department, this shift could jeopardize meeting the State's Maintenance of Effort (MOE) of \$64.4 million and potentially decrease future TANF Block grants.

According to the May 2023 Caseload Estimating Conference testimony, the TANF Maintenance of Effort (MOE) is a requirement that a state must spend at least a specified amount of state funds for benefits and services for families in need each year. Federal law allows six types of expenditures to be counted towards MOE:

- Cash Assistance
- Child care assistance
- Educational activities designed to increase self sufficiency
- Administrative costs in connection with other allowable purposes
- Job training and work
- Any other use of funds reasonably calculated to accomplish a TANF purpose

These funds supported eligibility technician and social workers personnel costs. The consequences of not meeting the MOE are that the TANF grant will be reduced the following year on a dollar-for-dollar basis. In FY2023, the Department projects that \$67.0 million in State funds were spent to meet the MOE; \$2.6 million more than required. In FY2022, the Department spent a total of \$70.0 million and in FY2021 the Department spent a total of \$65.0 million to meet the MOE.

Contract Adjustments**(\$976,962)**

The Budget includes a general revenue reduction of \$976,962 relative to the RI Bridges contracting and operations consolidation initiative, as well as, complying with target reductions. The Agency reduced general revenue financing to Deloitte.

According to the Department of Administration, funding cuts were made to the FY2026 target reductions within RI Bridges across all three agencies. These cuts are realized in the FY2026 proposed budget unless otherwise reinstated by the General Assembly.

The Department's unconstrained budget request proposed a \$3.5 million general revenue increase in FY2026, and an additional \$3.5 million through FY2030, to restore the budget cuts outlined in the target adjustments, therefore restoring state funding to the RIBridges Interagency program. These funds would allow RIBridges to move forward with previously approved system improvements submitted to the US Department of Health and Human Services (US HHS) Center for Medicare and Medicaid Services (CMS) and the United State Department of Agriculture (USDA) Food and Drug Administration (FDA). Advanced planning documenting (APDs) were submitted in July 2024, outlining various improvements including; application enhancement work through existing Deloitte Consulting Contract, hardware and software purchases, and IT Contract Management and Project Management. According to the Department, restoring these budget cuts still reflects a net 16.0 percent in spending from what was submitted in the advanced planning documents

According to the Department of Human Services, the budget cuts could result in several adverse impacts including; confusing and contradictory communications messaging mechanisms resulting in increased call volumes and appeals, potential to miss meeting the CMS required level of care redetermination, early termination of health insurance coverage, and reduced restricted receipt revenue from Qualified Health Plan (QHP) premiums.

Reduce Miscellaneous Expenses ***(\$350,364)***

The Budget includes a \$350,364 general revenue decrease, with a corresponding federal funds decrease of \$376,026. These funds supported operating expenses in RIWorks, and SNAP operations of the Department. These reductions would likely impact records retention and software maintenance.

Operating Adjustments ***(\$260,253)***

The Budget includes a general revenue reduction of \$260,253, which is primarily attributable to a decrease in UHIP funds that supported the Department's eligibility and enrollment work. However, there is a general revenue increase of \$174,510 to support SNAP Summer EBT administration related to increased Food Stamp Fees.

Capital Adjustments ***(\$200,000)***

The Budget includes a \$200,000 general revenue increase as this was a one-time expenditure increase to support the purchase of furniture while the Department moved into the Shepard Building. These funds are no longer needed as the Department has completed its move into the building.

DCYF Early Childhood Systems Coordinator Position Transfer ***\$186,570***

The Budget includes a general revenue increase of \$186,570 for the addition of 1.0 FTE Administrator – Operations Management position. The position will act as an interagency coordinator between DHS, RIDE, RIDOH, and EOHHS to advance the State's early childhood goals. The Coordinator will oversee initiatives such as federal grant applications, interagency contracts, and Children's Cabinet coordination. While this proposal is 100 percent supported by general revenue, the Department assumes that the position will be supported partially through federal funds in the future.

Assistance and Grants Adjustments ***\$163,262***

The Budget includes a general revenue increase of \$163,262 which is attributable to Habilitative/Rehab Services in Vocational Rehabilitation program. The VR program is the public state and federally funded program that assists individuals with disabilities to choose, prepare for, obtain, and maintain employment.

ISF Adjustments ***(\$154,955)***

The Budget includes a general revenue decrease of \$154,955 to realize savings related to internal service funds (ISF). The ISF accounts provide reimbursements to the Department of Administration for services in which the DOA provides to the Division. These services include IT, Facilities, HR, and State Fleet services.

Assisted Living State-Only Stipend ***(\$90,277)***

The Budget includes \$16,430 in general revenue, a \$90,277 decrease from the FY2025 budget, for the state-only stipend for assisted living. These funds support an additional \$206 monthly state supplemental payment provided to an average of seven individuals who receive the state supplemental security income payment and live in a state-licensed facility that is not eligible to receive Medicaid. This change reflects testimony from the May Caseload Estimating Conference regarding expenses for FY2026.

SNAP Adjustments (federal funds) ***\$13.1 million***

The Budget includes a federal funds increase of \$13.1 million, which funds supportive programs such as employment, training, and nutrition education to support SNAP beneficiaries. These services are intended to aid beneficiaries with gaining employment, reducing or preventing dietary health-related disparities among low-income groups by improving their diets, addressing food insecurity, and increasing physical activity.

LIHEAP (federal funds) ***(\$4.1 million)***

The Budget includes a decrease of \$4.1 million in federal funds to reflect the removal of a one-time appropriation of \$4.4 million for low-income energy, heating, and weatherization assistance. Rhode Island's Low-Income Home Energy Assistance Program (LIHEAP) helps low-income residents by

providing assistance that offset the costs of home energy. The Budget includes \$28.6 million for LIHEAP in FY2026.

RI Works Vendors (federal funds)

\$4.0 million

The Budget includes a \$4.0 million increase in federal funds, which is fully supported by Temporary Assistance to Needy Families (TANF) funds. The Department issued requests for proposals (RFP) and request for information (RFI), to expand the scope of work for RI Works vendors. Currently, vendors must address issues related to workforce development, training, education, income, and child care. However, Rhode Island housing crisis is beginning to be a barrier for Rhode Island's most vulnerable. With increasing rents and lack of affordable housing, RI Works customers are unable to secure stable housing. Lack of secure housing has become a barrier to stable work for RI Works customers, therefore, the Department has added housing to the vendors' scope of work.

UHIP - Child Care Federal Allocation (federal funds)

\$1.3 million

The Budget includes a general revenue increase of \$1.3 million to reflect federal initiative to expand access to high quality child care and preschool over the next 10 years. The federal government included an additional \$14.9 billion nationwide to support this initiative.

Preschool Development Block Grant (federal funds)

(\$1.1 million)

The Budget includes a \$1.1 million decrease to the Preschool Development Block Grant to reflect the expiration and expenditure of the current Preschool Development Grant (PDG). In 2019, the Department announced that it had been awarded a one-time \$4.2 million grant that targets youth from birth through age five by encouraging the development of the State's early childhood education system through enhancing infrastructure and supporting high quality education. Since 2019, the State has been awarded two more PDG's in 2021 (Renewal) and 2023 (Planning). The PDG Planning funds, which are eligible for FY25 expenditure cannot be used to support pre-k seats; however, the Department has used these funds to conduct multiple needs assessment, reports, and to redesign the RI Children's Cabinet website.

Refugee Social Services Program (federal funds)

(\$165,433)

The Budget includes a decrease of \$165,433 to reflect expenditure changes that support refugee social services. These funds support resettlement activities such as case management, employment services, cash and legal assistance, and youth mentoring. Of these funds, there is a \$502,000 decrease in Afghan refugee support, and a \$336,567 increase for Refugee Assistance. These funds are distributed to two resettlement organizations – Dorcas International Institute and Catholic Social Services – as well as to RIDOH, Providence Public Schools, and the Refugee Dream Center.

	FY2025	FY2026		
	Enacted	Enacted	Change from Enacted	
Refugee Assistance - Federal Adjustments				
Refugee School Impact	92,000	-	(92,000)	-100.0%
Refugee Assistance - Administration	\$263,271	\$390,438	127,167	48.3%
Afghan Refugee Support	602,000	100,000	(502,000)	-83.4%
Refugee Social Services Program	3,200,000	3,501,400	301,400	9.4%
Total	\$4,157,271	\$3,991,838	(\$165,433)	-4.0%

American Rescue Plan Act (ARPA) Fund Changes (federal funds)

(\$392,000)

The Budget includes a net change of \$392,000 in ARPA Direct awards. Throughout the pandemic, Congress appropriated funding to help the State maintain and support Rhode Islanders throughout the pandemic, including the subsequent impacts after the pandemic has ceased. In Rhode Island, as well as nationally, there was a significant influx in domestic and family violence throughout and after the lock-down period. These funds supported victims of domestic and family violence, by promoting preventative measures and supportive housing. As the public health emergency winds down and redetermination activities cease, ARPA funding will no longer be available to the States. The table below illustrates APRA Direct changes in funding.

	FY2025	FY2026		
ARP Direct Federal Adjustments	Enacted	Enacted	Change from Enacted	
ARP DIRECT: Sexual Assault Services	\$522,000	\$170,000	(\$352,000)	-67.4%
ARP DIRECT: FVPSA and DV Shelter and Supportive Services	350,000	300,000	(50,000)	-14.3%
ARP DIRECT: Family Violence and Prevention	-	10,000	10,000	100.0%
Total	\$872,000	\$480,000	(\$392,000)	-45.0%

Transfer Organ Transplant Fund from EOHHS to DHS (restricted receipts)

\$15,000

The Budget includes a restricted receipt increase to support the transfer of the Organ Transplant Fund from EOHHS to DHS to align with RIGL 41-11-13, which mandates that the Department of Human Services administer the organ transplant program. The fund is used to help minimize any expenses incurred by Rhode Island residents and their families during the process of human organ transplants.

RHODE ISLAND WORKS/CHILD CARE

Rhode Island Works provides cash assistance and employment support services, including child care assistance, to enable working parents with children to support their families. Applicants may have up to \$5,000 in resources (excluding a home) and one vehicle per adult. Rhode Island Works (RIGL 40-5.2-5) replaced the Family Independence Program in 2008. This program is funded through the federal Temporary Assistance to Needy Families (TANF) program.

Article 13 of the FY2022 Budget as Enacted adjusted the payment standard for families receiving cash assistance under the RI Works program to match 40.0 percent of the 2022 federal poverty line. The payment standard was increased again in the FY2025 Budget as Enacted by 20.0 percent to bring the payment back up to about 40.0 percent of the federal poverty line.

The FY2022 Budget as Enacted also amended the RI Works program to include children who are over 18 and still in high school, and amended the Income section of the RI Works program, such that the first six months of earned income received by a RI Works member, in compliance with their employment plan, shall be excluded from the family's income as it pertains to receiving cash assistance. Article 13 of the FY2023 Budget as Enacted further amended the earned income disregard, increasing it from \$170 to \$300. The FY2023 Budget also raised the resource limit from \$1,000 to \$5,000. Article 11 of the FY2025 Budget again increased the earned income disregard by \$225, from \$300 to \$525. Article 11 of the FY2025 Budget also eliminated full family sanctions and terminations.

Prior to FY2022, beneficiaries were not allowed to receive cash assistance for more than 24 months (consecutive or not) within 60 continuous months. Article 13 of the FY2020 Budget as Enacted eliminated this constraint. Article 13 of the FY2023 Budget as Enacted extended the lifetime limit to 60 months, aligning Rhode Island with a majority of the country. The lifetime limit includes Temporary Assistance for Needy Families (TANF) cash assistance paid to the beneficiary in other states. Cash assistance provided to a child will not be counted toward their lifetime limit should they need to apply for benefits as adults.

The FY2023 Budget as Enacted expanded child care supports to include families, at or below 200.0 percent of the Federal Poverty Level, with parents enrolled at a Rhode Island institution of higher education or in a qualified training program. The FY2024 Budget as Enacted implemented the Child Care for Child Care workers pilot, extending CCAP eligibility to individuals working in child care centers earning less than 300.0 percent of the federal poverty line.

The FY2023 Budget as Enacted also expanded the work requirements and now allows RI Works recipients to participate in continuing education programs or vocational training at a Rhode Island institution for up to 24 months while still receiving cash assistance, provided that they successfully completed the first 12 months.

Article 11 of the FY2025 Enacted budget increased the RI Works benefit by 20.0 percent, increased the earned income disregard to \$500.0, increased childcare reimbursement rates by 5.0 percent across all age

groups and tiers, increased child care eligibility to 261.0 percent of the FPL, and extended the Child Care for Child Care Workers Pilot.

Article 10 of the FY2026 Budget as Enacted increased infant childcare rates by 20.0 percent, and extended the Child Care Workers Pilot for an additional 3.0 years.

Rhode Island Works / Child Care	General Revenue
FY2025 Enacted	\$10,139,902
<i>Target and Other Adjustments</i>	-
May CEC	(248,364)
FY2026 Enacted	\$9,891,538

Rhode Island Works / Child Care	Other Fund Changes
May CEC - Childcare Assistance Programs (federal funds)	\$6,784,189
May CEC- RI Works (federal funds)	4,932,723
Infant Rate Increase	3,045,140
Child Care for Child Care Educator's Pilot Extension	2,667,000

May CEC **(\$248,364)**

The Budget includes \$9.9 million in general revenue for child care assistance in FY2026 as determined in the May 2025 Caseload Estimating Conference (CEC), a decrease of \$248,364 from FY2025 Enacted levels. The May CEC assumed a total of 6,578 subsidies, an increase of 7 child care subsidies. The cost per subsidy increased by \$113.0 compared to the FY2025 Budget as Enacted, to \$11,524. There is a corresponding federal funds increase of \$6.8 million.

May CEC - RI Works (federal funds) **\$4.9 million**

The Budget includes an increase of \$4.9 million in federal funds within the RI Works program as a result of the May 2025 Caseload Estimating Conference (CEC). The May 2025 CEC adopted a RI Works caseload estimate of 9,875 at a monthly cost of \$298.0 per person. The total federal fund cost of the RI Works program in FY2026 is \$37.6 million, an increase of \$4.9 million from the FY2025 Enacted level. The RI Works program is primarily funded through the federal Temporary Assistance to Needy Families (TANF) grant.

Infant Rate Increase (federal funds) **\$3.0 million**

The Budget include a federal funds increase of \$3.0 million, to support a 20.0 percent increase to the rates paid for infants, and creating a separate tiered rate schedule above what is paid for toddlers. Costs related to infant care tends to exceed the costs of care for toddler, pre-school, and school-aged children. Increasing the Infant rates will account for increased staffing requirements for infants (4:1), increases affordability and accessibility of childcare.

Child Care for Child Care Educator's Pilot Extension (federal funds) **\$2.7 million**

Article 10 extends the Child Care for Child Care Workers Pilot for three years, from July 1, 2025, to July 1, 2028. Eligible participants income must be at or below 300.0 percent of the federal poverty level (FPL) According to the Department of Health and Human Services (HHS), the average family of three who earns 300.0 percent of the FPL grosses about \$65,708 a year. The program exempts eligible staff and educators from copayments, and allows them to choose their preferred childcare facility. The Budget includes an additional \$2.7 million in Temporary Assistance to Needy Families (TANF) funds to support this initiative.

STATE FUNDED PROGRAMS

State Funded Programs incorporates two different programs, General Public Assistance (GPA) and the Supplemental Nutrition Assistance Program (SNAP); however, only one of these programs is state-funded.

GPA is a state-funded program (RIGL 40-6-3) that provides basic cash assistance to adults between the ages of 19 and 64, with very limited income and resources, who have an illness, injury, or medical condition that is expected to last 30 days or more and prevents them from working. GPA also includes the hardship contingency fund, intended as the benefit of last resort for Rhode Islanders who do not qualify for Rhode Island Works or SSI. This benefit and funding level are directed by statute and does not typically fluctuate from year to year.

SNAP, or “food stamps”, is a federal nutrition program that provides food assistance to low-income households. SNAP benefits are fully federally funded. SNAP’s benefit disbursements are budgeted within this program; however, administrative responsibility of SNAP, as well as corresponding budgetary resources, are maintained by the Individual and Family Support program.

State Funded Programs	General Revenue
FY2025 Enacted	\$2,102,900
<i>Target and Other Adjustments</i>	-
May CEC	128,940
FY2026 Enacted	\$2,231,840

State Funded Program	Other Fund Changes
SNAP Benefits (federal funds)	15,655,166
SNAP Summer (federal funds)	3,636,427
Refugee Assistance (federal funds)	1,701,280

May CEC **\$128,940**

Estimators at the May 2025 Caseload Estimating Conference (CEC) projected that, in FY2026, 790 people would receive general public assistance (GPA) at a monthly cost of \$169.00 per person. Expenditures for monthly cash payments, indigent burials, and the GPA hardship contingency fund are projected to be \$2.2 million in FY2026, a \$128,940 general revenue increase from FY2025 enacted levels.

SNAP Benefits (federal funds) **\$15.7 million**

The Budget includes \$365.1 million in federal funds for SNAP benefits, an increase of \$15.7 million from the FY2025 Budget as Enacted. These funds are directly awarded to beneficiaries receiving SNAP benefits. In the Federal Fiscal Year 2025 (October 1, 2024), the Food and Nutrition Service (FNS), increased SNAP benefits, increasing the maximum monthly award to \$292 for an individual, and \$768 for a family of three. This change also reflects the exhaustion of funds for the pandemic electronic transfer card program.

SNAP Summer (federal funds) **\$3.6 million**

The Budget includes an increase of \$3.6 million in federal funds to support the Summer SNAP EBT Program. In May 2023, the Department was approved by the U.S. Department of Agriculture (USDA) Food and Nutrition Services (FNS) to participate in Summer SNAP, which provides a lump sum of \$120 per eligible school aged child for the months of July and August. Summer SNAP is intended to aid families in purchasing nutritious meals while children are not in school. Only children who receive free or reduced lunch and are school- aged are eligible for Summer SNAP, unlike the pandemic SNAP program where children under the age of 6 were also eligible.

Refugee Assistance (federal funds) **\$1.7 million**

The Budget includes \$1.7 million in federal funds to support the Refugee Cash Assistance Program. The program provides cash benefits to refugee adults without children, and the increase in federal funding is attributable to an increase in federal support as well as increased numbers of refugees coming to Rhode Island.

SUPPLEMENTAL SECURITY INCOME

The Supplemental Security Income (SSI) program is a federal income support program that provides basic cash assistance to individuals aged 65 or older, and to adults and children with serious disabilities. Individuals eligible for SSI are also eligible for Medical Assistance (Medicaid) and SNAP (food stamps). Like all but four states (Arizona, North Dakota, Mississippi, West Virginia), Rhode Island pays beneficiaries a state supplement to the SSI benefit (RIGL 40-6-27).

The federal government, through the Social Security Administration, pays a basic benefit to SSI recipients. The actual monthly benefit depends on the recipient's income; generally, the more income an individual earns, the lower the monthly benefit. Like most states, Rhode Island provides a supplemental state-funded payment to each recipient of the federal payment. The State also makes a state-only payment to some individuals who exceed the federal income eligibility requirements.

The total payment (state and federal) is set at a specific level and is recalculated each year as the federal benefit is adjusted so that the benefit keeps pace with inflation. As of January 1, 2024, the federal SSI payment was increased 3.2 percent based on the cost of living adjustment (COLA) calculated by the Bureau of Labor and Statistics. The state portion of the SSI payment remained the same at \$39.92 for individuals and \$79.38 for couples. Currently, the maximum federal monthly payment is \$943.00 for an individual and \$1,415.00 for a couple.

For SSI recipients in an assisted living residence, a majority of the payment goes to the facility and the resident retains up to \$75.00 of the payment as a personal needs allowance.

In order to be eligible for SSI, an individual must be age 65 or older, blind, or disabled. For the purposes of determining eligibility for SSI, "disabled" means that an individual over the age of 18 has a medically determinable physical or mental impairment that results in an inability to perform any "substantial gainful activity" and that is either expected to result in death or to last for a year or more. For a child, it is a condition that results in "marked and severe functional limitations" and is expected to either result in death or to last for a year or more.

SSI-eligible individuals must also have "limited resources," defined as less than \$2,000 in resources for an individual or child, and less than \$3,000 in resources for a couple. Certain assets and resources are not included in the resource calculation, including the individual's home, household goods and personal effects, burial plots, and a single vehicle.

Supplemental Security Insurance Program	General Revenue
FY2025 Enacted	\$16,588,320
<i>Target and Other Adjustments</i>	-
May CEC	92,460
FY2026 Enacted	\$16,680,780
May CEC	\$92,460

The May 2025 Caseload Estimating Conference (CEC) adopted a Supplemental Security Income (SSI) estimate of 30,757 persons at a monthly cost of \$45.00, and \$60,000 for transaction fees. This was an increase of 149 persons to the FY2025 Budget as Enacted. The total general revenue cost of the SSI program in FY2026 is \$16.7 million, an increase of \$92,460 from the FY2025 Enacted level.

VETERANS' SERVICES

The Office of Veterans' Services, previously the Division of Veterans' Affairs, serves Rhode Island's veteran population of approximately 70,000. The program operates the Rhode Island Veterans' Home, a state-run nursing facility in Bristol, Rhode Island, and the Veterans' Cemetery in Exeter, Rhode Island.

Office of Veterans Services	General Revenue
FY2025 Enacted	\$32,935,642
<i>Target and Other Adjustments</i>	-
Personnel Adjustments (statewide adjustments)	1,176,551
Operating Adjustments	(522,198)
VETS Per Diem	(281,926)
Contract Adjustments	191,795
FY2026 Enacted	\$33,499,864

Office of Veterans Services	Other Fund Changes
Veterans Cemetery (federal funds)	(3,000,000)
Support for Domiciled Veterans (federal funds)	1,155,183
Personnel Adjustments (federal funds)	697,609
Veterans Home Collection Fund (restricted receipts)	341,000
VETS Per Diem (federal funds)	\$281,926

Operating Supplies and Expenses ***(\$522,198)***

The Budget includes a \$522,198 decrease in operating expenses which is primarily attributable to a \$378,493 decrease to the Veterans' Home, and an additional \$169,500 decrease to the Veterans' Cemetery, reflecting statewide adjustments intended to curb spending to mitigate unintended costs related to the estimated budget deficit.

Vets per Diem ***(\$281,926)***

The Budget includes a \$281,926 shift from general revenue to federal funds based on the federal per diem reimbursement rate, which is released annually on October 1. The increase is driven by the increases in national healthcare costs. The VA pays per diem for nursing home care, domiciliary care, and adult day health care.

Contracted Services ***\$191,795***

The Budget includes an increase of \$191,795 in general revenue for contracted services in the event that the home is unable to fill openings. The fund increase is entirely isolated within the Veterans' Home. The Home has reported serious workforce deficiencies and staffing shortages since the start of the public health emergency, resulting in increased wait times for elderly veterans interested in living at the home. The Home's workforce shortages also result in the home operating below its residential capacity. As of June 27, 2024, the Veterans' Home has 44 vacancies, of which 30 are CNAs, and a resident census of 144 individuals. The Veterans' Home has a maximum capacity of 208 residents, including 192 nursing home residents and 16 domicile residents. The Department is actively working to increase the resident census through a variety of recruitment activities.

Veterans' Cemetery Capital Program (federal funds) ***(\$3.0 million)***

The Budget includes \$1.5 million in federal funds which coincides with RICAP funding for the design and construction with six new columbarium walls to complete Phase II of the Office's Asset Protection improvement plan. More information about the project can be found in the *Capital Projects* section at the end of this report.

Veterans' Home Collections Fund (restricted receipts) ***356,764***

The Budget includes a \$356,764 increase in restricted receipts related to the Veterans' Home collections fund. This fund is solely supported through the Home's maintenance fees with 20.0 percent of the fee's

collected are allocated to this fund. The Department forecasts around \$1.6 million in FY2026 for this account.

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 December 16, 2024, the Office has refunded all 54 checks to current residents of the Veterans' Home, their eligible next of kin, or estates.

In accordance with the corrective action plans approved by the U.S Department of Veterans' Affairs, Veterans' Health Administration, a total of 70 refunds have been issues in accordance with CAP 1 and CAP 2, totaling \$5.6 million. The RI Veterans' Home has complied with all requirements set forth in CAP 1 and CAP 2.

CAPITAL PROJECTS

The Budget includes \$1.1 million in Rhode Island Capital Plan (RICAP) funding for FY2026 and \$1.4 million in FY2025. Projects include:

Crypt Installation and Cemetery Expansion: The Budget includes \$300,000 in RICAP funding in FY2026 for the expansion of the Veterans' Cemetery as well as crypt installations, a decrease of \$500,000 from FY2025. This funding will support the design phase of the expansion and installation.

Veterans' Home Asset Protection: The Budget includes \$665,000 in RICAP funding in FY2026 for asset protection projects at the RI Veterans' Home, a decrease of \$95,000 from FY2025 Enacted. This funding is intended to extend the useful life of the facility by addressing problems as they arise.

Blind Vending Facilities: The Budget includes \$165,000 in FY2026 for blind vending facilities. This funding supports the ongoing construction and renovation of vending facilities at buildings owned or rented by the State. There are currently 11 locations throughout the State that support six blind vendors who operate the facilities. This ongoing project provides employment opportunities for persons who are legally blind.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

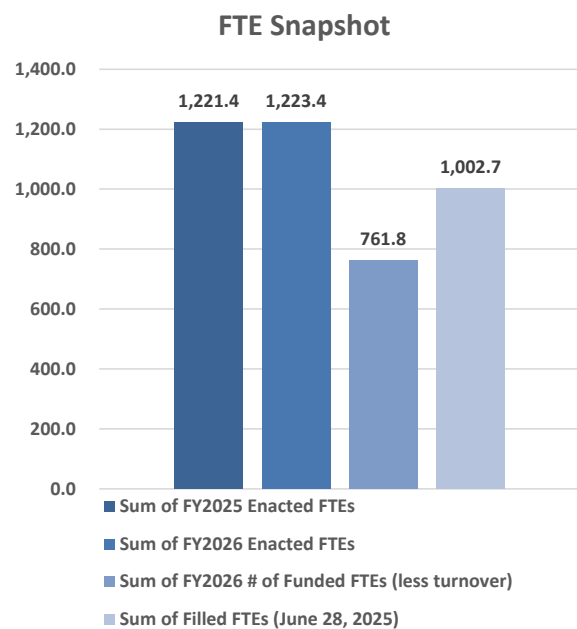
Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$2.5	\$4.1	\$11.2	\$7.1	175.9%	\$11.2	\$7.2	177.3%
Hospital and Community System Support	1.2	2.0	0.0	-2.0	-100.0%	0.0	(2.0)	-100.0%
Behavioral Healthcare Services	48.0	46.7	56.3	9.6	20.6%	44.5	(2.2)	-4.7%
Services for the Developmentally Disabled	454.0	474.9	494.1	19.2	4.0%	507.1	32.1	6.8%
Hospital and Community Rehabilitation Services	113.6	111.2	117.9	6.7	6.0%	120.2	9.0	8.1%
State of Rhode Island Psychiatric Hospital	34.8	33.5	34.7	1.2	3.7%	33.7	0.2	0.6%
Total	\$654.1	\$672.4	\$714.2	\$41.8	6.2%	\$716.7	\$44.3	6.6%
Expenditures by Source								
General Revenue	\$311.4	\$305.7	\$320.8	\$15.1	5.0%	\$318.8	\$13.1	4.3%
Federal Funds	333.7	353.2	368.5	15.3	4.3%	385.4	32.2	9.1%
Restricted Receipts	8.6	12.9	24.1	11.2	86.5%	12.1	(0.9)	-6.6%
Other Funds	0.4	0.6	0.8	0	35.1%	0.5	(0)	-16.7%
Total	\$654.1	\$672.4	\$714.2	\$41.8	6.2%	\$716.7	\$44.3	6.6%
Authorized FTE Levels	1,204.4	1,221.4	1,221.4	0.0	0.0%	1,223.4	2.0	0.2%

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

The Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) provides a comprehensive system of care for individuals with mental or physical illnesses, developmental disabilities, and substance use disorders. BHDDH administers a coordinated system of mental health promotion and substance abuse prevention through contracted, community-based and direct services at the Eleanor Slater Hospital, the newly established Rhode Island State Psychiatric Hospital, and the Rhode Island Community and Living Supports (RICLAS) facilities.

MAJOR ISSUES AND TRENDS

The Budget includes \$716.7 million from all funds for BHDDH in FY2026, an increase of \$44.3 million or 6.6 percent as compared to the FY2025 Budget as Enacted. This includes an increase of \$13.1 million, or 4.3 percent in general revenues, bringing total general revenue funding for FY2026 to \$318.8 million. The increase is primarily driven by funding increases to the Services for the Developmentally Disabled program following the May 2025 Caseload Estimating Conference as well as statewide adjustments, including State employee COLAs, across programs. The Budget includes \$385.4 million in federal funds, an increase of \$32.2 million (9.1 percent). The increase is primarily driven by funding increases to the Services for the Developmentally Disabled program following the May 2025 Caseload Estimating Conference as well as resumed Medicaid billing at Eleanor Slater Hospital (ESH). The Budget includes \$12.1 million in restricted receipts, a decrease of \$0.9 million (6.6 percent) due largely to reductions in the Department's various opioid funding allocations. The Budget includes \$500,000 to fund existing Rhode Island Capital Plan projects.



See analyst note on next page for more information on funded FTE numbers

The Budget authorizes 1,223.4 FTE positions in FY2026 and 1,221.4 FTE positions in FY2025, maintaining FY2025 levels and increasing FY2026 levels by 2.0 FTE positions. As of June 28, 2025, there were 1,002.7 filled positions in the Department (82.0 percent).

Analyst Note: Total funded FTEs in FY2026 appear low due to a shift in the Department's approach to budgeting Medicaid expenses which began in FY2025. Total personnel funding as included in the Budget includes two subprograms containing Medicaid Revenue credits for Eleanor Slater Hospital and State Operated Residential and Community Services. These credits result in personnel funding levels appearing lower than they actually are when approaching the Budget per category, as the credits are offset in other categories of the Budget. Although the Department does anticipate some continued hiring and retention difficulties within the hospitals, real funding levels are not expected to be below the number of filled FTE positions as the chart reflects.

Eleanor Slater Hospital

Eleanor Slater Hospital (ESH) provides long-term acute and post-acute hospital levels of care to forensic, psychiatric, and medical patients with complex needs. Currently, the ESH patient population is heavily dependent on court decisions, as the court decides when forensic patients require hospitalization and when a patient may be discharged.

Beginning in August of 2019, BHDDH oversight personnel found there was a possibility that Eleanor Slater Hospital was out of compliance with the Center for Medicare and Medicaid Services (CMS) Institute of Mental Disease (IMD) exclusion regulation. The regulations do not permit the State to bill Medicaid for patients aged 22-64 when the Hospital is in an IMD status, which occurs when the majority of patients have a primary diagnosis of mental illness. In addition, while ESH is licensed as a long-term care hospital, many patients were not receiving and did not need a hospital level of care. As a licensed hospital, the State cannot bill for hospital-level of care if a patient needs a lower level of care. Due to the IMD exclusion and the fact that the Hospital is licensed as a long-term care hospital, the State could not bill Medicaid for patient care beginning in September of 2019. Upon discovering that the State may be violating the IMD exclusion the State hired a law firm, in November 2019, to provide expertise to the State on CMS regulations.

The State submitted a State Plan Amendment (SPA) to allow Eleanor Slater to resume billing for certain patients at the Hospital in May of 2020, and the application was approved by CMS on March 25, 2021, with an effective date of April 1, 2020. Patient counts determined that the state was not in an IMD status between April 1, 2020, and May 1, 2021. Subsequently, the State recouped some of the general revenue that supplemented the loss in federal funds in FY2020 and the beginning of FY2021.

The FY2023 Budget as Enacted approved a proposal for a separately licensed psychiatric hospital, funded entirely by general revenue. The separately licensed hospital has brought patient counts at ESH back into compliance, allowing the State to once again resume billing Medicaid.

Status Update: The Rhode Island State Psychiatric Hospital (RISPH) was licensed in October of 2022 and began operations on November 1, 2022, two months ahead of the anticipated start date of January 1, 2023.

Zambarano Long-Term Acute Hospital: The FY2023 Budget as Enacted included \$108.2 million in Rhode Island Capital Plan funds, formally budgeted within the Department of Administration (DOA), to construct a new 110-bed, long-term care facility on the Zambarano campus of Eleanor Slater Hospital. The new footprint ensures that the State is in compliance with federal regulations and transforms the State's long-term acute care hospital into a newly constructed long-term care facility. The new Zambarano building would be licensed as a mixed-use facility for skilled nursing, custodial care, intermediate care, and traumatic brain injury. The FY2025 Budget adjusted total funding for the project down to \$107.1 million, including \$7.1 million in FY2025, and stretched project funding through FY2029. The FY2026 Budget maintains these funding levels. The project timeline assumes ongoing design and demolition phases through 2026, with construction beginning in 2026 and a targeted occupancy date in 2028.

Consent Decree

The State has been under a Consent Decree with the United States Department of Justice since 2014 for violating the Olmstead Decision of the Americans with Disabilities Act. The United States Department of Justice, focusing specifically on sheltered workshops, concluded that the State's services for individuals with developmental disabilities were not adequately integrated within the community. The State subsequently entered into a Consent Decree, which requires BHDDH to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. Employment placements must be typical jobs that pay at least minimum wage and support employment for 20 hours or more per week. The Consent Decree requires funding to support a reformed system of care within the Division of Developmental Disabilities (DD) until FY2024.

In order to achieve compliance with the Consent Decree by FY2024, the State and the federal government have agreed to an action plan. The action plan required the State to increase wages to Direct Support Professionals (DSPs) to \$20 an hour by FY2024. The State was also required to conduct a rate review process in FY2023, and to include the Developmental Disabilities program in the semi-annual Caseload Estimating Conference. The action plan also required the State to establish a transformation fund and a technology fund.

Consent Decree Update: In October 2023, an addendum to extend the Consent Decree through a two-year oversight period was included, maintaining federal judge and court monitor involvement through June 30, 2026. It was noted that although the State has made significant improvements, it would be unable to meet full compliance by the original date of July 1, 2024. The FY2023 Budget as Enacted included \$35.1 million all funds to increase the average DSP wage from \$15.75 to \$18.00 per hour. The FY2024 Budget as Enacted included funding to meet the final wage requirement of the consent decree and increase DSP wages further to \$20 per hour, as well as additional funding to increase DSP wages to an average of \$22 per hour following the findings of the required rate review report which was delivered to the Department in December 2022. The Department was included in the Caseload Estimating Conference beginning in November of 2021. The FY2026 Budget includes funding and language for the transformation and technology funds.

CENTRAL MANAGEMENT

The Office of the Director provides overall management and policy direction for the Department. The program oversees most functions within BHDDH. The program's functions include Management and Administration, Legislative Affairs, Constituent Affairs, Advocacy, Hospital Appeals, Strategic Planning, Community and Provider Involvement, and Public Education. The program also centralizes emergency management, asset management, and capital projects, performance improvement, and funds development for the Department.

Central Management	General Revenue
FY2025 Enacted	\$2,780,069
<i>Target and Other Adjustments</i>	<i>144,353</i>
Hospital and Community System Supports program shift	1,996,926
Forensic Services program shift	1,989,544
Salary and Benefits adjustment	666,509
Personnel Adjustments (statewide adjustment)	481,491
FY2026 Enacted	\$8,058,892

Hospital and Community System Supports program shift **\$2.0 million**

Beginning in FY2026, the Hospital and Community System Supports program is being shifted into Central Management as a new Financial Management subprogram. The Budget adds \$2.0 million to represent this program shift. While the FY2025 Budget for this program was only \$1.5 million, the shift in FY2026

includes an increase in security costs, required computer upgrades, corrections to the program's salary and benefits as a result of the agency's Cost Allocation Plan (CAP), and additional contract expenses, resulting in the higher value.

Forensic Services program shift

\$2.0 million

The FY2026 Budget shifts \$2.0 million in general revenue into Central Management to represent the relocation of one of Eleanor Slater Hospital's (ESH) subprograms. The Outpatient Services subprogram is proposed to be retired from ESH and moved to Central Management as a new Forensic Services subprogram.

Salary and Benefits adjustment

\$666,509

In addition to a statewide adjustment related to the Cost of Living Allowance (COLA) increase in FY2026, the Budget increases salary and benefits in the Central Management program by \$666,509 to reflect changes to the agency's Cost Allocation Plan (CAP). The Department experiences a large amount of cross-program work which was historically budgeted within a home program and reallocated through a private contractor. In an effort to more efficiently budget for where positions are typically reallocated, the FY2024 Budget shifted position expenses across programs to create a more accurate representation of what the likely end-of-year reallocation would be, resulting in a large general revenue decrease within Central Management. In practice, this change resulted in budget execution issues at the Department, and the FY2025 Budget returned to the traditional way of budgeting staff. The FY2026 Budget maintains this return to traditional budgeting form, and this increase reflects that.

HOSPITAL AND COMMUNITY SYSTEM SUPPORT

The Hospital and Community System Support program historically 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. Beginning in FY2026, the program is being folded into the Central Management program as a new subprogram. All funding previously allocated to this program is now represented within Central Management.

Hospital and Community System Support	General Revenue
FY2025 Enacted	\$1,463,642
FY2026 Enacted	\$0

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
FY2025 Enacted	\$4,118,531
<i>Target and Other Adjustments</i>	6,490
Salary and Benefit Adjustments	366,687
Personnel Adjustments (statewide adjustments)	325,778
FY2026 Enacted	\$4,817,486

Behavioral Healthcare Services	Other Funds Changes
Federal Fund Changes	(\$1,725,544)
Restricted Receipt Changes	(1,032,507)

Salary and Benefit Adjustments **\$366,687**

In addition to a statewide adjustment related to the Cost of Living Allowance (COLA) increase in FY2026, the Budget increases salary and benefits in the Behavioral Healthcare Services program by \$366,687. The increase represents updated expenses following a data error in the FY2025 budget within this program.

Federal Funds Changes **(\$3.5 million)**

The Budget reduces federal funds by \$3.5 million as compared to the FY2025 Budget as Enacted for the following initiatives:

- **ARPA SFRF: 988 Hotline – (\$75,000):** The Budget includes \$1.8 million in State Fiscal Recovery Funds (SFRF) for the 988 National Suicide Prevention Hotline in FY2026, a reduction of \$75,000 as compared to the FY2025 Budget as Enacted. The FY2023 Budget as Enacted included an appropriation of \$1.9 million in SFRF funds for this initiative, and the FY2024 Budget as Enacted provided an additional \$1.6 million in SFRF as the hotline continued to search for a permanent funding source. The FY2025 Budget as Enacted continued this funding, with \$1.9 million in SFRF funding included. The Governor’s proposed FY2026 and FY2025 revised budgets initially added \$1.7 million in unspent SFRF funding to the FY2025 allocation, for a total allocation of \$3.5 million, and provided no additional funding for the hotline in FY2026. It was later determined that only \$1.7 million is anticipated to be spent in FY2025, and the remaining \$1.8 million was shifted to FY2026 to continue funding the hotline. The hotline has been operational since July 2022 and was implemented to ensure that Rhode Island maintains compliance with the National Suicide Hotline Designation Act of 2020 and the Federal Communications Commission adopted rules to assure that all citizens receive a consistent level of crisis behavioral health services.
- **Primary and Behavioral Healthcare Grant – (\$262,821):** The Budget includes no funding related to the federal Promoting Integration of Primary and Behavioral Health Grant, a reduction of \$262,821 as compared to the FY2025 Budget as Enacted. The grant, which promotes collaboration between primary and behavioral healthcare as well as supports integrated care models, expired on December 31, 2023.
- **State Opioid Response – \$3.7 million:** The Budget increases federal funds by \$3.7 million for the State Opioid Response (SOR) program. The SOR aims to address the opioid crisis by increasing prevention, treatment, and recovery activities for substance use disorders. The FY2026 Budget includes \$11.5 million for these initiatives, an increase of \$3.7 million as compared to the FY2025 Budget as Enacted. The FY2025 Enacted level reflected the expiration of SOR funding from 2020, while the FY2026 Budget includes new funding from a SOR 2024 grant.
- **Other Federal Grant Changes – (\$4.9 million):** The Budget reduces a variety of federal funds by \$4.5 million within the Behavioral Healthcare Services program to reflect the various federal grant

adjustments.

	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted	FY2026 Enacted	Change from Enacted
Federal Grant Adjustments						
ARPA: Substance Abuse Prevention & Treatment Block Grant	\$4.1	\$2.7	\$0.9	(\$1.8)	\$0.2	(\$2.5)
Block Grants for Community Mental Health Services	1.9	-	3.8	\$3.8	3.6	\$3.6
ARPA: Mental Health Block Grant	2.0	2.3	2.0	(\$0.3)	0.8	(\$1.5)
Substance Abuse Prevention and Treatment Block Grant	0.7	0.3	-	(\$0.3)	-	(\$0.3)
Title XX Social Services Block Grant	1.1	1.1	1.1	\$0.0	1.1	\$0.0
Substance Abuse Block Grant	8.5	8.3	8.2	(\$0.1)	8.1	(\$0.2)
Mental Health Block Grant	2.5	3.9	0.0	(\$3.9)	0.0	(\$3.9)
Total	\$20.8	\$18.6	\$16.0	(\$2.6)	\$13.8	(\$4.8)

\$ in millions. Totals may vary due to rounding

Restricted Receipts Changes

(\$1.0 million)

The Budget includes a net \$1.0 million decrease in restricted receipt funds for the following initiatives related to opioid abatement.

- **Opioid Stewardship Fund Allocation – (\$232,507):** The FY2026 Budget includes \$1.3 million in restricted receipts from the Opioid Stewardship Fund for opioid-related treatment services, reflecting a decrease of \$232,507 as compared to the FY2025 Budget as Enacted. 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 FY2026 allocation for BHDDH is programmed as follows. Two programs funded in FY2025, BHOLD 3.0 and the Recovery Friendly Workplace initiative, receive no additional funding in FY2026:
 - **Hope Initiative - \$150,000:** The Budget includes \$150,000 for the Hope Initiative in FY2026. This funding supports reporting of suspected overdose death information to the Department and community providers, case management and support services, Substance Use Disorder (SUD) treatment, Narcan distribution, and follow-up care.
 - **Recovery Housing - \$600,000:** The Budget includes \$600,000 to support recovery and supportive housing for individuals with alcohol use disorder. Funds are provided to support core housing programs, including recovery housing and vouchers, for people with a history of use disorders who are at risk of returning to use. This funding provides additional support to those with alcohol use disorders, as only those with opioid and stimulant use disorders are eligible to receive recovery housing funds from the State Opioid Response grant.
 - **Regional Substance Abuse Taskforce - \$450,000:** These funds represent the portion of the Opioid Stewardship Fund allocation which must be distributed equally to the seven Regional Substance Abuse Prevention Task Forces to fund priorities as determined by each Task Force.
 - **Alcohol Detox - \$100,000:** The Budget includes \$100,000 to support detoxification services for individuals with alcohol use disorder who are underinsured, uninsured, and/or undocumented.
- **Opioid Abatement Fund Allocation – (\$1.4 million):** The Budget decreases restricted receipts by \$1.4 million for the BHDDH allocation of the Statewide Opioid Abatement Account. In January 2022, Rhode Island joined the national opioid settlement with three major opioid distributors, providing funding for state and local efforts to address the state's opioid crisis. Of these abatement funds, 20.0 percent are mandated to go directly to participating cities and towns, and 80.0 percent are mandated to be allocated by the Executive Office of Health and Human Services (EOHHS). All funds in the account are to be used solely for opioid abatement purposes, including opioid use disorder prevention, intervention, treatment, and recovery. FY2026 fund allocations are illustrated in the table below. Projects can be categorized into four pillars of activity: social determinants of health (SDOH), prevention, treatment, and recovery.

Pillar	Opioid Abatement Budget	FY2025 Enacted	FY2026 Enacted	Change to Enacted
SDOH	Basic Needs Provisions for High-Risk Clients	\$0.3	-	(\$0.3)
Treatment	Brick & Mortar Facility Investments	2.0	0.3	(1.7)
Recovery	Recovery Supports	0.3	-	(0.3)
Recovery	Recovery Housing	0.5	0.8	0.3
Prevention	Investment in School-Based Mental Health	1.2	1.5	0.3
Treatment	MAT Coverage for Undocumented and Uninsured	0.6	0.9	0.3
Totals		\$4.9	\$3.5	(\$1.4)

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

- **Basic Needs Provisions for High-Risk Clients – (\$250,000):** The Budget includes no additional funding for basic needs provisions for high-risk clients and community members, a reduction of \$250,000 as compared to the FY2025 Budget as Enacted. This funding was distributed to six community centers, a behavioral health triage center, the Rhode Island Outreach pilot program, and additional behavioral health support organizations, including those who work to certify all recovery houses in the state.
- **Brick & Mortar Facility Investments – (\$1.8 million):** The Budget includes \$250,000 in funding for brick and mortar facility investments to better support treatment on-demand, a reduction of \$1.8 million as compared to the FY2025 Budget as Enacted. The funding was new in FY2025, and provides increased residential beds in treatment facilities for both men and women.
- **Recovery Supports – (\$250,000):** The Budget includes no additional funding for recovery capital supports, a reduction of \$250,000 as compared to the FY2025 Budget as Enacted. This funding was new in FY2025 and was allocated to community recovery centers to assist with distribution of recovery capital. Examples of recovery capital include gym memberships, transportation, self-help groups, employment services, and additional support resources.
- **Recovery Housing – \$250,000:** The Budget includes \$750,000 for recovery housing, an increase of \$250,000 as compared to the FY2025 Budget as Enacted. The funding is intended to sustain FY2023 Stewardship funding for recovery housing for resident awards unable to be covered through the State Opioid Response grant.
- **Investment in School-Based Mental Health - \$300,000:** The Budget includes \$1.5 million in funding for investment in school-based mental health, an increase of \$300,000 as compared to the FY2025 Budget as Enacted. The continued funding will sustain youth prevention programming and continued recruitment of various counseling and supervisor positions for school-based mental health initiatives.
- **MAT Coverage for Undocumented and Uninsured - \$350,000:** The Budget includes \$900,000 in funding for Medication-Assisted Treatment (MAT) coverage for individuals who are uninsured and/or undocumented, an increase of \$350,000 as compared to the FY2025 Budget as Enacted.

SERVICES FOR THE DEVELOPMENTALLY DISABLED

The Division of Developmental Disabilities (DD) supports a statewide network of programs for adults with developmental disabilities. These supports include several levels of residential care, community placements, day programs, and respite programs. The program works to provide access to appropriate services in the least restrictive environment possible. The program manages a population that ranges from those previously institutionalized at the Ladd School, before the closure of the facility in 1994, to those with mild functional disabilities in need of daytime supports and vocational training to function within the community.

The program serves approximately 4,300 through State-run programs and community-based providers, including those who receive case management services. The system consists of 24-hour, nursing-level facilities; the State group home system, otherwise known as Rhode Island Community Living and Supports (RICLAS); and a private residential provider network. As of January 2025, 1,537 individuals were served in residential placements, including 419 in Shared Living Arrangements. 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 \$507.1 million from all funds for the Division in FY2026, including \$218.7 million from general revenue. This is \$7.9 million more in general revenue than the FY2025 Budget as Enacted and \$7.7 million more than actual general revenue expenditures in FY2024.

Services for the Developmentally Disabled	General Revenue
FY2025 Enacted	\$210,802,707
<i>Target and Other Adjustments</i>	<i>124,428</i>
May 2025 Caseload Estimating Conference	6,877,977
Transformation and Technology Funding	928,200
RICLAS FTE transfer (2.0 FTEs)	222,868
Technology Expenses	(220,478)
FY2026 Enacted	\$218,735,702

May 2025 Caseload Estimating Conference **\$6.9 million**

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget years. These adopted expenditure levels determine the appropriations for the Governor's and Enacted Budgets. The May 2025 CEC projected general revenue expenditures of \$194.7 million in the Services for the Developmentally Disabled program, or \$6.9 million more than the FY2025 Budget as Enacted. This increase captures continued expenditure growth in Residential and Community Based Services.

Transformation and Technology Funding **\$928,200**

The Budget includes an increase of \$928,200 for infrastructure and technology costs related to the Department's consent decree. This increase represents the shift of unspent funds from FY2024, pursuant to the Consent Decree Action Plan. A total \$1.9 million unspent balance is proposed to be split between FY2025 and FY2026.

RICLAS FTE transfer (2.0 FTEs) **\$222,868**

The Governor proposes the transfer of 2.0 facilities management FTEs from the Department of Administration to the Rhode Island Community Living and Supports (RICLAS) program within the Services for the Developmentally Disabled program. The positions are associated with state-owned group homes and represent an increase of \$222,868 in general revenue in FY2026.

Technology Expenses **(\$220,478)**

The Budget removes funding for unnecessary technology expenses, decreasing general revenues by \$220,478 in FY2026.

HOSPITAL AND COMMUNITY REHABILITATIVE SERVICES

The Hospital and Community Rehabilitative Services program provides a continuum of treatment and residential options for psychiatric and developmentally disabled clients. The Hospital facilities are licensed

by the Department of Health (DOH) and accredited by the national board for health care organizations, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The Eleanor Slater Hospital (ESH) has two campuses, the Pastore Center in Cranston and the Zambarano Campus in Burrillville.

Hospital and Community Rehabilitative Services	General Revenue
FY2025 Enacted	\$53,030,624
<i>Target and Other Adjustments</i>	<i>339,963</i>
ESH and Zambarano Operational Savings	(3,542,215)
Centralized Services (statewide adjustment)	3,258,787
Hospital Licensing Fee Adjustment	2,454,052
Outpatient Services Program shift	(1,909,841)
Central Utilities Fund (statewide adjustment)	1,691,836
Third Party Billing Adjustment	(1,600,000)
FY2026 Enacted	\$53,723,206

ESH and Zambarano Operational Savings ***(\$3.5 million)***

The Budget includes a general revenue reduction of \$3.5 million related to operational savings within Eleanor Slater and Zambarano Hospitals. The savings are the result of optimizing billable patient head counts, Medicare Part D and other non-Medicaid revenue sources billing, and decreased expenditures on overtime and contracting costs.

Hospital Licensing Fee Adjustment ***\$2.5 million***

The FY2026 Budget includes a \$2.5 million increase related to the hospital licensing fee for Eleanor Slater Hospital (ESH). The Department recently implemented a new approach to budgeting Medicaid expenses, resulting in all hospital licensing fee expenses appearing as general revenue expenses as compared to previous years where these expenses were split across general revenue and federal funds.

Outpatient Services Program shift ***(\$1.9 million)***

The FY2026 Budget shifts \$1.9 million in general revenue out of Hospital and Community Rehabilitative Services and into Central Management to represent the relocation of one of Eleanor Slater Hospital's (ESH) subprograms. The Outpatient Services subprogram is proposed to be retired from ESH and moved to Central Management as a new Forensic Services subprogram.

Third Party Billing Adjustment ***(\$1.6 million)***

The Budget decreases general revenues by \$1.6 million to reflect a rebase of FY2026 collections for third-party billing receipts at Eleanor Slater Hospital. There is a corresponding increase in restricted receipts funding for these collections, which include Medicare billings from re-enrolling physicians for certification and increasing Part D pharmacy receipts.

STATE OF RHODE ISLAND PSYCHIATRIC HOSPITAL

The State of Rhode Island Psychiatric Hospital (RISPH) is a newly established program within BHDDH for a separately-licensed facility on the Pastore Center in Cranston to treat individuals who need psychiatric care. The facility became licensed on October 25, 2022, and treats psychiatric and court-ordered forensic patients who have serious mental illnesses.

Rhode Island State Psychiatric Hospital	General Revenue
FY2025 Enacted	\$33,499,422
<i>Target and Other Adjustments</i>	<i>\$671,449</i>
RISPH Operational Savings	(\$2,481,167)
Personnel Adjustments (statewide adjustments)	1,753,848
FY2026 Enacted	\$33,443,552

RISPH Operational Savings ***(\$2.5 million)***

The Budget includes a general revenue reduction of \$2.5 million related to operational savings within the Rhode Island State Psychiatric Hospital. The savings are the result of optimizing Medicare Part D billing, as well as decreased expenditures on overtime, operating expenses, and contracting services.

CAPITAL PROJECTS

The Budget includes \$500,000 in Rhode Island Capital Plan (RICAP) funds within the Department for FY2026 and a total of \$3.3 million in RICAP funds from FY2025 through FY2030. In addition to the funding within the Department, the Budget includes \$31.5 million in FY2026 and a total of \$136.5 million from FY2025 through FY2030 within the Department of Administration. The funding is allocated to the following projects:

- **Zambarano Long-Term Acute Care Hospital:** The FY2023 Budget as Enacted included \$108.2 million in RICAP funds from FY2023 to FY2028 to construct a new 110-bed, long-term care facility on the Zambarano campus. The new building would be licensed as a mixed-use facility for skilled nursing, custodial care, intermediate care, and traumatic brain injury. The FY2026 Budget maintains total project funding of \$107.1 million, including \$26.1 million in FY2026. This project is budgeted under the Department of Administration.
- **Group Home Consolidation:** The FY2025 Budget as Enacted included \$28.4 million from FY2025 through post-FY2029 to repair and maintain state-owned group homes, including \$4.3 million in FY2025. The FY2026 Budget maintains \$4.3 million in FY2026 but stretches the project through FY2030 and increases total project funding to \$29.5 million, including \$5.4 million in FY2026. This funding newly consolidates all BHDDH group home asset protection projects into one project in order to allow the Department to more efficiently manage the funds. This project is budgeted under the Department of Administration.
- **Developmental Disabilities Residential Support:** The Budget includes \$198,000 in FY2025 and \$100,000 in FY2026, as well as \$100,000 annually through FY2030, to finance capital equipment and furniture for individuals with developmental disabilities at state-owned facilities.
- **Hospital Equipment Asset Protection:** The Budget includes \$612,000 in FY2025 and \$300,000 in FY2026, as well as \$300,000 annually through FY2030, to finance the replacement of hospital equipment and hardware necessary for hospital operations and record maintenance.
- **RISPH Equipment:** The Budget adds \$100,000 in FY2026, as well as \$100,000 annually through FY2030, for the replacement of hospital and medical equipment as well as security infrastructure at the Rhode Island State Psychiatric Hospital.

Governor's Commission on Disabilities

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Governor's Commission on Disabilities	\$1.6	\$1.9	\$2.8	\$0.9	45.6%	\$1.8	(\$0.1)	-7.1%
Expenditures By Source								
General Revenue	\$1.3	\$1.5	\$2.3	\$0.8	52.4%	\$1.4	(\$0.2)	-9.8%
Federal Funds	0.3	0.3	0.4	0.1	23.8%	0.3	-	-
Restricted Receipts	0.0	0.1	0.1	0.0	1.5%	0.1	0.0	19.7%
Total	\$1.6	\$1.9	\$2.8	\$0.9	45.6%	\$1.8	(\$0.1)	-7.1%
Authorized FTE Levels	4.0	5.0	5.0	-	-	5.0	-	-

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

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

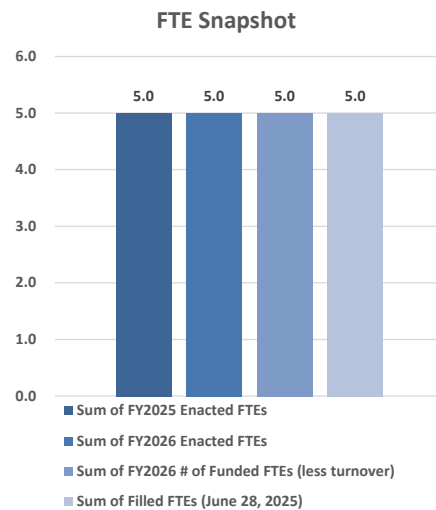
The FY2025 Final Budget includes \$2.8 million in all funds, of which \$2.3 million is general revenue. This reflects a general revenue increase \$801,272, reflecting the reappropriation of \$640,539 from FY2024 into the current fiscal year. Also, there is an increase of \$81,579 in federal funds, reflecting a carryforward of an unexpended federal award from federal FY2023 that went unused due to the COVID shutdown, and an increase of \$651 in restricted receipts.

The result is an all funds increase of \$883,502 from the FY2025 Budget as Enacted.

The FY2026 Budget as Enacted includes \$1.8 million, of which \$1.4 million is general revenue. This reflects a general revenue decrease of \$144,360 from the FY2025 Budget as Enacted. In addition, there is an increase of \$13,404 in restricted receipts and an increase of \$67 in federal funds, resulting in an all funds decrease of \$130,889 from the FY2025 Budget as Enacted.

The Budget includes \$515,278 in general revenue for continued funding of the Livable Homes Modification Program.

The Budget includes 5.0 FTE positions in FY2025 and in FY2026, consistent with the enacted level.



Governor's Commission on Disabilities	General Revenue
FY2025 Enacted	\$1,530,392
<i>Target and Other Adjustments</i>	<i>(227,488)</i>
Personnel Adjustments (statewide adjustments)	107,173
Federal Indirect Cost Recovery Shift	(12,753)
Centralized Services (statewide adjustment)	(11,292)
Livable Homes Modification Grants	Informational
FY2026 Enacted	\$1,386,032

Governor's Commission on Disabilities	Other Fund Changes
Realignment to Enacted/CSL (restricted receipts)	\$12,753

Federal Indirect Cost Recovery Shift **(\$12,753)**

The Budget includes general revenue savings from recoveries of indirect costs on federal grants, beginning in State Fiscal Year 2026. The Budget contains language in Article 2 that increases the indirect cost recovery (ICR) charge provisions on restricted receipt accounts from 10.0 percent to 15.0 percent, matching the new federal rate. This item reflects the ability of the Commission to charge an additional \$12,753 to restricted receipts and to remove the administrative expenses from general revenue. There is a corresponding increase of \$12,753 in restricted receipts.

Analyst Note: On October 1, 2024, Federal OMB's Uniform Guidance increased the "de minimis" rate of recovery from 10.0 percent to 15.0 percent of applicable direct costs, pursuant to 2 CFR § 200.414(f).

Livable Homes Modification Grants **Informational**

The Budget includes \$515,278 in general revenue for the Livable Home Modification grant program, reflecting a decrease of \$250,026 from the \$765,304 general revenue appropriation in the FY2025 Budget as Enacted, and a decrease of \$890,565 from the FY2025 Final Budget.

The FY2025 Final Budget continues funding for the Livable Home Modification Grant Program and includes \$1.4 million in general revenue to support the program. In addition, the FY2025 Final Budget includes the \$730,565 reappropriation from the previous fiscal year, as the FY2024 Budget as Enacted included proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year (FY2025).

The following table illustrates the program appropriation, legislative changes, reappropriation amounts, and actual expenditures of the program.

Livable Homes Modification	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Actual	\$461,040	\$499,690	\$320,422	\$460,559	\$0	\$0	\$0	\$0
Governor FY2023	-	-	-	-	485,743	-	-	-
Assembly FY2023 - Add	-	-	-	-	500,000	-	-	-
Reappropriation from FY2022	-	-	-	-	121,174	-	-	-
Assembly Change FY2023	-	-	-	-	(2,802)	-	-	-
Actual Change FY2023	-	-	-	-	(555,701)	-	-	-
Governor FY2024	-	-	-	-	-	516,699	-	-
Assembly FY2024	-	-	-	-	-	250,000	-	-
Reappropriation from FY2023	-	-	-	-	-	555,750	-	-
Actual Change FY2024	-	-	-	-	-	4,268	-	-
Governor FY2025	-	-	-	-	-	-	765,304	-
Actual FY2024 Final	-	-	-	-	-	(640,565)	-	-
Reappropriation from FY2024	-	-	-	-	-	-	640,539	-
Governor FY2026	-	-	-	-	-	-	-	765,278
Assembly FY2026	-	-	-	-	-	-	-	(250,000)
Total	\$461,040	\$499,690	\$320,422	\$460,559	\$548,414	\$686,152	\$1,405,843	\$515,278

The Governor’s Commission on Disabilities (GCD) has administered the Livable Home Modification grant program since January 2018. Prior to that date, the program was funded under the Executive Office of Health and Human Services (EOHHS). EOHHS did not want to administer the program and it was transferred to the Governor’s Commission on Disabilities as part of the FY2019 Budget as Enacted.

The grant program allocates funding for home modification projects to allow people to stay in their homes longer and decrease the length and frequency of nursing home stays. Improvements include bathroom modifications, wheelchair ramps, and stability rails, along with other home modifications. The following table illustrates the number of paid awards by fiscal year. Since inception, the Commission has paid \$3.6 million for 1,283 awards.

Fiscal Year	# Paid	Amount Paid
FY2018	27	\$86,304
FY2019	161	423,794
FY2020	165	451,517
FY2021	110	303,646
FY2022	159	404,622
FY2023	182	502,292
FY2024	221	645,294
FY2025	258	780,715
Total	1,283	\$3,598,184

Source: Commission on Disabilities
FY2025 as of July 3, 2025

RIGL 42-51-13, requires the Governor’s Commission on Disabilities to submit an annual report by August 15 of each year to the Governor, President of the Senate, Speaker of the House, and to the Chairpersons of the Senate and House Finance Committees on the progress of the Livable Home Modification program. The 2024 annual report was filed on October 29, 2024. The report highlights that over the past three fiscal years, the estimated Medicaid savings of \$71.4 million from nursing home diversion and allowing an individual to remain in their own home. Approximately 96.6 percent of the appropriations will be used on grant awards in FY2025 and 90.6 percent is projected to be spent on grant awards in FY2026. The Commission tracks the project awards by the fiscal year in which they are awarded. The project and balance are carried forward into succeeding fiscal years until the project is completed.

The FY2022 Budget as Enacted codified the current Livable Home Modification Grant program (RIGL 42-51-13) with a hard grant amount of 50.0 percent of the modification cost up to \$4,500. In addition, the FY2022 Final Budget introduced proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year.

Commission on the Deaf and Hard of Hearing

Expenditures by Program	FY2024 Actuals	FY2024 Enacted	FY2024 Revised	Change from Enacted		FY2025 Enacted	Change from Enacted	
Central Management	\$800,166	\$914,184	\$904,509	(\$9,675)	-1.1%	\$929,154	\$14,970	1.6%

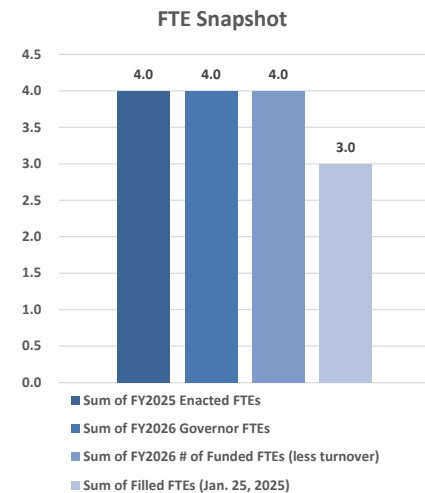
Expenditures by Program	FY2024 Actuals	FY2025 Enacted	FY2025 Revised	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$745,740	\$782,651	\$762,680	(\$19,971)	-2.6%	\$786,233	\$3,582	0.5%
Restricted Receipts	54,426	131,533	141,829	10,296	7.8%	142,921	11,388	8.7%
Total	\$800,166	\$914,184	\$904,509	(\$9,675)	-1.1%	\$929,154	\$14,970	1.6%

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 \$929,154 including \$786,233 from general revenue for FY2026. General revenue increases by 0.5 percent from the FY2025 Budget as Enacted. The increases in general revenue are primarily due to the statewide adjustments related to the 4.0 percent cost of living adjustment, negotiated by the governor in FY2025.



The Budget authorizes 4.0 FTE positions in FY2026, consistent with the Enacted budget.

Commission on the Deaf and Hard of Hearing	General Revenue
FY2025 Enacted	\$782,651
<i>Target and Other Adjustments</i>	79,596
EPCAP Director Expenses	(36,871)
Personnel Adjustments (statewide adjustments)	75,813
Centralized Services (statewide adjustments)	(39,143)
FY2026 Enacted	\$786,233

Commission on the Deaf and Hard of Hearing	Other Funds
EPCAP Director Expenses (restricted receipts)	\$36,868

EPCAP Director Expenses (\$36,871)

The Budget includes a restricted receipt shift of \$36,871, funded through The Emergency and Public Communication Access Program (EPCAP), resulting in a general revenue decrease of \$36,871. At the end of FY 2024, the EPCAP account had an unspent balance of \$128,126. The account receives an annual deposit of \$100,000 from the Public Utilities Commission. The Commission expects a significant unspent balance at the end of FY 2026, due to unspent funds related to vacant positions. Therefore, the Governor

recommends a higher proportion of the Director's salary be allocated to the EPCAP account of 25.0 percent. There should be no unspent funds at the end of FY2026.

Office of the Child Advocate

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$1,395,026	\$1,891,426	\$1,763,740	(\$127,686)	-6.8%	\$2,264,613	\$373,187	19.7%
Total	\$1,395,026	\$1,891,426	\$1,763,740	(\$127,686)	-6.8%	\$2,264,613	\$373,187	19.7%

Expenditures by Source	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$1,429,015	\$1,891,426	\$1,763,740	(\$127,686)	-6.8%	\$2,264,613	\$373,187	19.7%
Federal Funds	(33,989)	-	-	-	-	-	-	-
Total	\$1,395,026	\$1,891,426	\$1,763,740	(\$127,686)	-6.8%	\$2,264,613	\$373,187	19.7%

Authorized FTE Levels	10.0	13.0	13.0	-	-	13.0	-	-

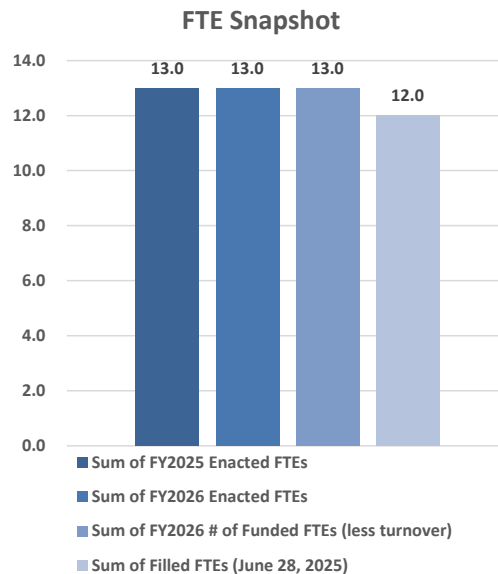
The Office of the Child Advocate (OCA) is mandated by statute to protect the legal, civil, and special rights of all children in the care of the Department of Children, Youth, and Families (DCYF). The Office strives to improve conditions and circumstances through monitoring, intervention, and advocacy. The Office reviews all youth residential programs, including the Rhode Island Training School, and oversees compliance of all DCYF-contracted providers. The General Assembly amended the Office's statutory charge in both 2016 and 2019, further requiring the Child Advocate to investigate any child fatality or near fatality if:

- The child is involved with, or the child's family previously received services from DCYF;
- The incident involves alleged abuse or neglect and the child's family had prior contact with DCYF; or
- The child's sibling, housing member, or daycare provider was the subject of a child abuse or neglect investigation within 12 months of the incident.

MAJOR ISSUES AND TRENDS

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State's child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement, known as the Children's Rights Settlement, outlined a number of new screening and reporting requirements for DCYF. The OCA acts as the federal monitor to the settlement and oversees DCYF's progress towards meeting the established benchmarks.

The Budget includes \$2.3 million in general revenues for the Office of the Child Advocate, an increase of \$373,187 as compared to the FY2025 Budget as Enacted. This represents full financing for current operations and staffing authorizations, as well as salary and benefits increases due to a COLA which went into effect in FY2025. The Budget authorizes and fully funds 13.0 FTE positions. As of June 28, 2025, 12.0 positions are filled.



Office of the Child Advocate	General Revenue
FY2025 Enacted	\$1,891,426
<i>Target and Other Adjustments</i>	<i>50,071</i>
Salary and Benefit Adjustments	186,471
Personnel Adjustments (statewide adjustments)	136,645
FY2026 Enacted	\$2,264,613
<i>Salary and Benefit Adjustments</i>	<i>\$186,471</i>

The Budget includes an increase in salary and benefit expenses of \$186,471. The increase reflects a full year of funding for 3.0 FTE positions which were filled mid-year in FY2025.

Office of the Mental Health Advocate

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$769,628	\$981,608	\$730,673	(\$250,935)	-25.6%	\$1,117,164	\$135,556	13.8%
Total	\$769,628	\$981,608	\$730,673	(\$250,935)	-25.6%	\$1,117,164	\$135,556	13.8%
Expenditures by Source								
General Revenue	\$769,628	\$981,608	\$730,673	(\$250,935)	-25.6%	\$1,117,164	\$135,556	13.8%
Total	\$769,628	\$981,608	\$730,673	(\$250,935)	-25.6%	\$1,117,164	\$135,556	13.8%
Authorized FTE Levels	6.0	6.0	6.0	-	-	6.0	-	-

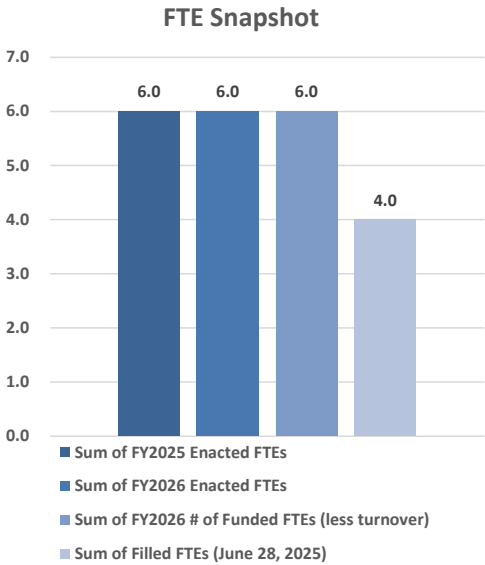
The Office of the Mental Health Advocate (OMHA) is statutorily mandated to protect the legal, civil, and special rights of people living with mental illness in Rhode Island. This includes providing legal representation at involuntary commitment proceedings, monitoring policies and procedures at inpatient treatment facilities and community-based health programs, proposing and evaluating legislation, and litigating civil and treatment rights disputes.

The Office also advocates for improvements in the mental health system by monitoring and evaluating the quality of services available to clients and combatting the stigmatization and discrimination associated with mental illness. The Office seeks to close gaps in the programs administered by mental health providers, including the shortcomings in services related to emergency hospitalizations, psychiatric care for prison inmates, and homelessness among individuals with chronic mental illness.

MAJOR ISSUES AND TRENDS

The FY2026 Budget includes \$1.1 million from general revenues for the Office of the Mental Health Advocate. This represents a general revenue increase of \$135,556, or 13.8 percent, as compared to the FY2025 Budget as Enacted. The Office is funded entirely through general revenues.

The Budget authorizes and fully funds 6.0 FTEs in FY2026, consistent with the FY2025 authorization. As of June 28, 2025, the Office had 4.0 positions filled and 2.0 positions vacant. Currently, the Office has 1.0 vacant Social Worker position and 1.0 vacant Attorney position.



Analyst Note: This is the second year in which these positions have been vacant. The Office has previously indicated challenges with finding qualified candidates; in a previous hiring round for an Attorney position, only three qualified candidates applied. Other than the statewide COLA increases, no salary increases were included in this budget.

Office of the Mental Health Advocate	General Revenue
FY2025 Enacted	\$981,608
Target and Other Adjustments	23,473
Personnel Adjustments (statewide adjustments)	56,399
Centralized Services (statewide adjustments)	55,684
FY2026 Enacted	\$1,117,164

Elementary and Secondary Education

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Administration of the Comprehensive Education Strategy	\$320.0	\$312.6	\$349.4	\$36.8	11.8%	\$295.2	(\$17.5)	-5.6%
Central Falls School District	49.4	54.6	55.0	0.4	0.7%	54.6	(0.1)	-0.1%
Davies Career and Technical Center	24.4	65.3	29.1	(36.1)	-55.4%	67.2	1.9	2.9%
Rhode Island School for the Deaf	9.9	9.7	10.1	0.3	3.5%	10.3	0.6	5.8%
Metropolitan Career and Technical School	10.8	13.6	15.3	1.6	11.9%	13.2	(0.4)	-3.0%
Education Aid	1,392.3	1,308.8	1,306.3	(2.5)	-0.2%	1,311.2	2.4	0.2%
School Construction Aid	104.2	106.2	106.2	-	0.0%	119.9	13.7	12.9%
Teacher Retirement	131.5	132.3	139.4	7.1	5.4%	138.0	5.7	4.3%
Total	\$2,042.5	\$2,003.2	\$2,010.8	\$7.6	0.4%	\$2,009.5	\$6.3	0.3%
Expenditures By Source								
General Revenue	\$1,493.8	\$1,588.8	\$1,597.3	\$8.4	0.5%	\$1,659.2	\$70.4	4.4%
Federal Funds	495.0	318.5	355.9	37.5	11.8%	256.9	(61.5)	-19.3%
Restricted Receipts	51.9	53.0	49.5	(3.6)	-6.7%	50.7	(2.3)	-4.3%
Other Funds	1.7	42.9	8.1	(34.7)	-81.0%	42.6	(0.3)	-0.6%
Total	\$2,042.5	\$2,003.2	\$2,010.8	\$7.6	0.4%	\$2,009.5	\$6.3	0.3%
Authorized FTE Levels	340.1	340.1	340.1	-	0.0%	342.1	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

The Budget provides total funding of \$2,009.5 million, an increase of \$6.3 million over the enacted level. The \$70.4 million increase in general revenue is primarily due to an increase of \$59.2 million in education aid to districts, charter and state schools. The increase includes an additional \$2.5 million for high-cost special education and \$1.7 million in Group Home aid due to the elimination of the funding formula deduction. The number of Pre-K seats supported by the early childhood education categorical fund is projected to remain at the FY2025 level of 2,809 through FY2027. It appears that the Department has stalled in their progress toward the FY2023 Budget initiative to expand Pre-K offerings to 5,000 seats by FY2028.

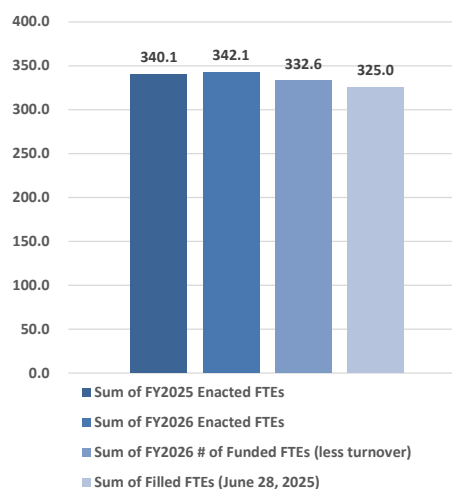
Other increases include \$13.7 million in school construction aid and \$5.7 million for the State's share of teacher retirement, partially offset by the elimination of \$5.0 million to develop the state plan to improve mathematics and English Language Arts (ELA). The FY2026 Budget includes funding for all of the categories, except the Regionalization Bonus, the School Resource Officer Support, and the Density Aid fund, which was replaced with the Enrollment Transition fund.

Transportation is fully funded; however, High-Cost Special Education is level funded at \$17.5 million, \$13.4 million below eligible reimbursements.

The reduction in federal funds is due primarily to the expiration of funding from the ARPA State Fiscal Recovery Fund (SFRF) Elementary and Secondary Education Relief (ESSER) III funds, which had to be obligated by September 30, 2024. Restricted receipts decline in FY2026 primarily due to a reduction of Statewide Transportation costs in FY2026; however, the third quarter report from the Department projects an increase in costs.

The Budget provides 342.1 FTE positions, an increase of 2.0 FTE positions, across the Elementary and Secondary Education system, including 156.1 FTE positions at the Department of Elementary and Secondary Education, 125.0 FTE positions at Davies, and 61.0 FTE positions at the School for the Deaf. The 2.0 new FTE positions are Art Teacher positions at Davies to allow the school to meet the new 2028 graduation requirements.

FTE Snapshot



Federal Elementary and Secondary Relief Funds (ESSER)

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 \$166.4 million was for direct grants to local education agencies (LEAs). According to the United States Department of Education, LEAs may use these as allowed under ESSER I and ARPA ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period. According to the Department 98.8 percent of these funds have been spent. Only four LEAs spent less than 99.0 percent of the funds: Cranston at 80.1 percent with \$1.8 million remaining, South Kingstown at 95.2 percent with \$63,943 remaining, Davies at 96.3 percent with \$43,092 remaining, and East Greenwich at 97.3 percent with \$6,501 remaining.

The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in ESSER III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million was for direct grants to local education agencies (LEAs). According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and

emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of school facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period. The Budget includes \$74.1 million in federal ESSER III funds in FY2025.

The Department reports that 99.9 percent of these funds have been spent as of January 10, 2025. Five districts have not spent at least 99.0 percent of the funds: New Shoreham at 94.7 percent with \$5,989 remaining, Westerly at 96.2 percent with \$171,517 remaining, International Charter School at 96.3 percent with \$36,310 remaining, South Kingstown at 96.5 percent with \$104,565 remaining, and Foster at 98.4 percent with \$6,608 remaining. Expenditure and allocation amounts for each LEA can be found at the [ESSER Funds Dashboard](#) on the Department’s website.

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
FY2025 Enacted	\$39,044,536
<i>Target and Other Adjustments</i>	<i>401,918</i>
Mathematics and ELA Improvement Strategy (Coaching Initiative)	(5,000,000)
Learn365RI	(1,700,000)
COLA Adjustment Reserve Distribution	1,476,344
FY2026 Enacted	\$34,222,798

Administration of the Comprehensive Education Strategy	Other Fund Changes
School Nutrition Programs (federal funds)	\$4,550,000
EC ⁴ Projects - Solar Panels in Schools (RGGI-restricted receipts)	175,000

Mathematics and ELA Improvement Strategy (Coaching Initiative) (\$5.0 million)

As a placeholder for the state plans for mathematics and English Language Arts (ELA) to be developed by the Department in FY2024, the FY2025 Budget included \$5.0 million for implementation. The Governor removes this funding in FY2026. Based on information provided on March 8, 2024, the Department intended to use the funding as follows:

- Some money would go directly to districts to fund or partially fund coach positions.
- There is not enough for coaches in all schools so a determination of need would have to be established.
- Funds should be set aside for professional learning for those coaches, as well as funds for a vendor who runs the coach training and support piece.

- Funds would be set aside to continue some curriculum specific professional learning since funding sources used to support this will be ending.

Based on information provided by the Department on November 25, 2025, \$4.0 million was issued to districts for the hiring of coaches, \$500,000 was dedicated to providing professional learning to the coaches, and another \$500,000 is earmarked to provide High Quality Curriculum Materials (HQCM) to high school math and special education teachers with a focus on special education materials.

Learn365RI

(\$1.7 million)

The Budget provides \$1.3 million for the Learn365RI initiative, a reduction of \$1.7 million from the FY2025 enacted level to provide high-quality, out-of-school time programs focused on critical skill development. The Department asserts that the FY2026 funds will be used for new projects and not to support ongoing costs in previously awarded projects.

In the FY2025 Budget as Enacted, \$3.0 million in general revenue was provided to replace temporary federal funding supporting out-of-school programming with a focus on critical skill development. These funds are to be used to continue the work of the \$4.0 million in federal Governor’s Emergency Education Recovery (GEER) Emergency Assistance to Non-Public Schools (EANS) funds and \$4.0 million in ARPA SFRF in providing grants to municipalities to start or continue out-of-school time programming consistent with the Learn365RI goals of “increasing school attendance, improving reading and math skills, and ensuring that high school graduates have a meaningful plan upon graduation.”

As of June 30, 2025, the Department reports that \$216,560 in reimbursements have been paid and \$2.9 million obligated to grant recipients including \$2.4 million to 37 municipalities, \$80,502 to the West Bay Collaborative, and \$500,000 to EnrollRI. [EnrollRI](#) is a website, launched by the Department, that provides a single platform with information and enrollment access across various education programs, including adult education, the All Course Network, career and technical, and charter public schools.

COLA Adjustment Reserve Distribution

\$1.5 million

The Budget distributes \$1.5 million in general revenue (\$2.0 million all funds) in FY2026 and \$697,078 in general revenue (\$976,407 all funds) in FY2025 for COLA adjustments for personnel in unions that had not ratified new contracts in time for inclusion in the Governor’s Recommended Budget from the Department of Administration where the funds were held in reserve.

School Nutrition Programs (federal funds)

\$4.6 million

The Budget provides an increased appropriation in federal funds of \$4.6 million in FY2026 and \$2.3 million in FY2025 to support school breakfast and lunch programs, based on the Department’s projections

EC4 Projects – Solar Panels in Schools (RGGI-restricted receipts)

\$175,000

The Budget includes \$175,000 in Regional Greenhouse Gas Initiative (RGGI) restricted receipts from the Executive Climate Change Coordinating Council (EC⁴) to allow the Department to retain a consultant to create a roadmap for schools interested in solar.

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.

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 \$54.6 million for the Central Falls School Department in FY2026. This includes the funding formula distribution as well as \$10.8 million in funding through the Central Falls Stabilization Fund, but excludes aid received through other education aid categories. (See Education Aid in the Special Report section of this publication for further detail.)

Central Falls	General Revenue
FY2025 Enacted	\$53,634,574
Target and Other Adjustments	-
Funding Formula Adjustment	1,233,308
Central Falls Stabilization	(300,000)
FY2026 Enacted	\$54,567,882

Funding Formula Adjustment **\$1.2 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 FY2026, the district will see an increase of \$1.2 million in funding formula aid, including an increase of \$842,849 in aid calculated through the simulator and an increase of \$390,458 in enrollment stabilization aid. The formula distribution, stabilization aid, and other categorical aid provide total state funding of \$54.8 million, a net increase of \$402,585 from the previous fiscal year.

Central Falls Stabilization **(\$300,000)**

As part of the Governor’s recommendation to transition Central Falls school district “finances and governance back to local control”, the Budget funds this category at \$10.8 million in FY2026, a decrease of \$300,000 from the FY2025 Budget as Enacted. The district is currently governed by a Board of Trustees that acts as a school committee. The Department provides financial oversight related to budget management and capital projects, and works with the district finance team to reduce costs. The Department does not exercise any heightened academic or governance control beyond that held over other districts. The Board of Trustees is empowered with school committee

authority such as hiring the superintendent, monitoring student outcomes, and implementing policy.

Central Falls schools are currently 100.0 percent state-funded, with the State providing both the local and state contributions calculated through the formula, as well as the local share that would be supported outside of the core amount. Generally, the costs outside the foundation aid formula, such as transportation, facility maintenance and retiree health benefits, are paid by the district. The stabilization fund was created due to concerns regarding the city's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula.

Although Central Falls has been working with the Department to reduce expenditures, the district has not been able to reduce costs enough to keep pace with the phase-in of the funding formula. Also, charter school tuitions have been increasing resulting in a corresponding increase in district expenses. Consequently, the stabilization fund has been used to replace aid lost through the implementation of the funding formula and local payments to public schools of choice. To date, Central Falls has been unable or unwilling to absorb any educational costs.

DAVIES CAREER AND TECHNICAL CENTER

The Davies Career and Technical School provides a high school education program in occupational areas for students in grades nine through twelve. The school provides an integrated academic and vocation curriculum with up-to-date technology programs to provide a solid foundation for students entering postsecondary education or the community. Davies operates as a local education agency and is governed by a Board of Trustees.

The Budget provides \$18.5 million in general revenue funding for the Davies Career and Technical School, an increase of \$400,763 from the FY2025 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
FY2025 Enacted	\$18,131,389
<i>Target and Other Adjustments</i>	-
Funding Formula Adjustment	483,193
Davies Stabilization Fund	(82,430)
FY2026 Enacted	\$18,532,152
Davies Career and Technical School	Other Funds
New Graduation Requirements (2.0 new FTE positions)(restricted receipts)	\$242,056

Funding Formula Adjustment

\$483,193

The Davies School receives funding from state and federal sources; however, beginning in FY2012, it receives its State funding as determined through the new funding formula. In FY2026,

the Davies School will receive an increase of \$483,193 in funding formula aid (\$10.6 million in total formula aid). Instead of being entirely State funded, the sending districts now pay a portion of the tuition for each student from their district. Furthermore, Davies is now responsible for the cost of transporting students to and from their sending districts

Davies Stabilization Fund **(\$82,430)**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to Davies for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget provides a decrease of \$82,430 (\$7.9 million in total stabilization funding) in FY2026.

New Graduation Requirements (2.0 new FTE positions) (restricted receipts) **\$242,056**

The Budget provides 2.0 new Art Teacher FTE positions and \$242,056 in funding from a restricted receipt account supported by local tuition payments to Davies. Under the new graduation requirements, beginning with the Class of 2028, art classes must be taught by certified Art Teachers, who would need to be recruited. The positions are projected to cost \$242,056 in salaries and benefits. In addition, personnel costs are projected to increase by \$155,096 due to the employee contract.

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
FY2025 Enacted	\$8,675,430
Target and Other Adjustments	134,508
FY2026 Enacted	\$8,809,938

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 \$13.0 million in general revenue funding for the Met, an increase of \$1.8 million over the FY2025 Budget as Enacted. This includes \$3.2 million for the Met School Stabilization Fund, but excludes categorical aid. The Met School is governed by a board, appointed by the Board of Education but operated independently. Also, unlike Davies, the employees at the Met School are not state employees. (See Education Aid in the Special Report section of this publication for further detail.)

Metropolitan Career and Technical School	General Revenue
FY2025 Enacted	\$11,131,142
<i>Target and Other Adjustments</i>	-
Met School Stabilization Fund	1,123,000
Funding Formula Adjustment	723,186
FY2026 Enacted	\$12,977,328

Met School Stabilization Fund**\$1.1 million**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget increases the stabilization fund by \$1.1 million (\$3.2 million total) in FY2026. By adjusting the stabilization fund to offset any changes in the funding formula calculation, the Met School was level funded from FY2017 through FY2022. The increase is recommended to address rising operating costs, such as step increases, cost-of-living adjustments, instructional support, transportation, and healthcare costs.

Funding Formula Adjustment**\$723,186**

In FY2026, the Met School sees an increase of \$723,186 in funding formula aid (\$9.8 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.

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
FY2025 Enacted	\$1,219,745,842
<i>Target and Other Adjustments</i>	-
Funding Formula Distribution	50,663,258
Categorical Aid	2,401,253
State E-Rate	(400,000)
Textbook Expansion	(180,000)
FY2026 Enacted	\$1,272,230,353

Education Aid	Other Funds
Statewide Student Transportation (restricted receipts)	(3,528,145)

Funding Formula Distribution

\$50.7 million

Based on the October 2025 enrollment data, adjusted for projected charter school enrollments, the FY2026 Budget as Enacted increases the education funding formula distribution to districts, except for Central Falls and state schools, by \$50.7 million.

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, distribution could change annually based on shifts in enrollment. There are no changes in funding methodology for the School for the Deaf, since it is an education program that already has a state, federal and local share.

The formula establishes a per-pupil spending amount of \$13,322 in FY2026, an increase of 5.6 percent. The formula also includes a single factor to adjust the core foundation amount to address the effects of poverty and other factors influencing educational needs. The student success factor, also referred to as the high need student weight, is 40.0 percent. The weight provides an additional \$5,728 ($\$13,322 \times 0.4 = \$5,728$) for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines.

English Learners/Multilingual Learners: Article 8 of the FY2025 Budget as Enacted shifted support for English Learners into the funding formula, increased the weight from 15.0 to 20.0 percent of the per-pupil core instruction amount for each qualified EL student (\$2,664 in FY2026), and changed the name to Multilingual Learners (MLL). When established through Article 11 of the FY2017 Budget as Enacted, the EL categorical fund provided a 10.0 percent weight and was often not fully funded to meet the qualified reimbursements. The FY2024 Budget as Enacted increased the weight to 15.0 percent and eliminated the ratable reduction clause, requiring the category to be fully funded.

EL students are identified through the WIDA (World-Class Instructional Design and Assessment) Kindergarten-MODEL and the WIDA Screener 1-12 grade. The WIDA ACCESS (Assessing Comprehension and Communication in English State to State) is used for monitoring and growth in grade K-12. WIDA is a consortium of state departments of education that developed the ACCESS test that is administered annually to English Learners to monitor the student’s language development. The models classify student into six proficiency categories. The 20.0 percent weight is applied to students in the three lowest categories: entering, emerging, and developing.

While no longer distributed on a reimbursement basis, districts are required to report annually to the Department of Elementary and Secondary Education on the planned and prior year use of MLL funds to provide services in accordance with the requirements set forth by the Commission of Elementary and Secondary Education. The Department is responsible for reviewing the use of funds to ensure consistency with established best practices.

Analyst Note: The Council on Elementary and Secondary Education approved updated MLL/EL regulations on February 26, 2025. Updates include extending the deadline for districts to meet the updated MLL/EL regulation

requirements from FY2030 to FY2031, clarifying professional learning requirements, encouraging the expansion of bilingual/dual language programs, and increasing family and student engagement. The deadline was extended in response to public feedback requesting more time, flexibility, and supports for the implementation of the regulations. The presentation to the Council regarding the new regulations can be found [here](#).

The formula accounts for local revenue generating capacity and overall poverty level through a state share ratio calculation for each community that uses the State Share Ratio for the Community, based on the EWAV (Equalized Weighted Assessed Valuation) for the community, and the concentration of pre-kindergarten through sixth grade students eligible for free or reduced-price lunch.

Article 11 of the FY2017 Budget as Enacted changed the threshold for the high-need student weight to a family income at or below 185.0 percent of the federal poverty guidelines. The change 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.

Article 10 of the FY2023 Budget as Enacted required the Department to submit, as part of its FY2024 budget request, a poverty measure that does not rely on the administration of the school lunch programs. The Governor recommended and the General Assembly concurred with using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP). The counts from this data source are then multiplied by a factor of 1.6, as recommended by the U.S. Department of Agriculture (USDA) and the U.S. Department of Education for the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010. The direct certification data is used for both the student success factor (SSF) and concentration of pre-kindergarten through sixth grade students used in the share ratio calculation.

According to the Office of Management and Budget (OMB), “extensive research was conducted” to determine the new poverty measure, including the experiences of other states. Several criteria were considered including “comparable eligibility requirement to the FRLP, timeliness, and data quality. Furthermore, data sharing agreements with DHS [Department of Human Services] related to the use of direct certification were already in existence.” Based on the review, it was determined that “direct certification would result in a reliable calculation of education aid while minimizing administrative burden.”

According to the US Department of Education, the “function of the 1.6 multiplier is to provide an estimate of the percentage of students eligible for free and reduced-price meals in participating CEP schools, groups of schools, or LEAs that is comparable to the poverty percentage that would be obtained in a non-CEP school. The number of students directly certified is a subset of the total number of students eligible for free and reduced-price meals. Using only the number of identified students would result in lower poverty percentages for CEP schools or LEAs.” (see page 4 of Guidance for The Community Eligibility Provision). Communities participating in the CEP agree not to collect FRLP forms.

Poverty Loss Stabilization Fund: The FY2024 Budget as Enacted established funding to reduce the impact of a reduction in the community state share ratio. If the share ratio decreases by more than 2.0 percent, relative to the prior year, the formula provides 50.0 percent of the resulting reduction in funding formula aid. This fund is distributed as part of the funding formula distribution. In the FY2026 Budget the fund increases by \$3.5 million, relative to the FY2025 Budget as Enacted, to \$4.8 million total for all the school districts except Central Falls, which is included as a separate budget program.

Enrollment Transition Fund: To address the significant enrollment declines seen across the State, the FY2024 Budget as Enacted established an Enrollment Transition Fund providing 40.0 percent of the funding formula aid lost as a result of enrollment declines, relative to the previous year, in year one and 25.0 percent in year two. This fund is distributed as part of the funding formula distribution. The FY2026 Budget decreases this fund by \$9.2 million, relative to the FY2025 Budget as Enacted, to \$10.2 million for all the school districts except Central Falls, which is included as separate budget program.

FY2026 Education Aid as Enacted		
	Change from	Total
Categorical	Enacted	Funding
Transportation	\$1.2	\$12.5
Early Childhood	(1.0)	28.9
High-Cost Special Education	2.5	17.5
Career & Tech. Schools	(2.0)	4.5
Regionalization Bonus	-	-
Group Home Aid	1.7	3.5
Total	\$2.4	\$66.9
<i>\$ in millions</i>		

The Act included a multi-year transition plan to ease districts into the new formula, allowing time to adjust for gains or losses in education aid. The plan provided a transition period of ten years for those districts projected to receive less school aid than they did through the aid distribution in FY2011, and seven years for those districts projected to receive more aid. As of FY2022 the funding formula distribution is fully phased in. (See Education Aid in the Special Report section of this publication.)

Categorical Aid

\$2.4 million

When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. In the FY2024 Budget, the Density Aid Fund was replaced with the Enrollment Transition fund, which is included in the funding formula distribution. The FY2025 Budget moved English Learners into the formula distribution. The FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers at public middle and high schools, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the school specific sections of this analysis.)

The FY2026 Budget includes funding for all of the active categories, except the Regionalization Bonus. The total categorical aid increases by \$2.4 million for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met).

- **Transportation:** This fund provides funding to districts that use the statewide transportation contract for transporting students to out-of-district, non-public schools within the resident district’s transportation region as defined by RIGL 16-21.1-2, and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program

provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget fully funds this category at \$12.5 million in FY2026, an increase of \$1.2 million over the FY2025 Budget as Enacted.

- **Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds are distributed through a request for proposals (RFP) process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. These funds are paid to providers through the RFP process and, consequently, are not included in the distribution tables. Provisory language in Article 1 of the Budget requires the Department to prioritize funding to four-year olds whose family income is at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low-performing schools. The Budget funds this category at \$28.9 million in FY2026, a decrease of \$1.0 million in general revenue relative to the FY2025 Budget as Enacted. The decrease aligns with the number of classrooms and other contracts supported through the program, such as professional development, technical assistance, early childhood mental health supports, and program monitoring by the Department and Bright Stars. The \$1.0 million cut in the Budget was previously used to fund infant and toddler care in the Department of Health.

Article 10 of the FY2023 Budget as Enacted required the Department of Education (RIDE), the Department of Human Services, and the Children's Cabinet to develop the [Rhode Island Pre-K expansion plan](#) to expand the Pre-K program to 5,000 seats over five years beginning in FY2024, including children ages three and four. Based on information provided by the Department, the total seats are projected to remain level at 2,809 in FY2025 through FY2027.

- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed four times the combined core instruction and student success factor funding (currently \$74,600 for FY2026). The FY2024 Budget as Enacted lowered this threshold from five times. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$17.5 million in FY2026, an increase of \$2.5

RI Pre-K Districts	FY2025 Pre-K Enrollment			
	Number of classrooms	Total seats	Low-Income seats	Percentage Low-Income
Bristol-Warren	3	56	28	50.0%
Central Falls	9	163	152	93.3%
Coventry	4	76	38	50.0%
Cranston	14	256	128	50.0%
Exeter-West Greenwich	1	20	10	50.0%
East Providence	11	214	107	50.0%
Johnston	3	54	27	50.0%
Lincoln	3	56	28	50.0%
Middletown	4	76	38	50.0%
Newport	2	36	18	50.0%
North Kingstown	1	18	9	50.0%
North Providence	3	54	27	50.0%
Pawtucket	15	282	201	71.3%
Portsmouth	1	20	10	50.0%
Providence	40	740	640	86.5%
Smithfield	2	38	19	50.0%
South Kingstown	1	18	18	100.0%
Warwick	7	126	63	50.0%
West Warwick	5	90	45	50.0%
Westerly	3	56	37	66.1%
Woonsocket	20	360	300	83.3%
Statewide Total	152	2,809	1,943	69.2%

Source: Rhode Island Department of Education

million over the FY2025 Budget as Enacted and \$13.8 million less than the \$31.3 million in eligible reimbursements.

- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2026, a decrease of \$2.0 million from the previous fiscal year.

While not carried into FY2026, the FY2025 Budget as Enacted provided \$2.0 million to support new career and technical education programs, not currently offered in any school, that address high growth, high-wage careers. The funds are being distributed through a competitive process. The deadline to apply was February 28, 2025. The funding will be obligated by June 30, 2025. Program planning is expected to occur in FY2026 with the new programs opening in FY2027.

FY2025 CTE Aid Investment in High-Growth High-Wage Jobs of the Future		
Total Grant		
LEA Grant Recipient	Award	Program Area
Central Falls	\$42,500	Translation and Interpretation for Lanugage Services Industry
Cranston	57,500	Allied Health Consortium
Foster-Glocester	472,151	Community Greenovation Lab for sustainable building practices
Lincoln	201,371	Aviation
Narragansett	250,000	Marine Tourism and Seafood
Providence - Hope High School	22,000	Production Design and Event Experience
Providence - Juanita Sanchez	435,710	MRI Technician
Life Science Institute		
Met School	250,000	Veterinary Careers Program
Warwick	61,420	Environmental Science - Energy
Westerly	207,348	Aviation
Total	\$2,000,000	

Source: Rhode Island Department of Education

- **Regionalization Bonus:** This fund provides a bonus to districts that may regionalize in the future. In the first year, the bonus is 2.0 percent of the State’s share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State’s share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget provides no funding in FY2025. This category has not been funded since FY2014, as no new regionalized districts have been formed.
- **Group Home Aid:** The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount to \$17,000 annually per bed. Article 7 of the FY2026 budget as Enacted eliminated the per-bed deduction of funding formula aid from the Group Home aid disbursement. Previously, depending on the district’s share ratio, the \$17,000 per bed was adjusted downward by the state share of the core instruction amount. For example, a district with a state share ratio of 47.8 percent would receive \$17,000 minus (0.478*\$18,651), leaving \$8,092 per bed. The article eliminated this

adjustment, increasing group home aid to districts by \$2.1 million in FY2026. The FY2026 Budget as Enacted includes \$3.5 million to fund group home beds, \$1.7 million more than the FY2025 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district.

Article 7 of the FY2026 Budget as Enacted eliminated the group home aid paid to East Providence for beds associated with the Bradley Hospital CRAFT Program and provided that the student's school district of origin will be responsible for providing education services to students in those beds. This change reduced group home aid to East Providence by \$468,000 in FY2026.

Based on the final December 31, 2024, report from the Department of Children, Youth, and Families, the FY2025 Revised Budget increases by 18 beds and \$306,000.

FY2025 Enacted			Group Home Aid ¹ FY2026			FY2025 Revised		
District	Total Aid	Number of Beds	Net Change			FY2026 Total Aid	Revised Total Aid	Change from Enacted
			FY2026 Number of Beds	Change in Number of Beds	(bed amount - formula adjustment)			
Coventry	\$70,815	8	8	-	\$65,185	\$136,000	\$70,815	\$0
East Providence ²	611,557	36	35	(1)	(322,557)	289,000	611,557	-
Lincoln	78,157	8	8	-	57,843	136,000	78,157	-
Newport	72,064	9	7	(2)	46,936	119,000	72,064	-
North Providence	108,452	16	8	(8)	27,548	136,000	108,452	-
North Smithfield	-	-	4	4	68,000	68,000	68,000	68,000
Pawtucket	38,736	19	20	1	301,264	340,000	55,736	17,000
Portsmouth	272,726	18	30	12	237,274	510,000	476,726	204,000
Providence	109,622	57	58	1	876,378	986,000	126,622	17,000
Smithfield	69,601	6	5	(1)	15,399	85,000	69,601	-
Warwick	249,560	25	24	(1)	158,440	408,000	249,560	-
Bristol-Warren	96,083	10	10	-	73,917	170,000	96,083	-
Exeter-West Greenwich	101,477	9	9	-	51,523	153,000	101,477	-
Total	\$1,878,849	221	226	5	\$1,657,149	\$3,535,998	\$2,184,850	\$306,000

¹ Based on final 12/31/2024 report from the Department of Children, Youth and Families. In the FY2025 Revised Budget, a total of 18 beds were added relative to the enacted level, including 4 in North Smithfield, 1 in Pawtucket, 12 in Portsmouth, and 1 in Providence.

² Article 7 of the FY2026 Budget as Enacted eliminated the funding formula adjustment for group home beds and the group home beds associated with the CRAFT program at Bradley Hospital.

State E-Rate

(\$400,000)

The purpose of the Rhode Island Telecommunications Education Access Fund (RITEAF or E-rate) is to supplement the federal E-Rate program in supporting affordable telecommunications and internet access for all qualified schools (kindergarten through grade 12) and libraries in the State. In the past, the state match portion of the RITEAF has been derived from two sources: a monthly E-rate surcharge on landlines of \$0.26 per line, deposited into a restricted receipt account, and general revenues. The Governor eliminates the \$400,000 in general revenue funding for this program. As the number of land lines has decreased over the past several years, funding for this program has also decreased. As of February 17, 2025, the balance of the RITEAF is \$705,018. According to the department, this cut will not result in any loss of federal funds.

In addition to declining restricted receipt revenue, under the new federal rules Rhode Island federal subsidies are expected to decline. The federal subsidy is based on the income eligibility guidelines used for the free and reduced school lunch program. The federal subsidy is a discount on the cost of the internet access. For example, if a district has a 50.0 percent discount rate, the district pays

the vendor providing the service 50.0 percent of the eligible costs. The vendor receives the remaining 50.0 percent directly from the federal program. The discount rate, ranging from 20.0 percent to 90.0 percent, is calculated based on the percentage of students in the district eligible for the free or reduced lunch program and whether the district is rural or urban, with rural districts receiving an additional 5.0 to 10.0 percent reduction.

E-Rate Revenues and Expenditures					
Revenues	FY2020	FY2021	FY2022	FY2023	FY2024
General Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
RITEAF Surcharge	983,449	849,134	771,949	752,320	720,192
Total	\$1,383,449	\$1,249,134	\$1,171,949	\$1,152,320	\$1,120,192
Expenditures					
General Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
RITEAF Surcharge	950,995	935,384	695,576	697,681	487,652
Total	\$1,350,995	\$1,335,384	\$1,095,576	\$1,097,681	\$887,652
Difference	\$32,454	(\$86,250)	\$76,373	\$54,639	\$232,540

Analyst Note: The United States Supreme Court has taken up two cases challenging the funding mechanism for the federal E-Rate program. The key issue is whether the Federal Communications Commission (FCC) violated the nondelegation doctrine in the Constitution by delegating the administration of the Universal Service Fund (a.k.a the federal E-Rate program) to a private nonprofit, the Universal Services Administrative Company, subsequent to the enactment of the Telecommunications Act of 1996. On June 27, 2025, the Supreme Court upheld the funding mechanism for the E-Rate program.

Textbook Expansion

(\$180,000)

The Governor reduces funding for the state Textbook Reimbursement Program by \$180,000 relative to the enacted budget, providing \$60,000 in total funding. 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. In FY2019 through FY2024, the program averaged \$47,177 in expenditures annually.

Textbook Expansion	
FY2019	\$88,576
FY2020	56,251
FY2021	23,315
FY2022	25,571
FY2023	31,585
FY2024	57,766
Average	\$47,177

Statewide Student Transportation (restricted receipts)

(\$3.5 million)

The FY2026 Budget as Enacted reduces costs for this program by \$3.5 million to \$38.4 million in FY2026 and by \$4.6 million to \$37.3 million in FY2025, relative to the FY2025 Budget as Enacted; however, the second quarter report from the Department projects program costs closer to \$45.0 million. The projected increase is due to bringing on a second, more expensive vendor to cover routes the original vendor was unable to service and the addition of 40 more routes for students who signed up after August.

The statewide student transportation program was created to help districts provide transportation for students attending public and non-public schools within their transportation district, special needs students, homeless students, and foster youth with greater service and cost efficiencies.

Transportation is provided to students who attend private, parochial, and charter schools, as well as career & technical education centers and other approved programs. This program maximizes the sharing of buses when possible to achieve service and cost efficiencies. This program is primarily funded by participating school districts but managed by the Department. Payments from the participating districts are deposited into a restricted receipt account within the Department for payment to the vendor providing the transportation services. For those districts participating in the statewide contract, the transportation costs for transporting students to out-of-district, non-public schools within the resident district's transportation region, as defined by RIGL 16-21.1-2, are provided through education categorical aid provided pursuant to RIGL 16-7.2-6(e).

Pursuant to the federal McKinney-Vento Homeless Education Assistance Act, districts are required to provide transportation for homeless students to and from their school of origin if it is in the student's best interest, regardless of the point of origin. Also, the federal Every Student Succeeds Act requires that students placed in foster care be bused to their district of origin if it is the best interest of the student. Similarly, federal law also dictates the transportation of special education students regardless of transportation districts or state boundaries. State law governs the transportation of private, charter, and career and technical school students with regional districts as defined by RIGL 16-21.1-2.

SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public-school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2026, the minimum state share is 35.0 percent and the maximum is 95.7 percent for Central Falls. The state share for charter schools is 30.0 percent.

The 2011 General Assembly enacted legislation that required RIDE to develop recommendations for cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public-school buildings in Rhode Island, established a permanent

incentive for school safety and security projects, and established school maintenance expenditure requirements.

School Construction Aid	General Revenue
FY2025 Enacted	\$106,198,555
<i>Target and Other Adjustments</i>	-
School Construction Aid	13,689,200
School Building Authority Capital Fund	Informational
FY2026 Enacted	\$119,887,755

School Construction Aid **\$13.7 million**

The Budget provides \$119.9 million, an increase of \$13.7 million over the FY2025 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 (Capital Fund) for distribution by the School Building Authority (SBA). Based on December 2024 projections, housing aid entitlements are projected to increase to \$131.8 million in FY2027, \$158.9 million in FY2028, and \$174.9 million in FY2029.

When the SBA was created, the school construction program funding of \$80.0 million was effectively built into the base budget; however, in the FY2023 Budget as Enacted the aid projection was estimated at \$88.5 million, and a surplus of \$3.8 million was transferred to the SBA. Subsequent transfers include \$2.7 million in FY2024 and \$416,527 in FY2025.

The FY2025 Budget as Enacted included \$1.0 million in federal funds and 3.0 new FTE positions to reflect the award of a \$5.0 million, five-year grant from the United States Department of Education to support the Healthy Environments Advance Learning (HEAL) program in enhancing the indoor environmental conditions in public schools to reduce chronic absenteeism and improve student health. The focus of the program is on the five LEAs with the greatest need: Central Falls, Providence, Pawtucket, West Warwick, and Woonsocket.

School Building Authority Capital 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.

In FY2024, \$104.2 million was appropriated to the foundation program; however, \$101.5 million was spent leaving \$2.7 million to be transferred to the Capital Fund in the FY2024 Revised Budget. Of these funds \$1.7 million was used for the [Get the Foam Out!](#) program and \$995,610 went toward the [WELL Initiative](#).

In FY2023, in addition to the \$250.0 million school building bond referendum in Article 5, the Budget as Enacted provided \$50.0 million in general revenue to the School Building Authority to

address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

Facility Equity Initiative Pilot Program: At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rates over 65.0 percent, including Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. This project would focus on high priority projects to improve the health and safety of students and promote equity across the State. The new Capital Fund will provide up-front funding instead of increasing the school construction allocation in the annual budget and reduce costs by eliminating interest payments on the funded projects.

The projects approved by the Council for FY2022 are supported with the \$9.0 million from construction delays and bond refinancing, plus an additional \$3.0 million from prior year surpluses, and \$1.5 million in support from the Office of Energy Resources (OER) fund to the Facility Equity Initiative pilot program. The funding was distributed, in partnership with OER and the Division of Equity, Diversity, Inclusion (DEDI). After evaluating 53 applications from 5 LEAs, the funds were awarded to 5 districts on a priority basis designed to have the greatest impact on facility gaps between districts through upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

**FY2022 SBA Capital Fund
Facility Equity Initiative
Pilot Program**

Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
Total	\$13.4

\$ in millions

While this program was only a pilot, with the approval of the \$250.0 million school construction bond in November 2022, Article 10 of the FY2023 Budget provided that \$50.0 million be transferred to the School Building Authority Capital Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students. The SBA expanded the pilot program to include the ten LEAs with a base reimbursement rate over 45.0 percent, thus doubling the number of eligible schools.

The \$50.0 million appropriated in FY2023 was distributed as follows:

- \$26.0 million funded the Facility Equity Initiative, an additional \$4.0 million was contributed by the Office of Energy Resources
- \$14.0 million (plus \$1.0 million from the career and technology school fund) was distributed through the 21st Century Technology and Equipment Funds to provide LEAs funds to ensure that learning spaces are equipped with technology, furniture, and equipment that support science technology, engineering, and math project-based learning.
- \$7.5 million was used for the Inside Out program to provide outdoor classrooms.

**FY2023 SBA Capital Fund
Facility Equity Initiative
Program**

Burrillville	\$0.3
Central Falls	4.2
Coventry	3.2
Cranston	1.9
East Providence	2.2
North Providence	2.8
Pawtucket	2.8
Providence	9.3
West Warwick	0.6
Woonsocket	2.9
Total	\$30.2

\$ in millions

- \$1.6 million was awarded through the Menu for Success program providing students with the opportunity to design and operate food trucks.
- \$850,000 was used toward the new W.E.L.L. Initiative to meet the holistic needs of student in the wake of the pandemic. Local education agencies will be eligible for up to \$150,000 depending on enrollment. LEAs were provided with \$5,000 to conduct professional development to support the award. Additional funding for this initiative included \$1.6 million in federal ESSER II funds and \$500,000 in Opioid Settlement funding.

TEACHER RETIREMENT

Since 1949, all teachers 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
FY2025 Enacted	\$132,268,922
<i>Target and Other Adjustments</i>	-
Defined Benefit Plan	5,414,742
Defined Contribution Plan	307,342
FY2026 Enacted	\$137,991,006

Defined Benefit Plan **\$5.4 million**

The Budget provides total funding of \$132.5 million for the State's contribution to the teacher retirement defined benefit plan, reflecting a net increase of \$5.4 million from the FY2025 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.

Defined Contribution Plan **\$307,342**

The Budget provides \$5.4 million in general revenue for the State's share of the contribution to the new defined contribution portion of the hybrid pension system, providing an increase of \$307,342 over the FY2025 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 \$8.1 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2025 and \$42.6 million in FY2026. This provides a decrease of \$34.7 million in FY2025 and of \$276,748 in FY2026, relative to the FY2025 Budget as Enacted, including:

- **Davies Health Care Classrooms:** To reflect the updated project schedule, the Budget shifts \$6.9 million in RICAP funding for the Davies Healthcare classrooms project from FY2025 into FY2026. The Budget provides a total of \$7.0 million in RICAP funding for the Davies Healthcare classrooms project including \$74,523 spent in FY2023 and \$6.9 million to complete the project in FY2026. The Davies Health Care Classrooms project includes building replacement space for the Health Care classrooms and eliminating the detached modular classroom building where the program is currently housed. This project was previously scheduled to begin in FY2021; however, the late passage of the FY2021 Budget delayed progress.
- **Davies School Wing Renovation:** Due to a recent assessment by the project's design-build team, the Budget increases funding by \$4.5 million, for a total of \$34.5 million in FY2026. The increase is needed to install a new roof and temporary membrane overlay in a wing of the building that was built in the 1970's. While the feasibility study identified the need to repair or replace the roof, the condition of the roof has deteriorated sufficiently to make repairs unfeasible. Total project costs are estimated at \$39.5 million. The project is consistent with Davies' strategic plan as approved by the Board of Trustees on June 13, 2022.
- **Met School Asset Protection:** The Budget provides \$3.6 million in FY2025 and \$250,000 in FY2026 for asset protection projects at the Metropolitan Career and Technical Center (MET), reflecting an increase of \$1.6 million in FY2025 and a decrease of \$1.8 million in FY2026 relative to the FY2025 Budget as Enacted. The MET consists of three campuses: East Bay, Peace Street, and Public Street with a total of eight buildings and a storage facility totaling over 100,000 square feet. The Gallagher building is over 50 years old and in need of improvements to adequately function as a school facility. The projects include the replacement of roofs at the school's Peace Street and Public Street campuses, ADA compliance upgrades, safety code upgrades, painting, carpet replacement, and erosion control. The MET previously funded asset protection projects out of the operating budget; however, due to budget reductions and restrictions, asset protection projects have been delayed, resulting in a backlog of maintenance items that need repair. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.
- **Davies HVAC:** The Budget provides \$1.2 million in FY2025 and \$50,000 in FY2026. Davies recently developed a facility master plan to guide ongoing repairs and upgrades. The assessment evaluated the educational space for academic and technical programs, future enrollment patterns, energy efficiencies, building condition, traffic studies, and Americans with Disabilities Act compliance and provided an extensive list of deferred maintenance and renovation projects. However, due to the dire need in other schools around the State and the need for a substantial investment to address the major repairs at Davies, the master plan is being advanced in smaller projects. Consequently, the funding will be used to replace a chiller, and allow for replacement, as needed in areas of the school where ventilation and circulation are an issue, particularly in the 1970's portion of the school.
- **Davies Asset Protection:** The Budget provides \$441,011 in FY2025 and \$750,000 in FY2026 to address door, windows, energy efficiency, and air quality. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.

- **School for the Deaf Asset Protection:** The Budget provides \$395,972 in FY2025 and \$100,000 in FY2026 in asset protection funds, reflecting an increase of \$228,324 in FY2025 and a decrease of \$67,648 in FY2026 relative to the FY2025 Budget as Enacted. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.

Public Higher Education

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Office of the Postsecondary Commissioner	\$49.9	\$51.8	\$62.5	\$10.7	20.6%	\$55.3	\$3.5	6.7%
University of Rhode Island	957.7	1,018.0	1058.2	40.2	4.0%	1111.7	93.8	9.2%
Rhode Island College	195.8	205.1	221.9	16.8	8.2%	216.4	11.3	5.5%
Community College of R.I	172.9	195.9	188.6	(7.3)	-3.7%	214.5	18.6	9.5%
Total	\$1,376.3	\$1,470.8	\$1,531.2	\$60.3	4.1%	\$1,597.9	\$127.1	8.6%

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$309.8	\$314.5	\$315.1	\$0.6	\$0.0	\$327.2	\$12.7	4.0%
Federal Funds	\$12.0	\$6.0	\$17.8	\$11.8	\$2.0	\$5.6	(\$0.3)	-5.7%
Restricted Receipts	\$7.4	\$8.7	\$8.9	\$0.2	\$0.0	\$12.7	\$4.1	46.9%
Other Funds	\$1,047.1	\$1,141.7	\$1,189.4	\$47.7	\$0.0	\$1,252.3	\$110.6	9.7%
Total	\$1,376.3	\$1,470.8	\$1,531.2	\$60.3	4.1%	\$1,597.9	\$127.1	8.6%

Third Party Funded FTE	523.8	519.8	519.8	-	-	544.8	25.00	4.8%
Authorized FTE Levels	3,863.5	3,895.5	3,895.5	-	-	3,972.5	77.0	2.0%
Total								

\$ 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

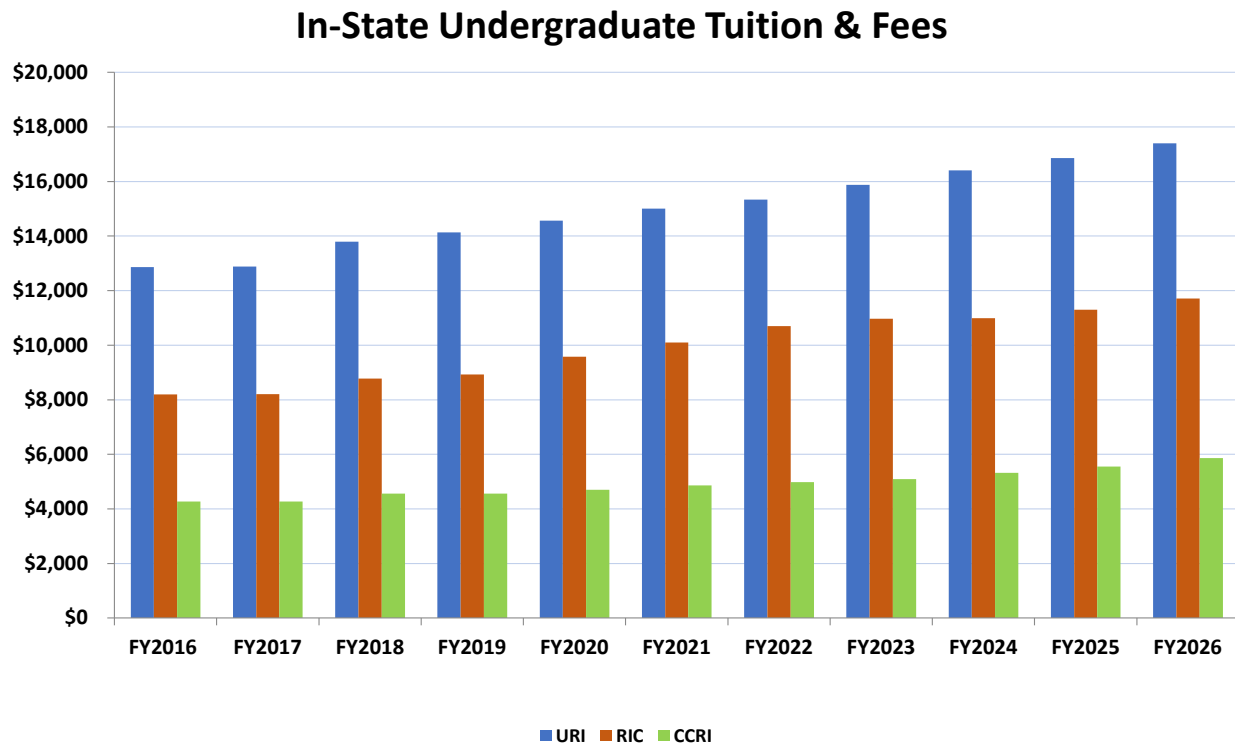
The FY2026 Budget includes total funding of \$1,597.9 million, representing a net increase of \$127.1 million (8.6 percent) from the FY2025 Budget as Enacted, including a general revenue increase of \$12.7 million (4.0 percent). The general revenue increase is driven primarily by the addition of \$2.1 million for Rhode Island Colleges Hope Scholarship, \$958,645 for the Rhode Island Promise Scholarship, \$600,000 for the Dual and Concurrent Enrollment scholarship. The Budget also includes \$1.3 million to support career readiness at CCRI and URI. Remaining general revenue increases are driven by rising operating and personnel costs within the institutions.

The net decrease of \$340,424 (5.7 percent) in federal funds is attributable to the discontinuation of \$1.0 million ARPA SFRF funds that supported the RIC DCYF Foster Care Youth Scholarships.

The \$114.7 million increase in other funds and restricted receipts is due primarily to an increase in tuition and fees at all three institutions, as well as an increase RICAP funds. The Budget includes shifting all \$3.4 million in funding that supported Division of Higher Education Assistance (DHEA) to restricted receipts. Institution increases include \$25.4 million in tuition at URI, \$5.9 million for tuition at RIC, and \$3.9 million for tuition at CCRI. There is a net increase of \$25.6 million in RICAP funding for all institutions. More information on these projects is provided in the “*Capital Projects*” and “*Tuition & Fees*” sections of this analysis. The remaining increase is attributable to increases in auxiliary services, which are self-funded services such as dining halls and book stores; the Budget estimates an addition \$17.1 million for CCRI, \$13.3 for RIC, and \$52.7 million for URI.

Tuition and Fees

Actual tuition and fee rates, by institution, along with a projection for FY2025 and FY2026, are shown in the following graph and table.



URI	FY2025		FY2026 Request	Change from FY2025		FY2026 Enacted	Change from FY2025 Enacted	
	Enacted	FY2025 Revised		Enacted				
In-State Tuition	\$14,630	\$14,630	\$15,076	\$446	3.0%	\$15,076	\$446	3.0%
Out-of-State Tuition	34,834	34,834	35,896	\$1,062	3.0%	35,896	\$1,062	3.0%
Mandatory Fees	2,312	2,312	2,328	\$16	0.7%	2,328	\$16	0.7%
Tuition & Fee Revenue	\$414,431,621	\$414,431,621	\$422,503,802	\$8,072,181	1.9%	\$439,784,410	\$25,352,789	6.1%
URI Enrollment								
In-State	6,791	6,834	6,850	59	0.9%	6,850	59	0.9%
Out-of-State	7,829	7,947	7,773	(56)	-0.7%	7,773	(56)	-0.7%
Graduate Resident Assistants	228	228	-	(228)	-100.0%	-	(228)	100.0%
RIC								
In-State Tuition	\$9,765	\$9,756	\$10,107	\$342	3.5%	\$10,107	\$342	3.5%
Out-of-State Tuition	25,764	25,764	26,666	902	3.5%	26,666	902	3.5%
Northeast Neighbors Program	14,648	14,648	15,160	512	3.5%	15,160	512	3.5%
Mandatory Fees	1,535	1,535	1,602	67	4.4%	1,602	67	4.4%
Tuition & Fee Revenue	\$66,095,437	\$65,339,270	\$70,708,888	\$4,613,451	7.0%	\$72,017,654	\$5,922,217	9.0%
RIC Enrollment								
In-State	4,278	4,445	4,613	335	7.8%	4,613	335	7.8%
Out-of-State	750	813	809	59	7.9%	809	59	7.9%
CCRI								
In-State Tuition	\$5,074	\$5,074	\$5,374	\$300	5.9%	\$5,374	\$300	5.9%
Out-of-State Tuition	14,358	14,358	15,206	\$848	5.9%	15,206	\$848	5.9%
Mandatory Fees	476	476	494	18	3.8%	494	\$18	3.8%
Tuition & Fee Revenue	\$58,965,800	\$57,016,072	\$59,874,342	\$908,542	1.5%	\$62,827,746	\$3,861,946	6.5%
CCRI Enrollment								
Total	7,698	7,679	7,679	(19)	-0.2%	7,679	(19)	-0.2%

The University of Rhode Island's FY2026 requested budget projects a \$8.1 million (1.9%) increase from the FY2025 Budget as Enacted, attributable to the \$446 (3.0%) increase to instate tuition and \$1,062 (3.0%) increase to out of state tuition. Including Graduate Resident Assistants, the University estimates a net 225 decrease in FTE students. However, the Budget includes a \$25.4 million increase to tuition and fees, \$17.3 million more than requested, while maintaining the Board of Trustees estimated tuition and FTE changes. The University is unaware of any additional revenue streams driving the projection. The University's FY2024 pre-audit numbers for tuition and fee revenue is \$396.0 million, and the FY2025 Revised projection is \$414.4 million, about \$25.4 million less than the FY2026 projection.

Rhode Island College's FY2026 requested budget projects a \$4.6 (7.0%) million increase from the FY2025 Budget as Enacted, attributable to the \$342 increase to instate tuition (3.5%), and \$902 (3.5%) increase to out of state tuition. The College predicts a net FTE enrollment increase of 335 in state students (7.8%), and 59 out of state students (7.9%). However, the budget includes \$5.9 million in tuition and fee revenue, \$1.3 million more than requested, while maintaining the Board of Education's estimated tuition and fee changes. The Budget does not include any directives to change tuition and fees. RIC's FY2024 Pre-audited numbers for tuition and fee revenue is \$60.6 million, and the revised FY2025 projection is \$65.3 million, about \$6.7 million less than the FY2026 projection.

The Community College of Rhode Island's FY2026 requested budget projects a \$908,542 (1.5%) increase from the FY2025 Budget as Enacted, attributable to \$300 (5.9%) increase to instate tuition, and \$848 (5.9%) increase to out of state tuition. The College predicts a net FTE decrease of 19.0 students (-0.2%). However, the Budget includes \$3.9 million in tuition and fee revenue, an increase of \$2.9 million than requested, while maintaining the Board of Education's estimated tuition and fee changes. The Budget does not include any directives to change tuition and fees. CCRI's FY2024 pre-audited numbers for tuition and fee revenue is \$55.2 million, and the revised projection is \$57.1 million, \$5.8 million less than the FY2026 projection.

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 has the third lowest appropriation per pupil in the region. In FY2024, the most recent data available, Connecticut appropriated \$9,003 more per

student FTE than Rhode Island and Massachusetts appropriated \$6,534 more. Based on Rhode Island's FY2024 FTE enrollment of 28,491, the difference in per-student FTE appropriation between Rhode Island and Massachusetts is \$181.1 million.

However, on a national perspective in FY2024, the District of Columbia appropriated \$13,700 more per student FTE than Rhode Island. The chart that follows is from the State Higher Education Executive Officers Association (SHEEO) and illustrates state 2024 appropriations to public higher education based on student FTEs. The State of Rhode Island appropriates \$3,862 less per student than the national average.

The previous funding comparisons are not inclusive of Capital Investments. According to the State Higher Education Executive Officers Association (SHEEO), Rhode Island appropriated a total of \$84.9 million in capital appropriations, ranking third behind Connecticut and Massachusetts, and spending \$1.2 million less than the regional average. In FY2024, Rhode Island spend \$93.3 million less in capital appropriations than Massachusetts and \$124.5 million less than Connecticut.

In FY2025, the three state institutions requested a \$85.8 million increase in State general revenue support, excluding general obligation debt service. The Budget provides \$12.7 million in additional funding, excluding general obligation debt service.

FY2024 State Educational Appropriations per FTE

Connecticut	\$16,824
Massachusetts	14,355
Maine	9,512
Rhode Island	7,821
Vermont	5,345
New Hampshire	4,629
Regional Average	\$9,748

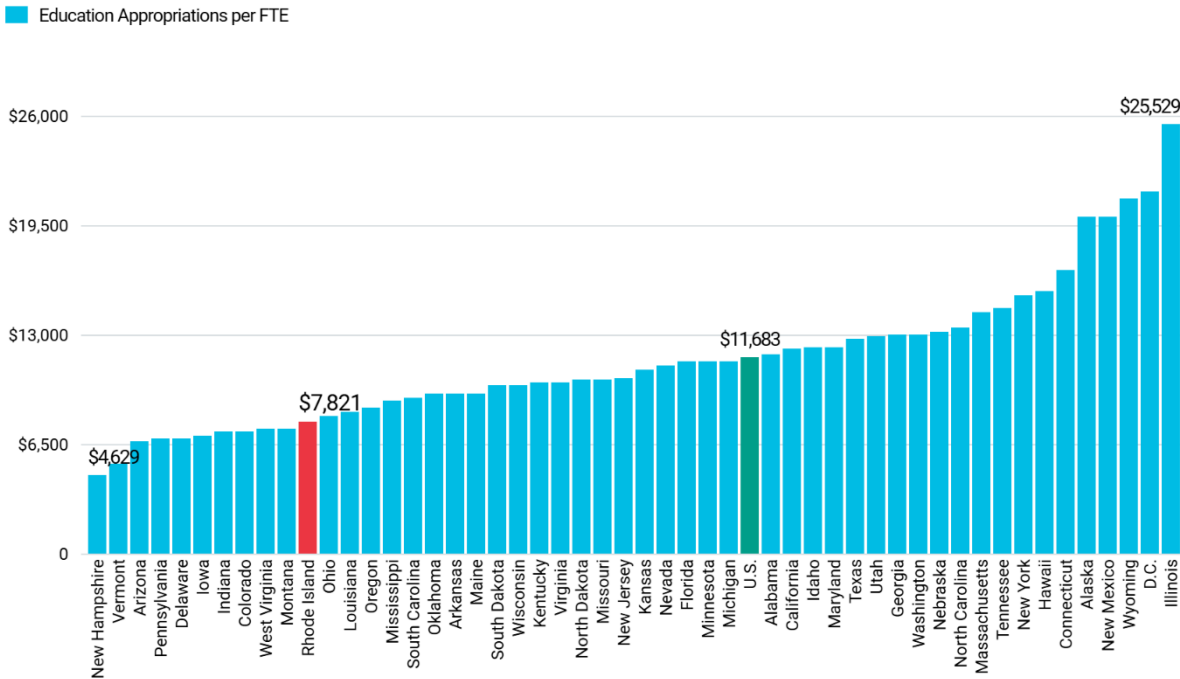
Source: State Higher Education Executive Officers (SHEEO)

FY2024 Capital Appropriations

Connecticut	\$209,445,660
Massachusetts	178,219,333
Rhode Island	84,960,533
Maine	18,752,469
New Hampshire	17,541,727
Vermont	8,100,000
Regional Average	\$86,169,954

Source: State Higher Education Executive Officers (SHEEO)

Public Higher Education Appropriations per FTE by State, FY 2024 (Adjusted)



- Notes:
- 1. Education appropriations are a measure of state and local support available for public higher education operating expenses and student financial aid, excluding appropriations for research, hospitals, and medical education. Education appropriations include federal stimulus funding.
 - 2. The U.S. calculation does not include the District of Columbia.
 - 3. Fiscal year 2024 state-level education appropriations include estimated uncategorizable state support for New Mexico and South Carolina.
 - 4. Each year, approximately one-third of education appropriations in Illinois go toward the state's retirement pension system. See the Illinois State Spotlight for more details.
 - 5. Constant dollars adjusted to the latest year of data available by the Higher Education Cost Adjustment (HECA).
 - 6. Adjusted to account for interstate differences using the Enrollment Mix Index (EMI).
 - 7. Adjusted to account for interstate differences using the Cost of Living Index (COLI). The COLI is not a measure of inflation over time.

Source(s): State Higher Education Executive Officers Association

OFFICE OF THE POSTSECONDARY COMMISSIONER

Expenditures By Source	FY2025	FY2025	Change from		FY2026	Change from	
	Enacted	Final	Enacted		Enacted	Enacted	
General Revenue	\$30.1	\$30.0	(\$0.1)	-0.3%	\$33.3	\$3.2	10.6%
Federal Funds	6.0	17.8	11.8	197.6%	5.6	(0.3)	-5.7%
Restricted Receipts	7.9	8.0	0.1	1.4%	11.8	3.9	50.0%
Other Funds	7.8	6.7	(1.2)	-14.9%	4.5	(3.3)	-42.4%
Total	\$51.8	\$62.5	\$10.7	20.6%	\$55.3	\$3.5	6.7%

\$ in millions

The mission of the Office of the Postsecondary Commissioner (OPC), formerly the Office of Higher Education, is to support the work of the Board of Education and the Council on Postsecondary Education in providing an excellent, accessible, and affordable system of higher education designed to improve the educational attainment of Rhode Island citizens, support economic development, and enrich the civic, social, and cultural life of the residents of the State. The Commissioner works with the presidents of the state higher education institutions to determine the benefits or disadvantages of proposed new programs, departments, courses of study, and policies with the scope and role adopted by the Council on

Postsecondary Education. The OPC also supports specific programs, such as early college access and veterans' affairs. The FY2016 Budget as Enacted created a new Division of Higher Education Assistance (DHEA) within the Office of the Postsecondary Commissioner and eliminated the Rhode Island Higher Education Assistance Authority. The OPC provides research, policy, and fiscal analysis, and seeks to ensure that higher education in Rhode Island remains economically and geographically accessible.

The Budget provides 47.0 FTE positions for the OPC in FY2026, including 1.0 FTE that is third-party funded. This represents an increase of 2.0 FTE positions from the FY2025 Budget as Enacted. The increase is due to the addition of 2.0 FTE positions for the Governor's Rhode to Prosperity initiative where the Office collaborates with the Department of Labor and Training to enhance workforce development and postsecondary education to improve the overall housing, health, and economic outcomes for Rhode Islanders. In addition to collaboration, the initiative includes an integrated data system, which will require 2.0 FTEs from the Office, 1.0 Senior Data Engineer, and 1.0 Research Associate IV. Of the 45.0 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 the Postsecondary Commissioner	General Revenue
FY2025 Enacted	\$30,122,180
<i>Target and Other Adjustments</i>	<i>(953)</i>
Hope Scholarship	2,101,223
Dual and Concurrent Enrollment	600,000
Personnel Adjustments (statewide adjustments)	305,538
OPC COLA	244,167
Assistant Commissioner, HR & Labor Relations	(238,674)
Rhode to Prosperity	200,000
Last Dollar (Promise I) Scholarship	100,000
College Visions	(50,000)
Community Service Objective Grants	(50,000)
Rhode Island Promise Scholarship Program	(11,190)
FY2026 Enacted	\$33,322,291

Central Management	Other Fund Changes
Higher Education Assistance Program (restricted receipts)	\$3,400,000
ARPA SFRF DCYF Foster Care Youth Scholarship (federal funds)	(1,021,859)
Gaining Awareness for Undergrad Program (federal funds)	500,250
Integrated Data System (restricted receipts)	271,191
Higher Education and Industry Centers (restricted receipts)	257,441
NEC Operating URI & RIC (other funds)	175,132
Longitudinal Data System (federal funds)	129,425

Hope Scholarship **\$2.1 million**

In an effort to increase the number of students enrolling and completing four-year degrees and certificates on time, Article 8 of the FY2024 Enacted Budget established the Hope Scholarship Pilot program. The pilot program began with students who enroll in Rhode Island College (RIC) in the fall of 2023 and students enrolled in RIC as of July 1, 2021, who have attained junior status as of July 1, 2023. Students who enrolled as of July 1, 2022, and have attained junior status at RIC as of July 1, 2024 are also eligible if they follow the other requirements such as credit attainment and grade point average.

The scholarship covers the cost of up to two years of tuition and mandatory fees for the junior and senior years of the student, or for adult students who have attained at least 60 credit hours. While the eligibility requirements are very similar to the Promise II Scholarship program at the Community College of Rhode

Island, students cannot receive an award under both programs. The Budget includes \$3.3 million in general revenue for this program in FY2025 and \$5.5 million in FY2026.

The scholarship is modeled after the Rhode Island Promise Scholarship and requires the timely accrual of credit hours and grade point average of 2.5 or greater; however, the Hope Scholarship is available to adult students and allows for the completion of the necessary 60 credit hours over four years, instead of two. While not defined within the statute, RIGL 16-112, adult students are generally 25 years of age and older.

The Article requires annual reporting, as with the Rhode Island Promise Scholarship program, beginning in November 2023. The reports project the cost of the program for the current and following fiscal year and are submitted to the Office of Management and Budget, the State Budget Officer, the House Fiscal Advisor, the Senate Fiscal Advisor, the Commissioner of Postsecondary Education, and the Chair of the Council on Postsecondary Education. A report evaluating the program will be submitted annually on or before July 1 to the Governor, the Speaker of the House, and the President of the Senate.

The Council on Postsecondary Education is authorized to promulgate rules and regulations for the program, while RIC will establish appeal procedures for the award, denial, or revocation of scholarship funding. The Hope Scholarship program began on July 1, 2023, and sunsets on July 1, 2028, unless further action is taken by the General Assembly.

Dual and Concurrent Enrollment **\$600,000**

The Budget shifts \$2.9 million in Rhode Island Student Loan Authority reserve funds to general revenue, to support the dual enrollment initiative, as all funds that previously supported this program are exhausted or insufficient.

Pursuant to RIGL 16-100, Rhode Island began offering the Dual Enrollment program, which allows students to take college courses to earn credits at both secondary and higher education institutions. In 2015, the Board of Education adopted provisions that ensure that all Rhode Island high school student have the opportunity to access college level work while still in high school. All three of the State institutions offer dual enrollment courses.

According to a study conducted by the Education Commission of the States (ECS), dual enrollment programs have been proven to positively impact prospective students by preparing them to meet and maintain college readiness benchmarks. Students who are dually enrolled maintain higher GPAs, are more likely to enter college after high school graduation, and complete an undergraduate degree within four to six years. Dual enrollment also increases second year retention rates.

OPC Cost of Living Adjustment **\$244,167**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 3-year contract, the Budget includes a 4.0 percent cost-of-living adjustments (COLAs). The current agreement is projected to increase general revenue expenditures by \$244,167 in FY2026 within the office.

Analyst Note: The Office's Cost of Living Adjustment (COLA) was inadvertently omitted from the statewide adjustments. The Office of Management and Budget (OMB) included the COLA's in the Office's budget, rather than recalculating statewide adjustments.

Assistance Commissioner, HR and Labor Relations **(\$238,674)**

The Budget includes a general revenue decrease of \$238,674, which represents a reimbursement from RIC and CCRI to cover a portion of the salary and benefits for the Assistant Commissioner position. Historically, the University of Rhode Island and the Council on Postsecondary Education maintained a shared service agreement, with URI's Assistant Vice President of Human Resources fulfilling the Council's labor relations role. However, the creation of the URI Board of Trustees has doubled the VP's workload, resulting in the termination of the shared service agreement. OPC has re-established the full-time labor relations function

and expanded the role to Assistant Commissioner. This position serves as an advisor to the Council and Presidents of CCRI and RIC on all matters related to human resources and labor relations.

Rhode to Prosperity

\$200,000

The Budget includes a \$200,000 general revenue increase to support the Rhode to Prosperity Initiative, which enhances partnerships with business leaders, labor groups, institutes of higher education, and government, to better coordinate existing programs, and identify new initiatives to improve the economic, housing, and health outcomes for all Rhode Islanders. The initiative will require an additional 2.0 FTE positions which are funded entirely through restricted receipts:

- Research Associate, Data Analyst IV: (\$121,238)
- Senior Data Engineer: (\$129,085)

Last Dollar (Promise I) Scholarship Fund Source

\$100,000

The Budget includes \$249,567 in reserve spending, including \$100,000 in general revenue, used for college scholarships from the Division of Higher Education Assistance (DHEA) to general revenue, level with FY2025 Enacted projections. Shifting scholarship funding to general revenue will provide full funding to programs in FY2026. The FY2026 budget includes a \$5.6 million transfer from the Rhode Island Student Loan Authority Reserves, \$2.7million in FY2025, and \$2.9 million in FY2026.

Office of the Postsecondary Commissioner Projection of DHEA Revenues/Expenses for FY2024 through FY2027

Revenues	FY2024 Actual	FY2025 Projected	FY2026 Projected	FY2027 Projected
Reserves ¹	\$3,388,915	\$2,323,587	\$249,567	\$89,567
General Revenue Transfer	-	\$642,700		
CollegeBound Fund Fees (from Treasurer)	3,972,623	3,300,000	3,300,000	3,100,000
Total	\$7,361,538	\$6,266,287	\$3,549,567	\$3,189,567
Expenditures				
Promise 1 Scholarship	(\$2,371,538)	(\$5,932,462)	(\$3,400,000)	(\$3,100,000)
Due to Institutions ³	-			
Dual/Concurrent Enrollment (CollegeBound Fees) ²	(2,598,574)			-
Personnel Expenses (DHEA Reserves)	(67,839)	(84,258)	(60,000)	(60,000)
Total	(\$5,037,951)	(\$6,016,720)	(\$3,460,000)	(\$3,160,000)
Ending Balance	\$2,323,587	\$249,567	\$89,567	\$29,567

Source: Reserves and expenditure projections from OPC and the FY2025 database. CollegeBound Fee projections from the General

¹ Any unused CollegeBound fund fee revenue is deposited into the Reserves account for future use. FY2024 balance as provided by OPC on

² The FY2026 Budget assumes that Dual Enrollment will be funded by General Revenue

³ The FY2024 Budget includes payments due to Institutions of Higher Education

* The FY2023 Budget as Enacted provided a one-time \$9.6 million infusion of general revenue

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 FY2025. Pursuant to RIGL 16-57-6.1(b) and 16-56-6, CollegeBound Fund fees must be used for need-based grant programs; thereby limiting the use of these funds. Additionally, revenues from the CollegeBound fund are expected to decline due to the raising average age of participants and smaller contributions. The revenues are based on the amount of assets under management.

As the average age of the participants increases and participants enter college, they will withdraw assets. Furthermore, the new, younger participants are not joining in the numbers needed to offset withdrawals, and these new participants are generally making smaller contributions to their savings plans. Historically

generating about \$6.0 million annually, the General Treasurer projects revenue at \$6.3 million in FY2025, and \$3.5 million in FY2026.

Article 2 in the FY2026 Enacted Budget repeals the division of higher education assistance, transferring all functions and funding to the Office of the Postsecondary Commissioner, and creating a restricted receipts account for future scholarships. The dissolution of the Division of Higher Education Assistance, and its transfer of all funds are budget neutral, as these funds are already administered by the Office of the Postsecondary Commissioner. The Office projects that there will be a total of \$60,000 in DHEA reserves, identified in the table above, transferred to the newly established restricted receipts account.

Community Service Objective Grants ***(\$50,000)***

The Budget includes a \$50,000 general revenue decrease for legislative grants, reducing funding for the Rhode Island School for Progressive Education from \$200,000 to \$100,000, and adding a new \$50,000 grant for College Visions, a program that empowers low-income and first-generation college students to achieve higher education through college planning and advising.

College Visions ***(\$50,000)***

The Budget includes a general revenue decrease of \$50,000 for the College Visions initiative. College Visions supports equitable access to higher education opportunities for all historically underserved communities. The Budget decreases funds pursuant to the Office of the Postsecondary Commissioner’s study on affordability mechanism, which is currently evaluating and making recommendations on the best way for the State to support college affordability and attainment. The Council has not officially published the report or made recommendations.

Rhode Island Promise Scholarship Program ***(\$11,190)***

The Budget includes \$7.4 million in general revenue, a decrease of \$11,190, to fund the Rhode Island Promise Scholarship program (RI Promise). Article 3 of the FY2018 Budget established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island (CCRI), less federal and all other financial aid available to the recipient. The increase is due to updated enrollment projections for the 2025-2026 school year. The program was scheduled to sunset with the high school graduating class of 2021; however, 2021-S-0079 Sub A eliminated the sunset and made the program permanent

ARPA SFRF DCYF Foster Care Youth Scholarship (federal funds) ***(\$1.0 million)***

The Budget includes a \$1.0 million federal funds decrease to reflect one-time funding for the foster care youth scholarship, administered by the Rhode Island College Foundation. The FY2025 Enacted Budget allocated State Fiscal Recovery Funds to support a last dollar scholarship program for the Department of Children, Youth, and Families foster care youth exiting the system to attend Rhode Island College. These funds would provide year-round services such as dining, housing, and advising. Funding was awarded to the RIC Foundation to distribute as necessary.

GEAR UP Program ***\$500,250***

The Budget includes a \$500,250 federal fund increase to support Rhode Island’s GEAR UP program, which is designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. Rhode Island’s gear up grant supports the Onward We Learn (OWL) program, formerly known as the College Crusade. OWL has funded 6,000 scholarships to low-income Rhode Island students for over 20 years. According to OWL, a majority of children participating in OWL continue their education and careers in Rhode Island.

Higher Education and Industry Centers (restricted receipts) ***\$257,441***

The Budget includes a \$257,441 restricted receipt increase to support the Westerly and Woonsocket Education and Industry Centers. Of these funds, \$129,108 supports the 4.0 percent cost-of -living adjustment (COLA). The remaining funds support contracted training programs, supplies and expenses,

and janitorial services. According to the Office, the center has seen an influx of utilization since it has opened, requiring increased support for the Centers' operations.

NEC Operating – URI & RIC (other funds)

\$175,132

The Budget includes a \$175,132 increase in other funds to support the Nursing Education Center. Of these funds, \$65,724 supports the 4.0 percent cost-of-living adjustment (COLA). The remaining funds supports increases to the Center's operating expenditures.

Longitudinal Data System (federal funds)

\$129,425

The Budget includes a federal funds increase of \$129,425, which will primarily support part-time legal support and educational policy and research to support the programs work.

UNIVERSITY OF RHODE ISLAND

Expenditures By Source	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$144.2	\$144.4	(\$0.2)	-0.1%	\$148.6	\$4.4	3.1%
Other Funds	873.7	913.8	(40.0)	-4.6%	963.1	\$89.3	10.2%
Total	\$1,018.0	\$1,058.2	(\$40.2)	-4.0%	\$1,111.7	\$93.8	9.2%

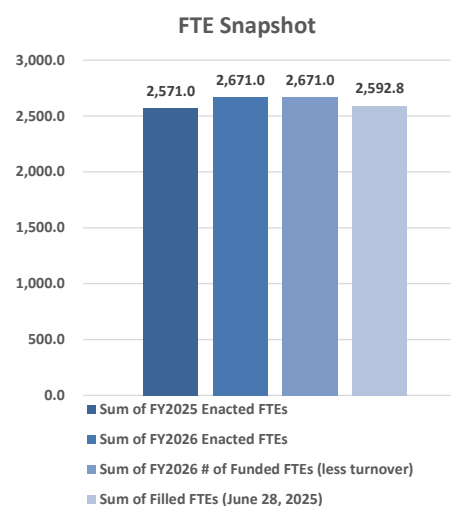
\$ in millions. Totals may vary due to rounding.

The University of Rhode Island (URI) was founded in 1888 as an agricultural school known as the Rhode Island College of Agriculture and Mechanic Arts. The 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 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 2,671 FTE positions, including 378.8 positions that are third party funded, an increase of 100.0 FTE positions from the FY2025 Enacted Budget. In 2025, the University indicated that it had exceeded its general FTE cap by 20.0 FTEs and has not met its third-party cap. According to URI, the FTE cap has failed to keep up with enrollment and research growth over the years. URI hired an additional 20.0 FTE's as a result of investments from the State and internal reallocation of resources to support its strategic plan. To address the fact that the University exceeded its FTE cap, the General Assembly added an additional 100 FTE positions, 25 of which are third party funded.

The University is exempt from any FTE/hiring oversight, pursuant to RIGL 16-32-2(c), the URI Board of Trustees is the employer of record. This differs from the usual process related to hiring new FTE positions



where the Budget Officer and a Budget analyst must approve the requested position prior to posting. The Budget Office checks to make sure the budget can be filled with an agency's FTE cap and budget. The University is not the only State Agency exempt from this process, which includes the General Assembly, Judiciary, General Officers, Higher Ed, and RIDE.

Major Issues and Trends

The URI Board of Trustees requested a 3.6 percent (\$530) increase for in-state tuition and 3.9 percent (\$1,362) increase for out-of-state tuition. There is a net increase in mandatory fees of 0.7 percent (\$16).

In addition to the 3.8 percent increase in tuition and fee revenue, URI requested a general revenue, state appropriation increase of \$35.3 million (32.8 percent relative to the FY2025 Budget as Enacted) excluding general obligation debt service. The increase in state appropriation is to support \$21.6 million in cost increases associated with the current service level and additional \$13.6 million in new initiatives. While approving the tuition and fee increase, the Budget provides a state appropriation increase of \$4.4 million, excluding debt service, for general obligation bonds.

The FY2025 Enacted Budget included \$4.1 million for the University's operating deficit. While the University's requested budget reflects a \$5.7 million operating deficit in FY2026, the Board of Trustees decided to utilize \$5.5 million in reserve funds to mitigate the burden of the deficit, resulting in a \$200,000 loss.

For FY2026, URI has requested \$13.6 million in funding for their four strategic initiatives related:

- **Life Sciences Facility:** The University requests funds to broaden its impact on Rhode Island's life sciences workforce by supporting 20 new faculty.
- **Academic Advisors:** Currently, the URI's advisor to student ratio is 1:900, which is well above the standard (1:300). These funds would support 20.0 new advisors.
- **Fostering and Inclusive Culture:** These funds would support scholarships for URI's Talent and Diversity (TD) Program, National Guard, and Tribal programs.
- **IT Modernization:** Funds would support the installation and implementation of the new ERP System, migration to Cloud, audio and visual upgrades, and a change management office.

The Budget does not include funding related to the University's requests.

University of Rhode Island FY2026 Budget Request Increase over FY2025 Budget as Enacted		
Revenue Initiative	Agency Request	Percentage Change
State Appropriation ¹	\$80.5	12.0%
Tuition and Fees	8.1	3.5%
All Other	3.1	-4.3%
Total	\$91.7	2.9%
Expenditure Initiatives		
Maintain Current Services	\$86.2	7.4%
Personnel (COLA/Contractual)	25.1	6.5%
Operating	7.0	8.1%
Student Aid	5.8	3.5%
Capital	48.4	-34.9%
Non-GO Debt Service	(0.1)	7.4%
FY2025 Operating Deficit	(\$5.7)	n/a
Use of tuition and fee's/misc. revenue	5.5	n/a
Net Gain/Loss	(\$0.2)	
New Initiatives	\$13.6	
Life Sciences Facility	5.3	n/a
Academic Advisors	2.0	n/a
Foster an Inclusive Culture	2.3	n/a
IT Modernization	4.0	n/a
Total	\$99.8	

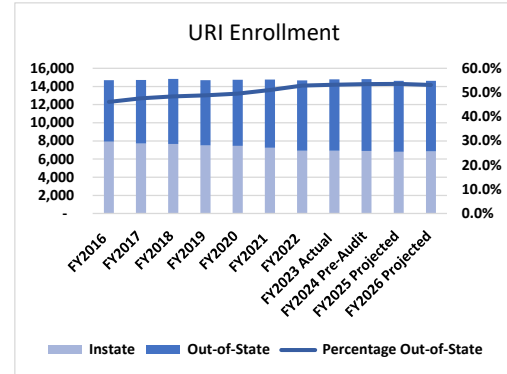
¹ Excludes G.O. debt service.

Inclusive of all funds. \$ in millions.

Source: University of Rhode Island

Enrollment

In-state enrollment is projected to be 6,850 full-time equivalent students, an increase of 59 students, or 0.9 percent from the FY2025 Budget as Enacted. Out-of-state student enrollment is projected at 7,829 in FY2026, a decrease of 56 student, or 0.7 percent. The projected net enrollment for FY2026 reflects an overall decrease in enrollment of 3 students, 0.02 percent, relative to the FY2025 Budget as Enacted. The FY2025 Revised projection reflects similar trends, with a net decrease of 3 students, 0.02 percent, relative to the FY2025 Enacted level.



University of Rhode Island	General Revenue
FY2025 Enacted	\$144,224,440
Target and Other Adjustments	-
State Appropriation	4,532,625
General Obligation Debt Service	(137,579)
State Crime Lab	18,437
FY2026 Enacted	\$148,637,923

State Appropriation \$4.5 million

The State appropriation for URI increases by \$4.5 million in FY2026 to a total of \$112.5 million, excluding general obligation bond debt service and the State Crime Lab. Of the total increase, \$1.1 million is to support the State's portion of the 4.0 percent cost of living adjustment (COLA), which is reflected in the University's settled contracts and act as a place holder for ongoing negotiations. Furthermore, \$874,069 supports the University's programming relative to career readiness, career placement, internships, and work-based learning; The remaining \$2.7 million supports rising costs for personnel expenditures and centralized services.

General Obligation Debt Service (\$137,579)

The Budget includes \$31.6 million in general revenue for general obligation debt service at URI in FY2026. This is a decrease of \$137,579 in FY2026. The FY2025 Revised includes a total of \$31.6 million in FY2025 Revised, consistent with FY2025 Enacted.

	Debt Service					
	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted
University of Rhode Island	\$31,664,061	\$31,664,061	-	-	\$31,526,482	(\$137,579)
Rhode Island College	8,178,392	8,178,392	-	-	7,933,336	(245,056)
Community College of Rhode Island	1,054,709	1,054,709	-	-	1,097,898	43,189
Total	\$40,897,162	\$40,897,162	-	-	\$40,557,716	(\$339,446)

Source: Rhode Island Budget Office

Crime Lab \$18,437

The Budget provides an increase of \$18,437 in general revenue (\$1.8 million total) for the State Crime Lab for target and other adjustments, consistent with the requested budget.

RHODE ISLAND COLLEGE (RIC)

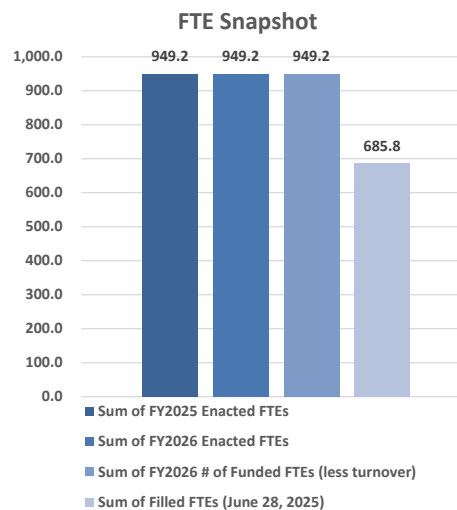
Expenditures By Source	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$77.9	\$78.2	\$0.3	0.3%	\$80.4	\$2.6	3.3%
Other Funds	127.3	143.7	16.5	13.0%	136.0	8.7	6.9%
Total	\$205.1	\$221.9	\$16.8	8.2%	\$216.4	\$11.3	5.5%

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

Rhode Island College (RIC) was established in 1854 as the Rhode Island State Normal School, with the mission of providing teacher preparation to Rhode Island residents. In 1959, RIC moved to its current campus location on 180 acres off of Mount Pleasant Avenue in Providence and was renamed Rhode Island College to reflect expanded curriculum.

Today, RIC provides comprehensive education at the Bachelor'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 FY2026, including 76.0 third-party funded positions, consistent with the FY2025 Budget as Enacted. As of June 28, RIC has about one third of their allotted FTE positions vacant, with a total of 685.8 FTE positions (72.3 percent) filled.

**Major Issues and Trends**

RIC's Budget request includes a \$6.9 million increase in tuition and fee revenue compared to the FY2025 Enacted Budget. The Budget includes a \$2.8 million general revenue increase due to realized 7.8 percent increase in enrollment and a net increase of 3.5 percent to tuition.

According to the College, Fall semester enrollment has increased by 6.0 percent compared to recent years, and residence hall occupancy has increased by 20.0 percent. This observed increase in enrollment is connected to the recently enacted Hope Scholarship, which allows eligible full-time students to attend the College at no expense during their junior and senior years. Additionally, RIC has opened new majors in Sports Management, Biotechnology, and Cybersecurity, and opened the new Institute of Cybersecurity and Emerging Technologies, which attracts new students who would otherwise need to attend different colleges to study these fields. Additionally, RIC is investing in its infrastructure through the renovation and opening of the new Cybersecurity building, and new athletic fields. Due to the increase in enrollment, the College requested \$1.7 million for student aid.

Of the \$8.8 million increase requested, excluding debt service for general obligation bonds, the Budget includes \$4.7 million for personnel adjustments and \$1.7 million for student aid, \$2.0 million in operating expenditures, and \$400,000 in capital expenditures.

Rhode Island College FY2026 Budget Request	
Change to FY2025 Budget as Enacted	
Revenue Initiatives	Change
State Appropriation	\$2.4
Tuition and Fee Revenue	6.9
Other	(0.5)
Total	\$8.8
<i>rounding.</i>	
Expenditure Request	Change
Personnel investment	\$4.7
Operating Expenditures	2.0
Capital	0.4
Student Aid	1.7
Total	\$8.8
<i>\$ in million. Totals may not add due to rounding.</i>	

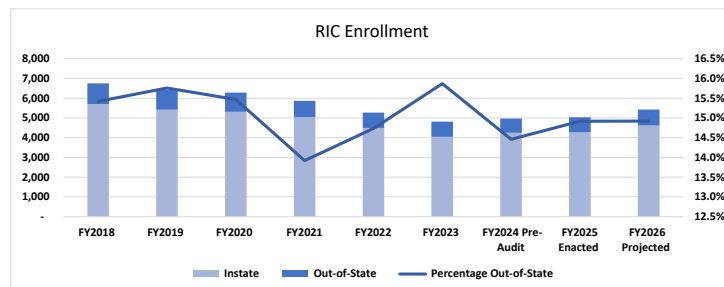
RIC's Budget request includes two strategic initiatives, totaling \$1.9 million in general revenue expenditures, focusing on improving workforce readiness, academic success, higher student retention, and higher four-year graduation rates.

- **RIC Enhancing Academic Support to Deliver Stronger Retention and Graduation (\$1.1 million):** Rhode Island College proposes a general revenue increase of \$1.1 million to support 8.0 new FTE positions, consisting of peer mentors, tutors, and supplemental instructional costs. According to the College, the Hope Scholarship has increased enrollment, exceeding historical enrollment numbers. Additionally, the Hope scholarship sets forth academic standards in line with a four-year graduation goal. To ensure that students' academic needs are met, the College proposes these 8.0 FTE positions to support multilingual learners, enhance STEM Support, provide writing support, increase tutoring for healthcare programs, and enhance student presentation and public speaking skills. The positions are as follows:
 - 3.0 Coordinator (\$98,852 each)
 - 5.0 Success Coach (\$87,597 each)
- **RIC Career and Workforce Readiness for All Students (\$763,100):** Rhode Island College proposes a general revenue increase of \$763,100 for 7.0 new FTE positions to support the College's Career Development Center. In 2023, the College retained leaders from the National Association of Colleges and Employers (NACE) to conduct an external review of the Career and Development Center. The review recommended to enhance services across four area; career counseling, student employment, experiential learning, and employer relations. RIC is also implementing a career advising model that links students' program of study to possible careers from the beginning of their studies. To implement this model, RIC requires 7.0 new FTE positions to foster stronger relationships with both RIC students and employers.
 - 1.0 Assistant Director (\$127,518)
 - 1.0 Academic Advisor (\$87,597)
 - 5.0 Career Specialists (\$87,597 each)

The Budget does not include any initiatives proposed by Rhode Island College.

Enrollment

Total enrollment is projected to be 5,422 full-time equivalent students in FY2026, an increase of 394 students, or 7.8 percent, relative to FY2025 Enacted enrollment, and an increase of 172 students, or 3.1 percent from the FY2025 Revised level. This enrollment projection represents estimates related to the Hope Scholarship, which was passed in the FY2024 Enacted Budget, as well as, the opening of the Institute of Cybersecurity and Emerging Technologies, which was authorized by the FY2025 Enacted Budget.



Rhode Island College		General Revenue
FY2025 Enacted		\$77,881,228
Target and Other Adjustments		-
State Appropriation		2,811,886
General Obligation Debt Service		(245,056)
FY2026 Enacted		\$80,448,058

State Appropriation**\$2.8 million**

The Budget includes \$2.8 million in increased general revenue support (\$70.4 million total), excluding G.O. bond debt service. Of these funds, \$710,342 will finance the 4.0 percent cost of living adjustment (COLA) for eligible non-union employees due to the most recent contract negotiations; \$1.5 million will support rising costs for personnel and operating expenditures; \$874,069 will fund career readiness, career placement, internships, and work-based learning; and \$95,773 will fund centralized services.

General Obligation Debt Service**(\$245,056)**

The Budget provides \$7.9 million in FY2026 general obligation debt service at RIC funded by general revenue. This is a decrease of \$245,056 relative to FY2025 Enacted. FY2025 Revised includes a total of \$8.1 million in FY2025 Revised, consistent with FY2025 Enacted.

	Debt Service					
	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted
University of Rhode Island	\$31,664,061	\$31,664,061	-	-	\$31,526,482	(\$137,579)
Rhode Island College	8,178,392	8,178,392	-	-	7,933,336	(245,056)
Community College of Rhode Island	1,054,709	1,054,709	-	-	1,097,898	43,189
Total	\$40,897,162	\$40,897,162	-	-	\$40,557,716	(\$339,446)

Source: Rhode Island Budget Office

COMMUNITY COLLEGE OF RHODE ISLAND (CCRI)

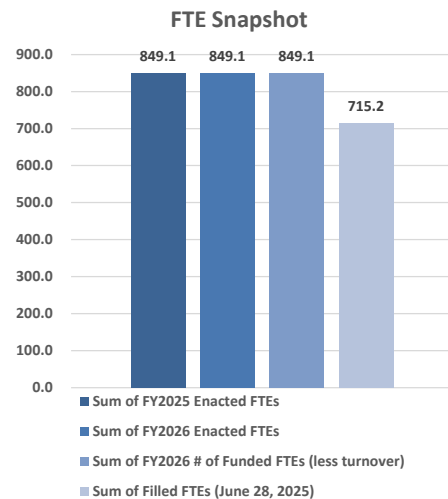
Expenditures By Source	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$62.3	\$62.5	\$0.2	0.4%	\$64.8	\$2.6	4.1%
Restricted Receipts	0.8	0.9	0.1	13.7%	1.0	0.1	17.0%
Other Funds	132.8	125.2	(7.7)	-5.8%	148.7	15.9	11.9%
Total	\$195.9	\$188.6	(\$7.3)	-3.7%	\$214.5	\$18.6	9.5%

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

The Community College of Rhode Island (CCRI) was established by the General Assembly in 1960 as Rhode Island Junior College. The first class of 325 students enrolled at a temporary Providence location in the fall of 1964. CCRI has provided a variety of career, technical, and academic programs and has established partnerships with businesses and non-profit organizations to provide worker training.

Today, CCRI has four main campuses: the 205-acre Knight Campus in Warwick; the 300-acre Flanagan Campus in Lincoln; the 7-acre Liston Campus in downtown Providence; and the 5-acre Newport County Campus in Newport. In addition, CCRI holds classes in the Westerly Higher Education and Industry Center.

The Budget includes 849.1 FTE positions in FY2025 and FY2026, including 89.0 third-party funded FTE positions, consistent with the enacted level.



Major Issues and Trends

CCRI's budget request includes an 8.5 percent increase in tuition and mandatory fees, with total tuition and fee revenue estimated to increase by \$4.7 million (8.5 percent) from the FY2025 Enacted level, or \$2.9 million (5.0 percent) from the FY2025 Revised level. The state appropriation request increases by \$2.9 million (17.0 percent) to \$63.9 million.

The expenditure request includes \$4.7 million in expenditures to support current services.

- **Student Aid:** \$400,000 is consistent with the tuition and fee increases at the College. For FY2026, student aid and waivers are expected to be 4.9 percent of the tuition and fee revenue.
- **Personnel Investment:** \$3.7 million is requested to support contractually obligated salaries and COLAs, as well as a placeholder for ongoing negotiations.
- **Technology and Other Operating:** \$700,000 is requested to expand to a cloud-based data system and upgrade financial reporting systems.

Community College of Rhode Island

FY2026 Budget Request

Change to FY2025 Budget as Enacted

Revenue Initiatives	Request
Tuition and Fees	\$2.9
State Appropriation ¹	2.1
Total	\$4.9
Expenditure Request	Request
Student Aid	\$0.4
Personnel investment	3.7
Technology and Other Operating	0.7
Total	\$4.7

¹ Does not include G.O. bond debt service.

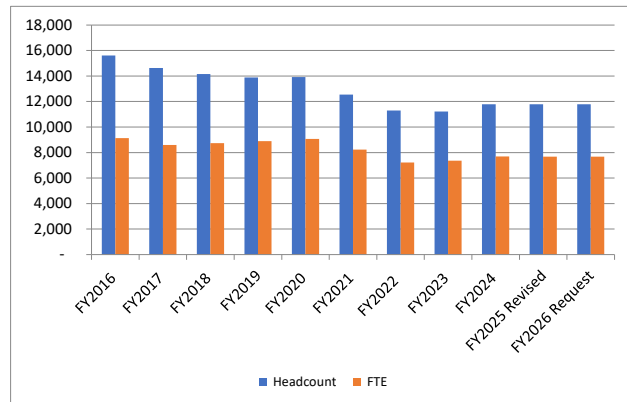
\$ in millions

The Budget includes an increase of \$3.4 million in general revenue funding, excluding G.O. debt service, exceeding the requested expenditure increase by \$1.3 million. The Budget includes initiatives such as CCRI- Ready to Build, and Higher Education Institutions Career Readiness.

- **Higher Education Institution Career Readiness (\$391,175):** The Budget includes \$391,175 in general revenue to support CCRI's portion of the Higher Education Institution Career Readiness, which provides funding dedicated to career readiness, career placement, internships, and work-based learning.
- **CCRI- Ready to Build (\$800,000):** The Budget includes \$800,000 in FY2026 to launch CCRI- Ready to Build, a pre-apprenticeship pathway to building trades. According to the College, Ready to Build is currently in the design phase, developing an intensive training program aimed at providing HS grads, young adults/adult job seekers with a thorough introduction to the construction industry. Participants will be instructed utilizing an industry-developed and approved pre-apprenticeship curriculum, the multi-craft core curriculum (MC3). Coursework will prepare students for union apprenticeships in the building trades, apprenticeships or entry-level opportunities in residential construction or positions in construction-related.

Enrollment

CCRI Student Enrollment				
Year	Headcount		FTE	
	Headcount	% Change	FTE	% Change
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	12,549	-9.9%	8,231	-9.2%
FY2022	11,290	-10.0%	7,224	-12.2%
FY2023	11,223	-0.6%	7,365	2.0%
FY2024	11,777	4.9%	7,698	4.5%
FY2025 Revised	11,777	0.0%	7,679	-0.2%
FY2026 Request	11,777	0.0%	7,679	0.0%
10-Year Average	12,962	-3.0%	8,208	-2.1%



The table shows the actual student enrollment, both by headcount and by FTE, from 2016 through 2026, and a projection for 2025 and 2026. In FY2026, the College expects enrollment to be level with the FY2025 Revised levels.

Community College of Rhode Island	General Revenue
FY2025 Enacted	\$62,286,538
Target and Other Adjustments	-
State Appropriation	2,117,342
Higher Education Institution Career Readiness	391,175
General Obligation Debt Service	43,189
FY2026 Enacted	\$64,838,244

State Appropriation

\$2.1 million

State general revenue support for CCRI increases by \$2.1 million in FY2026 to a total of \$65.6 million, excluding general obligation bond debt service. Of these funds; 668,135 will finance the 4.0 percent cost of living adjustment (COLA) for eligible non-union employees due to the most recent contract negotiations; \$1.4 million will support rising costs for personnel and operating expenditure; and \$59,244 will fund centralized services.

Higher Education Institution Career Readiness

\$391,175

The Budget includes \$391,175 in general revenue to support CCRI's portion of the Higher Education Institution Career Readiness, which provides funding dedicated to career readiness, career placement, internships, and work-based learning.

General Obligation Debt Service

\$43,189

The Budget provides \$1.1 million in FY2026 for general obligation debt service at CCRI funded by general revenue. This is an increase of \$43,189 from FY2025 Enacted. FY2025 Revised includes \$1.0 million, consistent with FY2025 Enacted levels.

	Debt Service					
	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted
University of Rhode Island	\$31,664,061	\$31,664,061	-	-	\$31,526,482	(\$137,579)
Rhode Island College	8,178,392	8,178,392	-	-	7,933,336	(245,056)
Community College of Rhode Island	1,054,709	1,054,709	-	-	1,097,898	43,189
Total	\$40,897,162	\$40,897,162	-	-	\$40,557,716	(\$339,446)

Source: Rhode Island Budget Office

CAPITAL PROJECTS

The Budget includes a total of \$129.9 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2026 and \$121.8 million in FY2025, 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 FY2026, there is a total of \$24.1 million, including \$14.6 million in RICAP asset protection funding for URI, \$5.9 million for RIC, and \$3.5 million for CCRI. In FY2025, the Budget includes a total of \$30.6 million in asset protection funding for URI (\$14.1 million), RIC (\$12.5 million), and CCRI (\$4.1 million).
- **URI Academic Mechanical, Electrical, and Plumbing:** The Budget provides \$7.9 million in FY2026, and \$10.3 million to provide new HVAC systems in Fogarty and White Hall. The total project cost is \$14.2 million. Fogarty Hall, currently housing the Crime Lab and Nutrition and Food Science Department, will be renovated for administrative and academic departments. Substantial renovations will address the building envelope, mechanical systems, HVAC, as well as removing laboratory fixtures and associated utilities. White Hall, currently housing the College of Nursing, requires the upgrade of obsolete building systems and building envelope improvements, including foundation waterproofing, a drainage system, and minor cosmetic improvements.
- **URI Fire Protection Academic Phase 2:** The Budget includes \$1.6 million in FY2026, and \$3.5 million in FY2025, toward the total cost of \$16.5 million in all funds (\$5.4 million in RICAP funds) to provide safety improvements. This project involves the installation of fire-suppressing sprinkler systems, the upgrade/replacement of existing fire alarm systems, and safety improvements in academic and administrative buildings in order to comply with changes in the State Fire Code. This phase will also provide a central bank of generators to provide the necessary power back up to allow the University to shelter in place during prolonged power outages. Phase I (\$25.8 million) of this project was completed in December 2016.
- **URI – Narragansett Bay Campus:** In addition to the \$100.0 million general obligation bond which was approved in November 2022, the Budget provides \$8.1 million in FY2026, and \$10.3 million in FY2025, toward repairs and construction on the Narragansett Bay Campus in support of education and research for the marine disciplines.
- **URI PFAS Water Treatment Plant:** The Budget includes \$13.8 million in FY2026, and \$4.8 million in FY2025, toward the total cost of \$21.7 million to construct a permanent water treatment plant to address the University's elevated per- and polyfluorinated substances (PFAS) levels. Originally, these funds were identified as ARPA SFRF funding; however, the University's capital improvement plan timetable put these time-sensitive funds at risk of being reclaimed by the federal government, instead the project will be completely funded through RICAP funds
- **URI – Athletics Complex Renewal:** The Budget provides \$33.9 million in RICAP funds in FY2026, and \$9.7 million in FY2025, for the renovation of the Meade Stadium East Grandstands and the Slade Outdoor Track and Field. Total funding for the project is \$83.1 million over three years, including \$61.8 million in RICAP funds.
- **Stormwater Management:** The Budget \$4.3 million in FY2026, and \$444,591 in FY2025 to support stormwater improvements to existing drainage systems. According to the University, current infrastructure frequently exceeds during major flooding events, resulting in erosion and flooding to the downstream landscapes and buildings. Total estimates for the project are \$4.4 million.
- **URI- Campus Accessibility (new project):** The Budget includes \$2.3 million in RICAP funds to support campus accessibility. This fund would provide dedicated resources to improve campus access to

persons with disabilities. Projects include restroom improvements, exterior pedestrian improvements, and discrete building improvements such as elevator modernizations. The project will focus on the adaption of existing infrastructure to comply with ADA. Total costs for the project are estimated to be \$7.0 million.

- **URI Building Envelope (new project):** The Budget includes a \$3.0 million RICAP increase for a new project addressing repairs to building envelope systems across the University's campuses. Roofs, windows, and exterior cladding would be repaired and improved to provide better interior air quality, enhanced energy efficiency, and improved appearances. The Budget provides a total of \$15.0 million in RICAP funds through FY2030 to address the University's deteriorating infrastructure.
- **OPC – WEC Expansion – Annex Site:** The Budget \$1.2 million in FY2026, to expand the RI Education Center model to Northern RI. The Woonsocket Education Center, which opened August 2022, is designed to address gaps in education and workforce development training in Northern RI. According to the Office, the demand for use of the Center has increased significantly, requiring more classroom space to accommodate employers. Due to delays in construction and development, the funding for the Annex Site has shifted to FY2026, with an estimated completion date of FY2026.
- **RIC – Phase III Master Plan:** Phase III of the Master Plan at RIC will complete major renovations to the Clarke Science Building, which houses the Department of Physical Sciences. The building includes several labs, two lecture halls, classrooms, and faculty offices. In March 2021, voters approved a \$38.0 million general obligation bond for this project. In addition to the bond proceeds, the Budget provides \$20.0 million in RICAP funds, including \$5.4 million in FY2025. The project has an anticipated completion date in FY2025, and has been removed from the Colleges FY2026 Capital improvement plan.
- **RIC Infrastructure Modernization:** The Budget provides \$11.6 million in RICAP funding in FY2025 and \$5.7 million in FY2026 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.
- **Phase IV: Whipple, Fogarty, and Adams Library:** The Budget provides \$500,000 in FY2025 to support the renovation of Whipple Hall, Fogarty Hall, and the Adams Library, and estimated to cost a total of \$233.5 million, which will be funded through a series of general obligation bonds, included on statewide referendum's in 2024, 2026, and 2028. The State is expected to contribute a total of \$500,000 in RICAP funds for Whipple Hall only. The following table illustrates expected expenditures for the Capital Improvement Project.

	FY2025 Budget	FY2026 Budget	FY2027 Budget	FY2028 Budget	FY2029 Budget	FY2030 Budget	Post FY2030 Budget	Total
Whipple Hall								
Bond	-	\$1.5	\$37.0	\$345.0	-	-	-	
RICAP	\$0.5	-	-	-	-	-	-	
Total								\$384.0
Fogarty Life Sciences Building								
Bond	-	-	\$0.5	\$1.5	\$43.0	\$40.0		
Total								\$85.0
Adam's Library								
Bond	-	-	-	-	\$0.5	\$1.5	\$73.0	
Total								\$75.0

in millions.

- **RIC Infrastructure Modernization:** The Budget includes \$11.6 million in FY2025, and \$5.7 million in FY2026. The project addresses campus-wide issues relating to heat, lighting, cooling, and delivery of critical utility systems. Repeated utility system and infrastructure failures demonstrate that these systems require modernization. Estimates total \$76.6 million through FY2030.

- **CCRI Flanagan Campus Renewal (Lincoln):** The Budget provides \$5.7 million in FY2025, and \$3.2 million in FY2026 for the renewal of the Flanagan Campus in Lincoln. This \$12.5 million 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 \$5.8 million in FY2026 and \$4.2 million in FY2025 to assess, design, and construct a modernized data cabling and power infrastructure across the four CCRI campuses. The project will upgrade network wiring infrastructure and deliver more capacity to support additional classroom technology, wireless devices and security systems, including cameras, emergency alarm systems, and HVAC control systems.
- **CCRI Renovation and Modernization Phase I:** The Budget includes \$16.0 million in FY2025 and \$15.0 million in FY2026 to modernize academic and student support spaces. The project is estimated to cost a total of \$59.5 million where \$12.0 million derive from general obligation bonds, approved in March 2021, and \$47.5 million from RICAP funds.
- **CCRI Renovation and Modernization Phase II-IV:** The Budget includes \$6.1 million in RICAP funds in FY2026. This project, which is estimated to cost a total of \$147.7 million in both RICAP and general obligations funds, will begin the construction processes of the project. Specifically, in FY2026, and FY2027, the project will focus in HVAC, electrical, and foundational repairs at the Warwick and Providence campuses.
- **CCRI Accessibility Improvements:** The Budget includes \$6.1 million in FY2026 to support projects addressing ADA compliance issues. While there is a current project bid related to the Lincoln campus bathrooms, the College proposes addressing other ADA non-compliant areas across all four campuses. The project is estimated to cost a total of \$1.9 million.

Rhode Island State Council on the Arts

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$3,445,440	\$3,976,337	\$4,084,272	\$107,935	2.7%	\$4,242,454	\$266,117	6.7%
Expenditures by Source								
General Revenue	\$2,297,463	\$2,395,211	\$2,412,492	\$17,281	0.7%	\$2,414,685	\$19,474	0.8%
Federal Funds	976,489	996,126	1,011,780	15,654	1.6%	1,022,711	26,585	2.7%
Restricted Receipts	-	-	-	-	-	115,058	115,058	100%
Other Funds	171,488	585,000	660,000	75,000	12.8%	690,000	105,000	17.9%
Total	\$3,445,440	\$3,976,337	\$4,084,272	\$107,935	2.7%	\$4,242,454	\$266,117	6.7%
Authorized FTE Levels	10.0	10.0	10.0	-	-	10.0	-	-

The Rhode Island State Council on the Arts (RISCA) provides grants, technical assistance and support to arts organizations, schools, community centers, social service organizations, and local governments to bring the arts into the lives of Rhode Islanders. RISCA provides these services through grant making partnerships, education, and technical assistance. RISCA also manages the Art for Public Facilities Program providing art for state facilities.

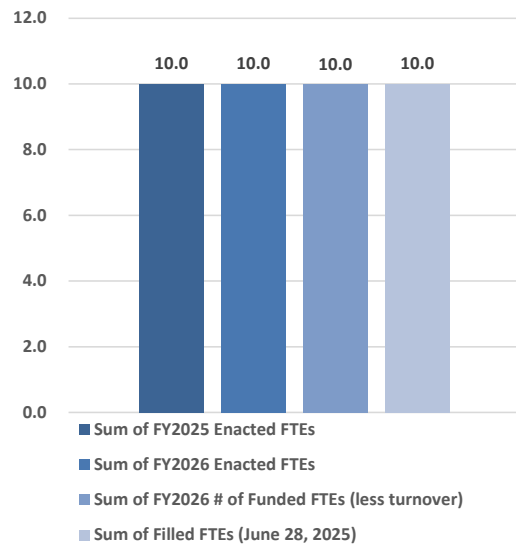
MAJOR ISSUES AND TRENDS

The Budget includes \$2.4 million in general revenues (\$4.2 million all funds), representing a general revenue increase of \$19,474 as compared to the FY2025 Budget as Enacted. The increase in restricted receipts funding is due to a change in the federal rate of recovery for indirect costs on federal grants. The Budget authorizes and fully funds 10.0 FTE positions, consistent with the FY2025 Budget as Enacted.

CENTRAL MANAGEMENT

The Rhode Island State Council on the Arts (RISCA) consists of one main program and three subprograms. Within the main Central Management program are the Grants and Operating Support subprograms and the Film Commission.

FTE Snapshot



Rhode Island State Council on the Arts	General Revenue
FY2025 Enacted	\$2,395,211
Target and Other Adjustments	47,589
Indirect Cost Recovery	(115,058)
Personnel Adjustments (statewide adjustments)	86,943
FY2026 Enacted	\$2,414,685

Rhode Island State Council on the Arts	Other Funds
Percent for the Arts	Informational
Cultural Arts and the Economy	Informational

Indirect Cost Recovery (\$115,058)

The Budget includes general revenue savings of \$115,058 related to an increase in the recovery rate for indirect costs on federal grants. The decrease has a corresponding increase in restricted receipts.

Percent for the Arts**Informational**

RISCA administers the State's Percent for Public Art Program, which was established in 1987 to expand the public experience of art, foster the development of artists, and create a more humane environment. It also services to stimulate the state's economy.

In accordance with 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
Completed Projects		
URI - School of Pharmacy	Kingston	\$995,020
URI - College of Engineering	Kingston	\$714,356
URI - Chemistry	Kingston	\$501,000
Wickford Junction	Wickford	\$350,000
Garrahy Parking Garage	Providence	\$300,000
Intermodal Station	Warwick	\$300,000
Attorney General	Cranston	\$265,000
Barry and Simpson Buildings, Pastore Complex	Cranston	\$215,297
Veterans Home	Bristol	\$210,000
RIC Horace Mann School of Education	Providence	\$190,000
RIC - Art Center	Providence	\$170,000
Virks Building	Cranston	\$120,000
Division of Motor Vehicles	Cranston	\$110,000
Met School	Newport	\$78,000
Pawtucket-Central Falls Train Station	Pawtucket	\$59,000
Office of the State Medical Examiner	Cumberland	\$55,000
Department of Labor and Training	Cranston	\$54,501
Rhode Island State Police	Lincoln	\$45,000
RIC Fogerty School of Nursing	Providence	\$45,000
Rhode Island School for the Deaf	Providence	\$43,000
National Guard Joint Force Headquarters	East Greenwich	\$35,000
URI - Harrington Hall	Kingston	\$35,000
Rhode Island Fire Academy	Exeter	\$30,000
Current Projects (Budget)		
URI- Fine Arts Center	Kingston	\$450,000
Eleanor Slater- Regan Hospital	Cranston	\$368,129
RIC Gaije Hall	Providence	\$305,588
DCYF Female Youth Residential Home	Exeter	\$212,206
Rhode Island State Police Southern Barracks	West Greenwich	\$164,505
RIC Craig-Lee Hall	Providence	\$135,000
State Health Laboratory	Providence	\$115,856
Pawtucket Bus Hub	Pawtucket	\$50,000
DMV Bus Inspection Facility	Cranston	\$49,000
Fire Academy Phase III	Exeter	\$48,000
Future Projects (Budget)		
RIC Clarke Science Building	Providence	\$305,650
URI Narragansett Bay Campus Phase 1	Narragansett	\$191,000
Shepard Building	Providence	\$24,000
Eleanor Slater- Zambarano Long-Term Acute Care Facility	Burillville	TBD
RI Army National Guard Aviation Readiness Facility	East Greenwich	TBD
Davies Career & Technical School	Lincoln	TBD
URI Narragansett Bay Campus Phase 2	Narragansett	TBD
URI Biomedical Sciences	Kingston	TBD
RIC Whipple Hall	Providence	TBD
Total		\$7,339,108

Cultural Arts and the Economy**Informational**

Article 5 of the FY2025 Budget authorized the issuance of general obligation bonds in the amount of \$10.0 million to be placed on the ballot for voter approval in November 2024 to fund cultural arts organizations. The ballot measure passed and included the following funding allocation:

- **Tomaquag Museum (\$2.0 million):** Provides \$2.0 million to support the building of the Tomaquag Museum in Kingston on the University of Rhode Island campus. The new museum in Kingston will be used for Indigenous cultural education and preservation, including spaces for programming and administration. The museum is currently located in Exeter, Rhode Island.
- **Newport Contemporary Ballet (\$2.0 million):** Provides \$2.0 million to build a Center for Arts, Dance, and Education at the Newport Contemporary Ballet. The Center is intended to be used for performance facilities, educational instruction, production, and administration.
- **Trinity Repertory Company (\$2.0 million):** Provides \$2.0 million for upgrades to the Lederer Theater Center at the Trinity Repertory Company. The Lederer Center is used for performance facilities, educational instruction, production, and administration.
- **Rhode Island State Council on the Arts (\$4.0 million):** Provides \$4.0 million to continue the Cultural Arts and the Economy Grant Program, which provides 1:1 matching grants for capital improvement, preservation, and renovation projects for a range of public and nonprofit arts and performance centers throughout the state. These funds are administered by the Rhode Island State Council on the Arts (RISCA).

Grant applications for the 2024 bond funds opened August 1, 2025, and are intended to be awarded by December 31, 2025. As each grant requires a separate contract with RISCA, funds will be disbursed at various times with the earliest likely funding in January 2026.

Previous Funding: In March 2021, voters approved a \$6.0 million bond to continue the Cultural Arts and the Economy Grant program administered by RISCA for capital improvements, preservation, and renovation of public and nonprofit performance centers, museums, and cultural art centers. Projects supported by the bond include:

- **Trinity Repertory Company - \$2.5 million:** For the Lederer Theater and the Pell Chafee Performance Centers in Providence.
- **Rhode Island Philharmonic – \$1.5 million:** For the Carter Center for Music Education and Performance in East Providence.
- **Other Nonprofit Cultural Organizations - \$2.0 million:** These funds will be allocated by RISCA for 1:1 matching grants to nonprofit cultural organizations that lease or own their performance space and for program administration costs at RISCA.

The 2014 referenda provided funding to begin the State Cultural Arts and the Economy Grant Program. The RI Commerce Corporation, in consultation with the Rhode Island Council on the Arts, administers this program, which offers matching grants to public and non-profit historic sites, museums, artistic organizations, performance centers, and cultural arts centers for capital preservation and renovation projects. The RI Commerce Corporation developed rules and regulations to administer the program. As of July 1, 2021, there was a \$500,773 carryforward from the 2014 bond comprised of open balances on grants awarded but still open as well as a small amount of ungranted funds. This carryover was bundled into the 2021 grant cycle, bringing the bond total for this program to \$6.5 million.

As of February 28, 2025, all funds from the 2021 bond have been awarded. The funding was awarded across 25 different projects, with individual funding awards ranging from approximately \$13,000 to \$250,000. Funded projects receive reimbursement grants, meaning that organizations who receive awards must perform construction first and submit invoices with proof of payment in order to receive reimbursement.

The projects are in various stages of completion and target dates are difficult to predict due to fluctuation in construction timelines. Approximately \$3.8 million has been expended, and the \$2.2 million remaining as of June 30, 2025, is allocated to specific projects but awaiting project completion before reimbursement.

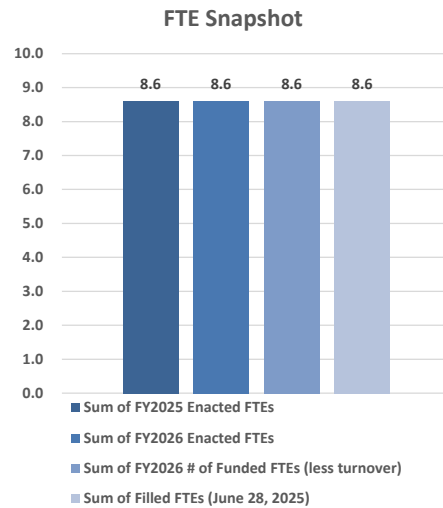
Rhode Island Atomic Energy Commission

Expenditures by Source	FY2024 Actual	FY2025		Change from		FY2026	Change from	
		Enacted	FY2025 Final	Enacted		Enacted	Enacted	
General Revenue	\$1.1	\$1.2	\$1.2	\$0.1	4.3%	\$1.3	\$0.1	8.3%
Restricted Receipts	0.0	0.0	0.0	-	0.0%	0.0	-	0.0%
Other Funds	0.3	0.4	0.4	0.0	2.5%	0.4	0.0	5.8%
Total	\$1.5	\$1.6	\$1.7	\$0.1	3.8%	\$1.7	\$0.1	7.6%
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 assists other state agencies in their radiation and emergency response programs.

RINSC operates a research reactor and provides laboratories and classrooms for research and education programs for the University of Rhode Island as well as for other colleges and universities in the State and throughout New England. In 2010, the University of Rhode Island (URI) began offering a nuclear engineering minor program of study. For students who perform well, a new nuclear engineer operating course was added in 2016 that prepares students for the operator license exam. URI is currently working to create a major in nuclear engineering. The Commission continues its collaboration with schools and universities in the State. Davies High School, Brown University physics classes, and URI mechanical design students are among those that have recently utilized the facility.

The Budget authorizes 8.6 FTE positions in FY2025 and FY2026 for the program, 1.8 of which are funded through URI for its radiation safety functions. URI funding also covers 40.0 percent of the Commission's overhead costs, including its building maintenance and repair costs.



MAJOR ISSUES AND TRENDS

The general revenue increase in FY2025 Revised Budget and FY2026 is primarily due to the 4.0 percent cost of living adjustment (COLA) negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$105,522 in personnel adjustments.

Central Management	General Revenue
FY2025 Enacted	\$1,180,419
Target and Other Adjustments	(7,659)
Personnel Adjustments	105,522
FY2026 Enacted	\$1,278,282

CAPITAL PROJECTS

Asset Protection: The Budget includes \$50,000 in Rhode Island Capital Plan (RICAP) funds for asset protection projects in FY2025 and FY2026. In FY2025, projects will continue to focus on electrical upgrades. The Capital budget refurbishes and approves existing facilities. Through FY2030, capital projects

include landscaping around the facility, repairs, and rehabilitating space within the facility to make it better able to serve the needs of the facility users.

Rhode Island Historical Preservation and Heritage Commission

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$2.1	\$3.7	\$3.8	\$0.1	3.0%	\$3.4	(\$0.3)	-7.8%
Expenditures By Source								
General Revenue	\$1.2	\$1.9	\$1.6	(\$0.3)	-14.5%	\$2.0	\$0.1	3.3%
Federal Funds	0.8	1.3	1.6	0.3	27.3%	0.8	(0.4)	-35.1%
Restricted Receipts	0.0	0.4	0.4	-	-	0.5	0.1	22.0%
Other Funds	0.1	0.1	0.2	0.0	30.3%	0.1	0.0	1.4%
Total	\$2.1	\$3.7	\$3.8	\$0.1	3.0%	\$3.4	(\$0.3)	-7.8%
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.

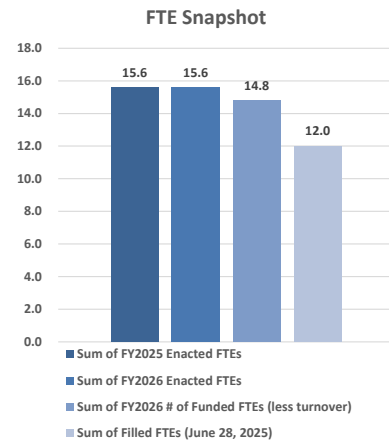
MAJOR ISSUES AND TRENDS

The FY2025 Final Budget includes \$3.8 million in all funds, of which \$1.6 million is general revenue, \$1.6 million is federal funds, \$419,300 is restricted receipts, and \$185,440 is other funds. This reflects a decrease of \$275,889 in general revenue (including a decrease of \$125,000 in anticipated third quarter savings), an increase of \$346,458 in federal funds, and an increase of \$42,611 in other funds from the enacted budget.

The FY2026 Budget includes \$3.4 million in all funds, of which \$2.0 million is general revenue, \$822,451 is federal funds, \$511,827 is restricted receipts, and \$144,602 is other funds. This reflects a general revenue increase of \$71,651, a restricted receipt increase of \$92,527, and a federal fund decrease of \$444,980.

The Budget includes the continued funding of the State Preservation Grant program that was recapitalized through the 2014 and 2021 general obligation bond authorizations.

The Budget authorizes 15.6 FTE positions for FY2025 and FY2026, consistent with the enacted budget.



Central Management	General Revenue
FY2025 Enacted	\$1,898,100
<i>Target and Other Adjustments</i>	<i>\$7,849</i>
Personnel Adjustments (statewide adjustment)	231,750
Centralized Services (statewide adjustment)	(95,800)
Federal Indirect Cost Recovery Shift	(92,527)
CUF Electricity (statewide Adjustment)	20,379
FY2026 Enacted	\$1,969,751
Historic Preservation & Heritage Commission	Other Funds
State Preservation Grant (G. O. Bond Proceeds)	Informational

Federal Indirect Cost Recovery Shift **(\$92,527)**

The Budget includes general revenue savings from recoveries of indirect costs on federal grants, beginning in State Fiscal Year 2026. The Budget contains language in Article 2 that increases the indirect cost recovery (ICR) charge provisions on restricted receipt accounts from 10.0 percent to 15.0 percent, matching the new federal rate. This item reflects the ability of the Agency to charge an additional \$92,527 to restricted receipts and to remove the administrative expenses from general revenue. There is a corresponding increase of \$92,527 in restricted receipts.

Analyst Note: On October 1, 2024, Federal OMB's Uniform Guidance increased the "de minimis" rate of recovery from 10.0 percent to 15.0 percent of applicable direct costs, pursuant to 2 CFR § 200.414(f).

State Preservation Grant (G.O. Bond Proceeds) **Informational**

In November of 2014, voters approved \$5.0 million in general obligation bonds to recapitalize the State Preservation Grant Program. The State Preservation Grant Program was established to improve and/or repair landmarks and historic facilities such as museums, cultural centers, theatres, and public historic sites. Through FY2022, the Commission supported 58 projects awarding \$4.6 million in funds.

In March of 2021, a statewide bond referendum passed that allocated an additional \$1.0 million to the State Preservation Grant program in general obligation bonds. The Commission is supporting 18 grants for new projects totaling \$1.2 million.

As of March 2025, a total of \$5.8 million has been disbursed to 73 projects leaving a balance of \$332,441 to be spent on the approved projects. The status of the unspent funds is as follows:

- There is \$36,466 in unspent funds from grantees that have either returned the funding or did not utilize the full amount awarded and are considered closed. The Commission has the option to reallocate those funds to another open grant that requires additional funding for that particular project.
- The Commission has granted extensions on three awards with projects totaling \$295,975. When grantees request an extension, HPHC's Commissioners must agree to the extension, or decide if additional information is needed before they can grant an extension.

The following table illustrates the State Preservation Grant awards:

Recipient	Town	Award Amount	Amount Disbursed	FY2023 & FY2024 to be Spent
Pres. Soc. of Newport County	Newport	\$150,000	\$150,000	\$0
La Farge Restoration Fund	Newport	150,000	150,000	-
Newport Restoration Foundation	Newport	16,596	16,596	-
The Providence Athenaeum	Providence	16,843	16,843	-
Providence Public Library	Providence	150,000	150,000	-
Trinity Restoration Inc	Providence	145,846	145,846	-
City of Central Falls	Central Falls	150,000	150,000	-
Town of Cumberland	Cumberland	149,041	149,041	-
Old Slater Mill Assoc.	Pawtucket	44,500	44,500	-
City of Woonsocket	Woonsocket	30,000	30,000	-
Herreshoff Marine Museum	Bristol	150,000	150,000	-
Friends of Pomham Rocks	East Providence	150,000	150,000	-
Portsmouth Historical Society	Portsmouth	30,000	30,000	-
Block Island SE Lighthouse Foundation	New Shoreham	150,000	150,000	-
Town of North Kingstown	North Kingstown	-	-	-
Cocumussoc Association	North Kingstown	47,447	47,447	-
South County Art Association	South Kingstown	29,634	29,634	-
Orlando Smith Trust	Westerly	10,575	10,575	-
Westerly Armory Restoration, Inc	Westerly	24,750	24,750	-
Historic New England	Johnston	31,240	31,240	-
Town of North Providence	North Providence	-	-	-
Town of Smithfield	Smithfield	31,950	31,950	-
Smithfield Preservation Society	Smithfield	19,476	19,476	-
RIDEM	Newport	150,000	150,000	-
PPAC	Providence	150,000	150,000	-
City of Providence	Providence	135,313	135,313	-
City of Pawtucket	Pawtucket	106,239	106,239	-
American French Genealogical Society	Woonsocket	150,000	150,000	-
City of East Providence	East Providence	69,652	69,652	-
Friends of Linden Place	Bristol	72,635	72,635	-
Coggeshall Farm Museum	Bristol	29,707	29,707	-
Memorial and Library Association of Westerly	Westerly	15,488	15,488	-
Beavertail Lighthouse Museum Association	Jamestown	42,250	42,250	-
Town of Coventry	Coventry	26,404	26,404	-
Town of East Greenwich	East Greenwich	150,000	150,000	-
Varnum Continentals, Inc.	East Greenwich	23,609	23,609	-
Foster Preservation Society	Foster	29,703	29,703	-
Newport Art Museum	Newport	150,000	150,000	-
City of Newport	Newport	150,000	150,000	-
Fort Adams Trust	Newport	150,000	150,000	-
International Tennis Hall of Fame	Newport	73,188	73,188	-
La Farge Restoration Fund	Newport	150,000	150,000	-
The Company of the Redwood Library and Athenaeum	Newport	39,783	39,783	-
Preservation Society of Newport County	Newport	-	-	-
Trinity Episcopal Church	Newport	29,508	29,508	-
Congdon Street Baptist Church	Providence	150,000	150,000	-
Preserve Rhode Island	Providence	150,000	150,000	-
Friends of the Music Mansion, Inc.	Providence	150,000	150,000	-
The Providence Athenaeum	Providence	131,963	131,963	-
Bristol Historical and Preservation Society	Bristol	75,888	75,888	-
Town of Bristol	Bristol	150,000	150,000	-
Historic New England	South Kingstown	39,160	39,160	-
South County Art Association	South Kingstown	28,333	28,333	-
North Smithfield Heritage Association	North Smithfield	88,220	88,220	-
City of Woonsocket	Woonsocket	44,249	44,249	-
Borders Farm Preservation, Inc.	Foster	30,000	30,000	-
Smithfield Preservation Society	Smithfield	8,000	8,000	-
Beavertail Lighthouse Museum Association	Jamestown	25,000	25,000	-
Herreshoff Marine Museum	Bristol	112,000	-	112,000
Friends of Linden Place	Bristol	28,200	26,644	1,556
City of Central Falls	Central Falls	150,000	-	150,000
Historic Metcalf-Franklin Farm Preservation Association	Cumberland	75,000	75,000	-
East Providence Historical Society	East Providence	26,860	26,860	-
Foster Preservation Society	Foster	11,900	11,687	213
Historic New England	Jamestown	69,000	69,000	-
La Farge Restoration Fund	Newport	150,000	150,000	-
Fort Adams Trust	Newport	122,500	122,500	-
Preservation Society of Newport County	Newport	74,250	74,221	30
Newport Restoration Foundation	Newport	-	-	-
Pawtucket Public Library	Pawtucket	58,044	58,044	-
City of Providence	Providence	88,500	88,500	-
Rhode Island Historical Society	Providence	48,000	43,333	4,667
The Steel Yard	Providence	40,850	6,875	33,975
Scituate Preservation Society	Scituate	9,900	9,900	-
South County History Center	South Kingstown	42,075	42,075	-
Clouds Hill Victorian House Museum	Warwick	50,000	50,000	-
Total		\$5,799,268	\$5,496,828	\$302,441

Source: RI Historic Preservation and Heritage Commission, July 3, 2025

Office of the Attorney General

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Criminal Program	\$24.7	\$25.9	\$29.0	\$3.1	12.0%	\$28.6	\$2.8	10.7%
Civil Program	7.7	10.6	11.1	0.5	4.5%	12.1	1.5	14.2%
Bureau of Criminal Identification	4.4	5.0	4.8	(0.2)	-4.0%	3.8	(1.2)	-24.0%
General Program	5.7	4.9	5.2	0.3	6.9%	7.9	3.0	60.5%
Total	\$42.5	\$46.5	\$50.2	\$3.7	8.0%	\$52.5	\$6.0	13.0%

Expenditures By Source	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$35.0	\$35.1	\$36.7	\$1.6	4.5%	\$38.2	\$3.1	8.9%
Federal Funds	2.3	3.3	4.0	0.7	21.5%	3.6	0.3	9.3%
Restricted Receipts	4.2	7.9	9.3	1.3	16.8%	8.1	0.2	2.7%
Other Funds	0.9	0.2	0.3	0.1	76.7%	2.5	2.4	1583.3%
Total	\$42.5	\$46.5	\$50.2	\$3.7	8.0%	\$52.5	\$6.0	13.0%

Authorized FTE Levels	264.1	264.1	264.1	-	-	268.1	4.0	1.5%

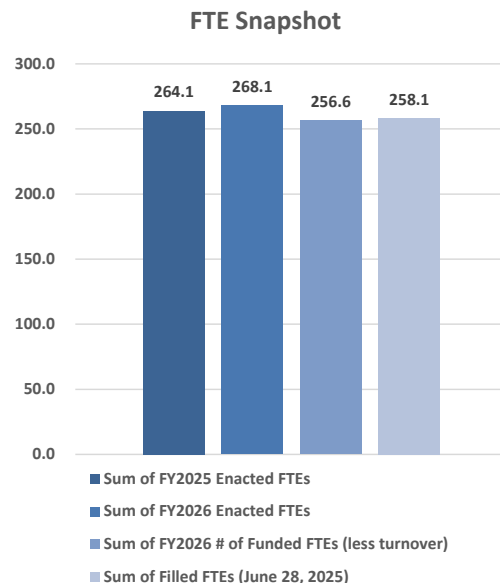
\$ in millions. Totals may vary due to rounding

The Office of the Attorney General is the central legal agency of the State. The Office is responsible for the prosecution of all felony criminal cases and misdemeanor appeals as well as the prosecution of misdemeanor cases brought by state law enforcement in the various district courts. Additionally, as chief legal officer of the State, the Attorney General acts to protect consumers against fraudulent business practices; investigates Open Meetings Act and Access to Public Records compliance; and, acts as the central repository for criminal history and information in the State. The Office is divided into four budget programs: General, Criminal, Civil, and Bureau of Criminal Identification.

MAJOR ISSUES AND TRENDS

2025: The FY2025 Final Budget includes \$50.2 million in all funds for the Office of the Attorney General, reflecting a \$3.7 million or 8.0 percent increase from the FY2025 Budget as Enacted. The Budget provides \$36.7 million of general revenue, representing an increase of \$1.6 million or 4.5 percent from the enacted level. The general revenue increase is primarily driven by the state employee collective bargaining agreement, which adds \$1.5 million (\$1.7 million in all funds) to the enacted budget and includes a 5.0 percent statewide cost of living adjustment (COLA) for personnel.

2026: The FY2026 Budget as Enacted includes \$52.5 million in all funds for the Office of the Attorney General, representing an increase of \$6.0 million or 13.0 percent from the FY2025 Budget as Enacted. The Budget provides \$38.2 million of general revenue, reflecting a \$3.1 million or 8.9 percent increase from the enacted level. The general revenue increase is primarily driven by the state employee collective bargaining agreement, which adds \$2.7 million (\$3.1 million in all funds) to the enacted budget and includes a combined 9.0 percent cost of living adjustment (COLA) from the FY2025 enacted level. The Budget contains \$2.5 million of RICAP funds to support the renovation of the Office's 180 South Main Street location.



FTE Level: The Budget authorizes 264.1 FTE positions in FY2025 which is consistent with the FY2025 enacted level and 268.1 FTE positions in FY2026, reflecting an increase of 4.0 FTE positions. The 4.0 new FTE positions will all be attorneys, with government litigation as the current area of focus.

CRIMINAL PROGRAM

The Criminal Program is charged with the prosecution of felony cases and misdemeanor appeals. The Program assists the Attorney General in carrying out the constitutional responsibility to prosecute all felony criminal offenses occurring in the State, as well as all misdemeanor criminal cases brought by State law enforcement agencies or appealed to the Superior Court. Specialized units focus on white-collar crime, narcotics and organized crime, firearms offenses, juvenile offenders, domestic violence and sexual assault, Medicaid fraud, and District Court offenses.

Criminal Program	General Revenue
FY2025 Enacted	\$21,173,986
<i>Target and Other Adjustments</i>	<i>218,190</i>
Personnel: Salary and Benefit Adjustment (statewide adjustments)	1,669,741
Operating Supplies and Expenses Adjustment	192,320
Turnover Savings	(112,306)
Centralized Services (statewide adjustments)	5,593
FY2026 Enacted	\$23,147,524

Criminal Program	Other Fund Changes
Forfeiture of Property (restricted receipts)	\$496,831

Operating Supplies and Expenses Adjustment **\$192,320**

The Budget includes \$1.8 million for operating supplies and expenses for the Criminal Program, excluding centralized service charges, representing an increase of \$192,320 from the FY2025 enacted level. Significant adjustments include an increase of \$115,409 for building maintenance and repairs and \$96,239 for office supplies and equipment, offset by a \$49,000 reduction in software maintenance agreements.

Turnover Savings **(\$112,306)**

The Budget provides \$942,020 of turnover savings sourced from general revenue in FY2026 for personnel within the Criminal Division, reflecting an increase of \$112,306 from the FY2025 enacted level of \$830,714.

Forfeiture of Property (restricted receipts) **\$496,831**

The Budget includes \$803,987 in receipts from the forfeiture of property account, representing a \$496,831 increase from the FY2025 enacted level. The increase is primarily related to a \$350,000 capital purchase of computer equipment, an increase of \$142,419 for maintenance and repairs of office equipment, and a \$51,292 reduction in print advertising. The following table illustrates the recommended expenditures by category in the FY2025 Enacted, FY2025 Final and FY2026 Enacted Budgets.

Forfeiture of Property	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Capital Purchases and Equipment	\$18,352	\$668,352	\$650,000	\$368,352	\$350,000
Operating Supplies and Expenses	126,302	689,490	563,188	259,490	133,188
Contract Professional Services	54,889	82,932	28,043	82,932	28,043
Salary and Benefits	107,613	89,741	(17,872)	93,213	(14,400)
Total	307,156	1,530,515	1,223,359	803,987	496,831

CIVIL PROGRAM

The Civil Program is charged with conducting the State's legal affairs and representing the State in legal proceedings. By law, the Attorney General initiates and defends actions in state and federal courts whenever warranted; ensures that representation is provided to state officers, employees, and agencies in all courts; advises state officers and agencies on legal issues; and, issues written opinions on legal issues when requested by governmental officers.

Civil Program	General Revenue
FY2025 Enacted	\$7,005,430
<i>Target and Other Adjustments</i>	<i>(34,157)</i>
Personnel: Salary and Benefit Adjustment (statewide adjustments)	533,218
Turnover Savings	(125,257)
Operating Supplies and Expenses Adjustment	(77,528)
FY2026 Enacted	\$7,301,706

Civil Program	Other Fund Changes
Enhanced Staffing 4.0 FTE Positions (restricted receipts)	\$848,389
NAAG Consumer Education (restricted receipts)	506,105
Public Utilities Commission (restricted receipts)	(333,156)
Hate Crime Prosecution Grant (federal funds)	100,000

Turnover Savings (\$125,257)

The Budget includes \$353,482 of turnover savings sourced from general revenue in FY2026 for personnel within the Civil Program, reflecting a \$125,257 increase in savings from the FY2025 enacted level of \$228,225.

Operating Supplies and Expenses Adjustment (\$77,528)

The Budget includes \$379,544 of general revenue for operating supplies and expenses within the Civil Program, reflecting a decrease of \$77,528 from the enacted level. The adjustment primarily reflects a \$77,127 reduction for computer supplies and software. The Office is in the process of performing a critical upgrade to their technological infrastructure and data management systems and requested the reduction in FY2025 and FY2026 to align with actual expenditures. Of note, the Office submitted decision packages for additional technology upgrades including cybersecurity enhancement, electronic discovery software, and body-worn camera storage software, but did not receive funding.

Enhanced Staffing 4.0 FTE Positions (restricted receipts) \$848,389

The Budget provides \$848,389 of restricted receipts collected from the Non-Multi-State Initiative restricted receipt account to fund 4.0 new FTE attorney positions in the Civil program. The Office indicates that the current area of focus for the new positions is government litigation. In aggregate, the Budget provides the Civil Division \$3.1 million in restricted receipts from the Non-Multi-State Initiative restricted receipt account, reflecting an increase of \$848,389 from the FY2025 enacted level.

NAAG Consumer Education (restricted receipts) \$506,105

The Budget includes \$656,623 in restricted receipts collected from the National Association of Attorneys General (NAAG) Consumer Education account, reflecting an increase of \$506,105 from the FY2025 enacted level of \$150,518. The Budget provides an additional \$309,000 for outside legal support, \$150,000 for building maintenance, and \$47,105 for subscriptions, office supplies, and other miscellaneous expenses.

Public Utilities Commission (restricted receipts) (\$333,156)

The Budget eliminates restricted receipts for the Public Utilities Commission Regulatory Unit within the Office of the Attorney General, reflecting a decrease of \$333,156 from the FY2025 enacted level. The

Division of Public Utilities and Carriers (DPUC) and the Public Utilities Commission (PUC) previously paid the Office of the Attorney General for regulatory legal services. However, the FY2025 Budget as Enacted authorized two FTE legal positions for the PUC and the Office no longer requires the funding.

Hate Crime Prosecution Grant (federal funds)

\$100,000

The Budget includes \$100,000 from the federally funded Hate Crime Prosecution Grant in both FY2025 and FY2026. The Office received federal funding for the Rhode Island Attorney General's Hate Crime and Prosecution and Reporting Initiative to enhance community engagement, reporting, and investigatory efforts around hate crimes.

The Office's website defines a hate crime as "any criminal act in which the perpetrator intentionally chooses a victim or property because of the perpetrator's hatred or animus towards a person's protected status." In Rhode Island, a hate crime does not need to be entirely motivated by bigotry or bias, instead the evidence must show that the offense was partially motivated, by the defendant's animus toward the victim's protected status.

BUREAU OF CRIMINAL IDENTIFICATION

The Bureau of Criminal Identification (BCI) is the state entity charged with maintaining criminal history information for crimes committed in Rhode Island. The BCI responds to criminal history records requests, analyzes and records fingerprint information, maintains pistol permits, issues security guard licenses, and conducts employee background checks. The BCI is open 24-hours per day, 7-days per week to respond to requests from law enforcement agencies throughout the country. In FY2019, the BCI moved to the Office's new facility located at the Pastore complex. The new facility was completed in 2018 using Google forfeiture federal funds.

Bureau of Criminal Identification	General Revenue
FY2025 Enacted	\$2,164,423
<i>Target and Other Adjustments</i>	<i>42,468</i>
Personnel: Salary and Benefit Adjustment (statewide adjustments)	172,855
Operating Supplies and Expenses Adjustment	60,996
FY2026 Enacted	\$2,440,742

Bureau of Criminal Identification	Other Fund Changes
Fingerprint Management System: IT Support (restricted receipts)	(\$1,518,295)

Operating Supplies and Expenses Adjustment

\$60,996

The Budget includes \$233,166 of general revenue to support operating supplies and expenses in the Bureau of Criminal Identification, reflecting an increase of \$60,996 from the FY2025 enacted level. Significant adjustments include increases of \$41,965 for software maintenance agreements, \$7,925 for property insurance, and \$7,366 for software and computer equipment offset by a \$10,296 reduction in telephone expenses.

Fingerprint Management System (restricted receipts)

(\$1.5 million)

The Budget provides \$1.3 million of restricted receipts from the Fingerprint Checks account in FY2026, representing a \$1.5 million net decrease from the FY2025 enacted level. The reduction is due to the removal of \$2.0 million for the Office's fingerprint management software project, that was included in the FY2025 Enacted Budget as a one-time expense and is no longer necessary in FY2026. The Budget increases maintenance and repair expenditures for computer equipment by \$500,000, which offsets the reduction.

In January 2023, the Office increased the fee assessed for a national background check, from \$35.00 to \$45.00. The Office anticipated the need to upgrade the software and hardware for the Fingerprint

Management System, which houses the Office’s Criminal and Civil applicant processing systems, and implemented the fee increase to offset these expenditures.

GENERAL DIVISION

The General Division is responsible for the overall operations of the Office. It consists of the following units: Executive, Fiscal, Personnel, Operations, Management Information Systems, and Public Information/Legislation. The Division oversees the finances of the Office, prepares and submits the Office’s annual budget, and lobbies for the resources necessary for the efficient operation of the Office.

General Program	General Revenue
FY2025 Enacted	\$4,759,579
Target and Other Adjustments	152,111
Personnel: Salary and Benefit Adjustment (statewide adjustments)	355,092
ERP Maintenance and Operations Billings (statewide adjustments)	68,818
Turnover Savings	18,855
FY2026 Enacted	\$5,354,455
Turnover Savings	\$18,855

The Budget includes \$28,079 of turnover savings sourced from general revenue for personnel in the General program, reflecting an \$18,855 decrease from the FY2025 enacted level of \$46,934.

CAPITAL PROJECTS

The Office of the Attorney General’s capital budget is funded with Rhode Island Capital Plan (RICAP) funds and federal funds received through the federal Equitable Sharing – Forfeitures Program. The Budget provides \$265,000 of RICAP funds for the Office in FY2025 and \$2.5 million in FY2026, reflecting increases of \$115,000 and \$2.4 million respectively from the FY2025 enacted level. For federal funds, the Budget provides the Office with a total of \$1.7 million in FY2025 and \$1.6 million in FY2026 of Equitable Sharing federal funds, representing increases of \$522,968 and \$423,468 respectively from the enacted level.

Equitable Sharing Capital Projects (federal funds)	Informational
The Budget includes \$1.7 million of federal funds from the Equitable Sharing – Forfeitures program in FY2025 and \$1.6 million in FY2026. The Office utilizes these funds for maintenance, and protective work at the 180 Main Street office and vehicle replacements, in addition to an electric vehicle charging station. The Office indicates that the electric vehicle charging station will grant the ability to replace current vehicles with electric counterparts in the future. The equitable sharing program provides state, local, and tribal law enforcement agencies with a share of the proceeds received through their participation in a law enforcement effort. The Budget authorizes the Office to utilize \$290,000 in FY2025 and \$360,000 in FY2026 for the maintenance and electric vehicle charging station	

Renovation and Asset Protection (other funds)	Informational
The Budget provides \$265,000 of RICAP funds in FY2025 and \$2.5 million in FY2026 for the Office’s Renovation and Asset Protection project. The funding provided in FY2025 will address the roof replacement previously authorized at the Office’s 150 South Main Street location, in addition to general asset management projects. The Office indicates that the roof replacement is near completion and anticipated to finish below the budget estimate. The funding provided in FY2026 will support renovations at the 180 South Main Street location, including replacing windows, the HVAC system, and roof. The Office indicates that the aging HVAC and windows contribute to a significant loss of energy efficiency.	

Department of Corrections

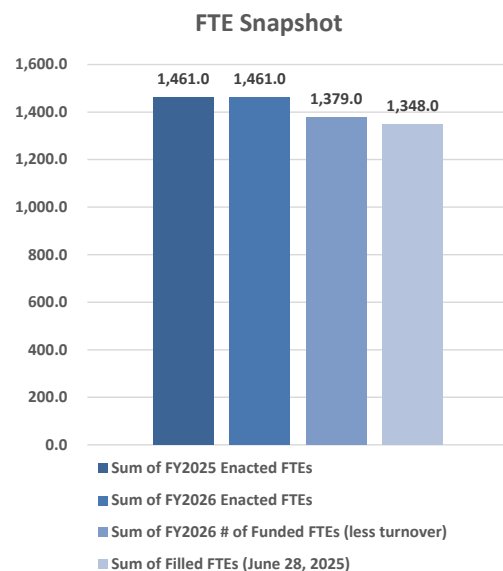
Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$21.2	\$22.5	\$23.9	\$1.4	6.1%	\$24.9	\$2.4	10.4%
Parole Board	1.3	1.5	1.6	0.1	5.2%	1.7	0.1	9.6%
Custody and Security	164.9	189.2	182.1	(7.1)	-3.7%	211.5	22.3	11.8%
Institutional Support	34.4	41.5	39.9	(1.6)	-4.0%	51.6	10.0	24.2%
Institutional Based Rehab /Population Management	12.9	15.3	17.4	2.1	13.9%	16.7	1.4	9.4%
Healthcare Services	34.3	36.1	35.9	(0.2)	-0.5%	37.1	0.9	2.6%
Community Corrections	20.4	22.0	22.1	0.1	0.4%	23.0	1.0	4.5%
Total	\$289.3	\$328.2	\$322.9	(\$5.2)	-1.6%	\$366.4	\$38.2	11.6%
Expenditures By Source								
General Revenue	\$263.7	\$293.7	\$303.5	\$9.8	3.3%	\$324.0	\$30.3	10.3%
Federal Funds	23.1	1.8	3.4	1.6	85.8%	1.8	(0.1)	-3.4%
Restricted Receipts	1.3	1.4	2.0	0.6	42.9%	1.3	(0.1)	-6.0%
Other Funds	1.1	31.2	14.1	(17.2)	-55.0%	39.3	8.0	25.8%
Total	\$289.3	\$328.2	\$322.9	(\$5.2)	-1.6%	\$366.4	\$38.2	11.6%
Authorized FTE Levels	1,461.0	1,461.0	1,461.0	-	-	1,461.0	-	-

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

The Rhode Island Department of Corrections (DOC) provides appropriate, safe, secure, and humane control of offenders, while actively assisting and encouraging offenders to become productive and law-abiding members of the community. Additionally, the Rhode Island State Parole Board is budgeted as a unit of the Department but has independent programmatic decision-making authority. Collectively known as the Adult Correctional Institutions (ACI), there are six separate occupied facilities, which have a total current capacity of 3,989 beds. In FY2025, the Department averaged 2,337 inmates (58.6 percent of capacity) housed at the ACI for the fiscal year, including 2,205 men and 132 women. The Department also provides supervision of offenders in the community (home confinement, probation, and parole).

MAJOR ISSUES AND TRENDS

FY2025 Final: The FY2025 Final Budget includes \$322.9 million in total expenditures, reflecting a decrease of \$5.2 million or 1.6 percent, from the FY2025 enacted level. The Budget provides \$303.5 million of general revenue, representing an increase of \$9.8 million or 3.3 percent from the previous enacted level. The general revenue increase is primarily driven by collective bargaining agreements with the state employee bargaining unit and the Rhode Island Brotherhood of Correctional Officers (RIBCO) that when combined, account for a total of \$10.4 million of general revenue. The state employee collective bargaining agreement adds \$1.7 million of general revenue and includes a 5.0 percent statewide cost of living adjustment (COLA) for settled bargaining units and unclassified workers in FY2025. The RIBCO agreement adds \$8.7 million of general revenue and includes a 5.0 percent COLA as well as additional pay increases and incentives. Furthermore, the Budget provides \$3.4 million in federal funds, reflecting an increase of \$1.6 million from the FY2025 enacted level. The increase is primarily related to a \$1.2 million Congressional Earmark award for the Department to replace aging, unsafe, and unusable transport vehicles. The Budget assumes a population of 2,439 inmates, reflecting a decrease of 31 from the FY2025 enacted level.



FY2026: The FY2026 Budget as Enacted includes \$366.4 million in total expenditures, reflecting a \$38.2 million or 11.6 percent increase from the FY2025 enacted level. The Budget includes \$324.0 million in general revenue, representing a \$30.3 million or 10.3 percent increase from the FY2025 enacted level. The general revenue increase is primarily driven by collective bargaining agreements with the state employee bargaining unit and the Rhode Island Brotherhood of Correctional Officers (RIBCO) that when combined, account for a total of \$26.5 million of general revenue in FY2026. The state employee collective bargaining agreement adds \$3.2 million of general revenue and includes a 5.0 percent statewide cost of living adjustment (COLA) for settled bargaining units and unclassified workers in FY2025 and 4.0 percent for FY2026. The RIBCO agreement adds \$23.3 million of general revenue and includes a 5.0 and 4.0 percent COLA as well as additional pay increases and incentives. The FY2026 Budget assumes a population of 2,536 inmates, reflecting an increase of 66 from the previous year's enacted level and 97 from the FY2025 Final level. The Budget authorizes 1,461.0 FTE positions for both FY2025 and FY2026, consistent with the enacted budget.

RIBCO Contract: The Budget contains \$23.3 million of general revenue to reflect the recent settlement with the Rhode Island Brotherhood of Correctional Officers (RIBCO) in FY2026 and \$8.7 million of general revenue in the FY2025. The agreement increases the shift differential for members working overnight, reduces the years required to earn the top-step pay grade, and provides Cost of Living Adjustments (COLAs) of 5.0 percent in FY2025 and 4.0 percent in FY2026. The agreement also includes a 3.0 percent COLA, which will take effect at the start of FY2027. The following table illustrates the general revenue supporting the RIBCO contract, by Departmental program.

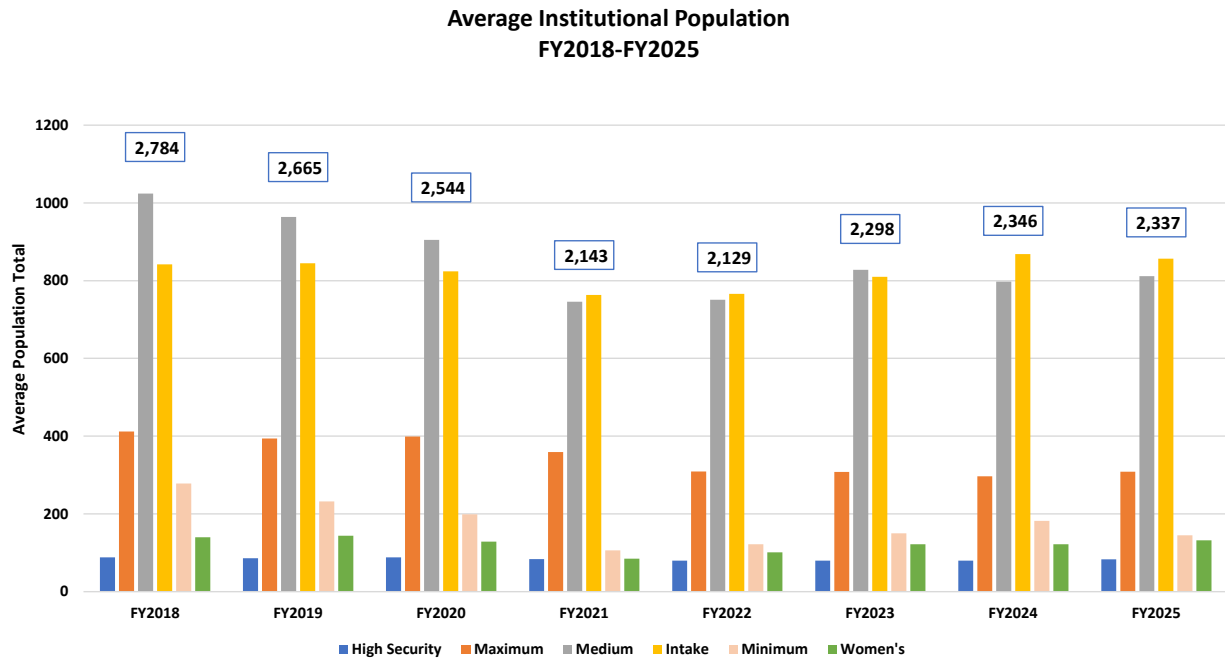
RIBCO Contract By Program	FY2025 Final	FY2026 Enacted
Central Management	\$148,970	\$357,458
Custody and Security	7,349,514	20,018,657
Institutional Support	240,162	568,401
Institutional Based Rehab/Population Management	169,057	287,217
Healthcare Services	673,386	1,851,182
Community Corrections	110,989	210,003
Total	\$8,692,078	\$23,292,918

Assumed Population: The FY2025 Final Budget assumes a daily population of 2,439 inmates, which is 31 below the 2,470 inmates assumed in the FY2025 Budget as Enacted. The FY2026 Budget as Enacted assumes a daily population of 2,536 inmates, which is 66 above the population assumed in the previous year's enacted budget and 97 inmates above the population assumed in the FY2025 Final Budget. Population assumptions are projected annually by the JFA Institute.

Actual Population: In FY2025, the Department's average institutional population was 2,337, which is 9 inmates below the previous year's average and 102 below the population assumed in the FY2025 Final Budget. The High-Security Facility held the smallest population with an average of 83 inmates while the Intake Service Center held the largest population with an average of 856 inmates. The following table and graph illustrate the average population held by the Department from FY2018 through FY2025.

Facility	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
High Security	88	86	88	84	80	80	80	83
Maximum	412	394	399	359	309	308	297	308
Medium	1,024	964	905	746	751	828	797	812
Intake	842	845	824	763	766	810	868	856
Minimum	278	232	199	106	122	150	182	145
Women's	140	144	129	85	101	122	122	132
Average Population	2,784	2,665	2,544	2,143	2,129	2,298	2,346	2,337

Source: Department of Corrections Population Report



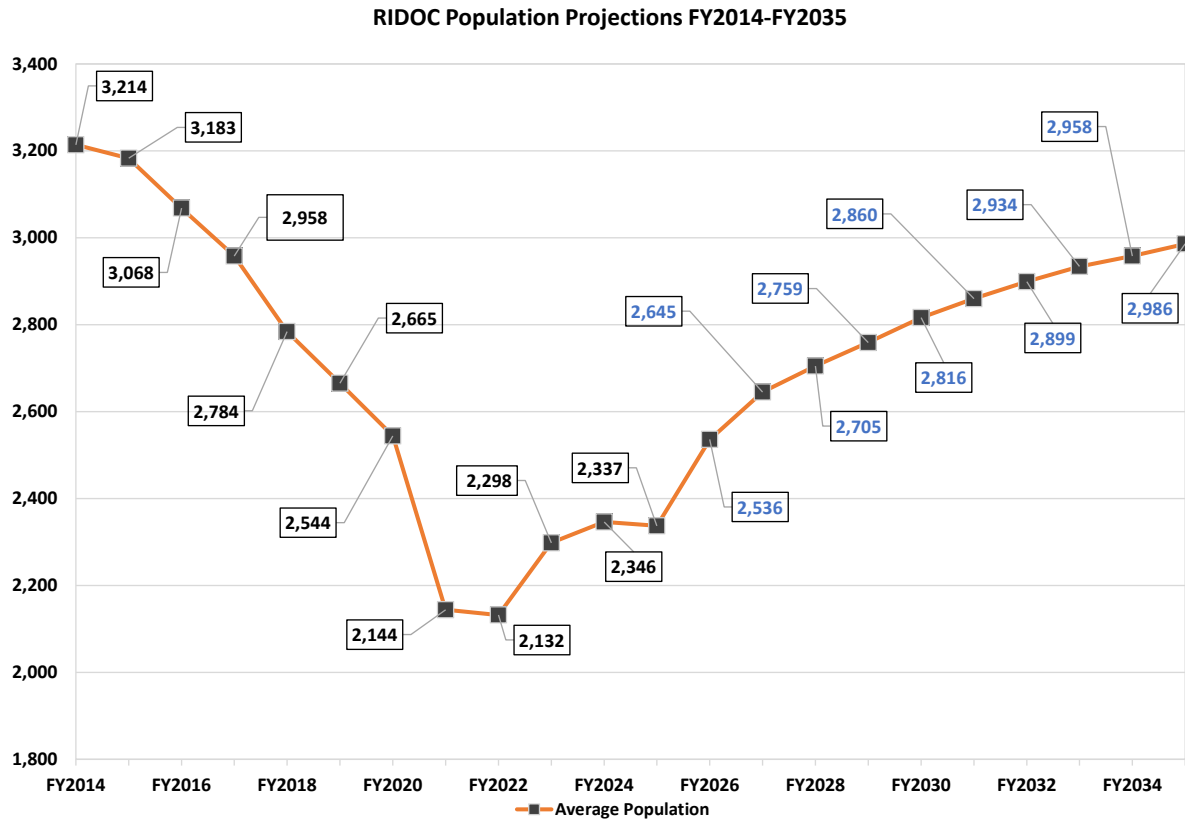
Source: Department of Corrections Population Report

Projected Population: The Department’s Ten-Year Prison Population Projections report, prepared by the JFA Institute and released in August of 2024, indicates that the total sentenced offender population is projected to increase over the next ten years by upwards of 25.0 percent. The report finds that “Sizeable increases in the average length of stay for awaiting trial populations seen in FY2024 are forecasted to fuel a 14.7 percent growth in the awaiting trial population between FY2025 and [FY2035] at an annual average rate of 1.4 percent per year.” The report further states that “Increasing admissions coupled with increases in the average sentences for sentenced male admissions seen in FY2023 result in the RIDOC sentenced population being projected to increase 25.7 percent between FY2025 and FY2035 at an annual rate of 2.3 percent per year.” The following table and graph compare the Department’s actual population for FY2014-FY2025 and the projected population for FY2026-FY2035.

Year	Population Assumed	% Change from FY2025
FY2025*	2,337	0.0%
FY2026	2,536	8.5%
FY2027	2,645	13.2%
FY2028	2,705	15.7%
FY2029	2,759	18.1%
FY2030	2,816	20.5%
FY2031	2,860	22.4%
FY2032	2,899	24.0%
FY2033	2,934	25.5%
FY2034	2,958	26.6%
FY2035	2,986	27.8%

Source: RIDOC FY2026 Budget Request

*FY2025 figure reflects the actual population



Source: RIDOC FY2026 Budget Request and FY2025 Population Report

Note: Figures in blue represent projections

Average Cost Per Offender: In FY2024, the State paid an average cost of \$112,613 for each institutional based offender, or \$308.53 per day, including administrative overhead and capital costs. Of the Department's facilities, inmates housed at the High Security Center resulted in the largest annual expense to the State, at \$282,624 per inmate, while inmates housed at the Anthony P. Travisono Intake Service Center exhibited the lowest annual cost, at \$91,759 per inmate. The following table illustrates the Department's FY2024 annual average cost per offender for both the institutional based and community-based offenders.

Facility	Average Population	Annual Cost per Offender†	Daily Cost per Offender‡
<i>Institution Based Offenders*</i>			
Minimum	182	\$140,047	\$383.69
Medium/Moran	797	95,957	262.90
Intake Service Center	868	91,759	251.39
Maximum	297	131,208	359.47
High Security Center	80	282,624	774.31
Women's Facility	122	172,812	473.46
Total Institution Population	2,346	\$112,613	\$308.53
<i>Community Based Offenders</i>			
Probation & Parole	6,429	\$3,284	\$9.00
Home Confinement ‡	186	17,977	\$49.25
Total Community Population	6,615	\$3,697	\$10.13

Source: RIDOC FY2026 Budget Request

* Population reflects total average population housed in FY2024.

† Cost per offender includes both administrative overhead and capital costs.

‡ Institution population includes offenders under active supervision only. It does not include banked cases, court-ordered unsupervised cases, deported cases, offenders paroled to immigration or another jurisdiction or cases pending transfer.

Recidivism Study: The FY2025 Budget as Enacted directed the Department of Corrections to conduct a recidivism study to evaluate recidivism trends and the outcomes of the existing correctional programs. The Department contracted CGL Companies and the report was delivered on February 28, 2025. The report analyzed a rolling cohort from 2013-2023, captured the initial sentenced releases and all subsequent reoffending patterns. Additionally, the study examined the relationship between re-offending and participation in RIDOC programming. The study indicates that 43.3 percent of the 14,841 individuals that were released had returned to sentenced status, reflecting a total of 6,518 recidivists. Additionally, the consultants determined that “Wellness and substance use disorder (SUD) treatment showed the strongest negative correlation with recidivism.” The study made the following recommendations for the Department:

- Conduct a deeper analysis of specific programs using multivariate regression analyses to isolate the true impact of various types of interventions.
- Link RIDOC data with arrest records to produce Rhode Island’s first re-arrest recidivism rate, clarifying how correctional and law enforcement systems interact.
- Leverage the Executive Office of Health and Human Services Ecosystem Data to examine how to access to healthcare, housing, and social services affects post-release outcomes.
- Validate RIDOC’s risk assessment tool to evaluate whether cutoff scores should be adjusted for improved risk prediction.
- Conduct survival analysis to identify peak risk periods for reoffending and assess time-to-failure trends across demographics and program participation.

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
FY2025 Enacted	\$22,522,753
<i>Target and Other Adjustments</i>	<i>355,266</i>
Personnel Adjustments (statewide adjustments)	613,184
Operating Supplies Adjustment	475,534
RIBCO Contract	357,458
ERP Maintenance and Operations Billings (statewide adjustments)	216,776
Capital Purchases and Equipment	169,276
Turnover	92,875
Centralized Services (statewide adjustments)	72,626
FY2026 Enacted	\$24,875,748

Operating Supplies Adjustment ***\$475,534***

The Budget includes \$1.6 million of general revenue to fund operating supplies and expenses within the Central Management program, reflecting an increase of \$475,534 from the FY2025 enacted level. The adjustment includes a net increase of \$194,005 to the Training Unit which encompasses \$166,148 for radio advertising and \$104,122 for staff clothing, offset by a \$44,918 reduction in rental of outside property. The costs are largely reflective of recruitment and training for correctional officers. The adjustment also provides an additional \$111,459 for computer supplies and software, primarily within the Office of Management Information. The following table illustrates the adjustment.

Operating Supplies	FY2025 Enacted	FY2026 Enacted	Change
Radio Advertising	\$13,919	\$180,067	<i>\$166,148</i>
Comp Supplies/Software & Equip	261,612	373,071	<i>111,459</i>
Staff Clothing/Uniforms	200	104,322	<i>104,122</i>
Rental of Outside Property	45,100	182	<i>(44,918)</i>
Subscriptions	5,277	32,602	<i>27,325</i>
Software Maintenance Agreements	173,362	200,412	<i>27,050</i>
Telecomm: Overhead	51,148	72,718	<i>21,570</i>
All Other Adjustments	572,537	635,315	<i>62,778</i>
Total	\$1,123,155	\$1,598,689	<i>\$475,534</i>

RIBCO Contract ***\$357,458***

The Budget increases general revenue by \$357,458 in the Central Management program to reflect the recent contract with the Rhode Island Brotherhood of Correctional Officers. The contract includes a retroactive COLA of 5.0 percent in FY2025 and 4.0 percent in FY2026, which are effective on the payroll date immediately prior to July 1, of the respective fiscal year. Additionally, the agreement increases the shift differential for members working overnight and reduces the years required to earn the top-step pay grade. The agreement also includes a 3.0 percent COLA for FY2027, which does not impact the FY2026 Budget. The following table illustrates the contract's funding by unit/office for FY2025 and FY2026.

RIBCO Contract: Central Management	FY2025 Final	FY2026 Enacted
Training Unit	\$90,917	\$252,670
Business Management Unit	25,136	45,959
Inmate Accounts Unit	19,513	34,079
Office of Planning and Research	9,044	15,676
Office of Management Information	4,360	9,074
Total	\$148,970	\$357,458

Capital Purchases and Equipment Adjustment**\$169,276**

The Budget includes \$348,041 of general revenue to fund the capital purchases and equipment in the Central Management program, representing an increase of \$169,276 from the FY2025 enacted level. The Department indicates the increase is based on FY2024 expenditures. The adjustment primarily consists of an additional \$140,010 for computer equipment in the Office of Management Information and \$20,000 for furniture within the Office of Internal Affairs.

Turnover**\$92,875**

The Budget includes \$399,576 of general revenue turnover savings, reflecting a net \$92,875 reduction from the FY2025 enacted level of \$492,541. The adjustment primarily occurs within the Office of Internal Affairs and Director of Corrections, with a \$259,773 combined reduction of turnover savings. The reduction is offset by increases of \$55,681 in the Office of Financial Resources, \$37,662 in the Office of Policy Development, \$37,571 in the Training Unit, and \$35,984 in the Business Management Unit.

PAROLE BOARD

The Parole Board is a six-member commission, appointed by the Governor that is charged with evaluating and authorizing the early release of inmates who meet certain conditions. The Department determines eligibility criteria, including that inmates must serve at least one-third of their sentence before being eligible for parole and must meet defined criteria post-parole and for the duration of their sentence. The Parole Board has one sub-program, the Sex Offender Community Notification (SOCN) Unit. The SOCN Unit is intended to support the sex offender leveling process, notify the community, and provide support to the Rhode Island Sex Offender Board of Review, the RI Sex Offender Registry, state and local police, as well as the public.

Parole Board	General Revenue
FY2025 Enacted	\$1,526,785
<i>Target and Other Adjustments</i>	<i>47,854</i>
Personnel Adjustments (statewide adjustments)	98,618
FY2026 Enacted	\$1,673,257

CUSTODY AND SECURITY

The Custody and Security program is responsible for the secure custody and control of the State's inmate population to ensure the safety of staff, inmates, and the general public. The program manages six correctional institutions and one jail complex, all located in Cranston at the Pastore Center. Men's facilities include High Security, Maximum Security, the John J. Moran Medium Security Prison, Minimum Security, and the Intake Service Center. Women are housed in the Gloria McDonald. Some female inmates were previously housed in the Bernadette Guay facility; however, this facility was closed in FY2017. The program is the largest within the Department and is divided into two sub-programs: Custody, which includes all staff, activities, and food service within the facilities under the care of their respective Wardens, and the Security sub-program which includes the Central Office Warden, the Correctional Emergency

Response Team, Facility Security Audit Teams, Crisis Intervention Teams, Special Investigations Unit, the Canine Unit, and a Department Armorer.

Custody and Security	General Revenue
FY2025 Enacted	\$163,902,830
<i>Target and Other Adjustments</i>	<i>2,139,963</i>
RIBCO Contract	20,018,657
Turnover	(4,307,288)
Personnel Adjustments (statewide adjustments)	364,709
Operating Supplies Adjustment	141,960
FY2026 Enacted	\$182,260,831

RIBCO Contract **\$20.0 million**

The Budget increases general revenue by \$20.0 million in the Custody and Security program to reflect the recent contract with the Rhode Island Brotherhood of Correctional Officers (RIBCO). The contract includes retroactive COLAs of 5.0 percent in FY2025 and 4.0 percent in FY2026, which are effective on the payroll date immediately prior to July 1, of their respective fiscal year. Additionally, the agreement increases the shift differential for members working overnight and reduces the years required to earn the top-step pay grade. The agreement also includes a 3.0 percent COLA for FY2027, which does not impact the FY2026 Budget. The following table illustrates the contract's funding by unit/office for FY2025 and FY2026.

RIBCO Contract: Custody and Security	FY2025 Final	FY2026 Enacted
Intake Services Center	\$1,848,533	\$5,219,048
Medium Security - Moran	1,800,838	4,861,478
Maximum Security	1,117,289	2,908,304
High Security	870,052	2,518,407
Minimum Security	730,476	1,875,520
Women's Facilities	679,623	1,805,230
Records and ID Unit	130,642	340,867
Special Investigations Unit	91,967	242,001
K-9 Unit	36,766	111,010
Institutions/Operations - General	20,210	63,126
Tactical Team	20,835	50,622
Health Services - General	2,283	23,044
Total	\$7,349,514	\$20,018,657

Turnover Savings **(\$4.3 million)**

The Budget includes \$11.3 million in general revenue turnover savings in the Custody and Security program, reflecting an increase of \$4.3 million from the enacted level of \$7.0 million. The Intake Services Center and Medium Security facilities realized the largest increase adjustment, reflecting a combined increase of \$2.4 million or 56.3 percent. The following table compares the turnover included in the FY2026 Budget as Enacted with the prior year's enacted budget, by facility/unit.

Turnover Savings	FY2025 Enacted	FY2026 Enacted	Change
Intake Services Center	(\$1,661,107)	(\$3,223,214)	(\$1,562,107)
Medium Security - Moran	(1,817,018)	(2,681,636)	(864,618)
Minimum Security	(308,512)	(990,322)	(681,810)
Women's Facilities	(905,368)	(1,463,899)	(558,531)
High Security	(887,997)	(1,369,243)	(481,246)
Maximum Security	(1,322,078)	(1,439,043)	(116,965)
Institutions/Operations - General	(26,946)	(61,175)	(34,229)
Special Investigations Unit	(36,317)	(44,099)	(7,782)
Total	(\$6,965,343)	(\$11,272,631)	(\$4,307,288)

Operating Supplies Adjustment**\$141,960**

The Budget provides \$3.0 million of general revenue for operating supplies within the Custody and Security program, reflecting a net increase of \$141,960 from the prior year's enacted level. Significant adjustments include increases of \$197,931 for janitorial supplies and equipment, \$82,097 for security supplies, offset by decreases of \$138,374 for clothing and \$58,928 for non-prescription medical supplies. The following table illustrates the adjustment.

Operating Supplies	FY2025 Enacted	FY2026 Enacted	Change
Janitorial Supplies & Equipment	\$999,010	\$1,196,941	\$197,931
Client Clothing/Uniforms	239,704	101,330	(138,374)
Security/Safety Supplies	151,412	233,509	82,097
Medical Supplies (non-Rx)	83,988	25,060	(58,928)
Kitchen/Household Supplies & Equipment	86,156	140,472	54,316
Safety Garments & Implements	90,753	36,942	(53,811)
Telecomm: Overhead	208,187	162,396	(45,791)
Linen and Laundry	85,197	128,977	43,780
All Other Adjustments	928,906	989,646	60,740
Total	\$2,873,313	\$3,015,273	\$141,960

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
FY2025 Enacted	\$34,243,329
<i>Target and Other Adjustments</i>	17,635
Centralized Utilities Fund (statewide adjustments)	12,066,911
Centralized Services (statewide adjustments)	(6,962,828)
RIBCO Contract	568,401
Personnel Adjustments (statewide adjustments)	166,152
FY2026 Enacted	\$40,099,600

RIBCO Contract**\$568,401**

The Budget increases general revenue by \$568,401 in the Institutional Support program to reflect the recent contract with the Rhode Island Brotherhood of Correctional Officers (RIBCO). The contract includes retroactive COLAs of 5.0 percent in FY2025 and 4.0 percent in FY2026, which are effective on the payroll date immediately prior to July 1, of their respective fiscal year. Additionally, the agreement increases the shift differential for members working overnight and reduces the years required to earn the top-step pay grade. The agreement also includes a 3.0 percent COLA for FY2027, which does not impact the FY2026 Budget. The following table illustrates the contract's funding by sub-program for FY2025 and FY2026.

RIBCO Contract: Institutional Support	FY2025 Final	FY2026 Enacted
Classification	\$43,705	\$75,091
Facility Maintenance Unit	5,813	13,096
Food Services Unit	190,644	480,214
Total	\$240,162	\$568,401

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
FY2025 Enacted	\$14,780,027
<i>Target and Other Adjustments</i>	<i>160,257</i>
Contract Professional Services Adjustment	(597,332)
Personnel Adjustments (statewide adjustments)	396,932
RIBCO Contract	287,217
FY2026 Enacted	\$15,027,101

Institutional Based Rehab/Population Management	Other Fund Changes
Opioid Stewardship Fund Program Shift (restricted receipts)	\$1,300,000

Contract Professional Services Adjustment**(\$597,332)**

The Budget includes \$4.1 million of general revenue to support contracted professional services within the Institutional Based Rehab /Population Management program in FY2026, reflecting a \$597,332 decrease from the FY2025 enacted level. The significant adjustments include decreases of \$489,746 for substance abuse services, \$125,620 for general services, and \$119,532 for transitional services, offset by a \$120,974 increase in education and vocational training. Of note, the Department recently completed a study of recidivism, and “wellness and substance use disorder (SUD) treatment showed the strongest negative correlation with recidivism.”

Contract Professional Services	FY2025 Enacted	FY2026 Enacted	Change
Special Services - Substance Abuse	\$1,136,288	\$646,542	(\$489,746)
Special Services - General	861,107	735,487	(125,620)
Education/Vocational Training/Recreation	257,000	377,974	120,974
Transitional Services	282,245	162,713	(119,532)
Medication/Mediation Assisted Treatment Program	2,031,068	2,074,652	43,584
Rehabilitation - General	50,500	35,717	(14,783)
Correctional Industries	90,000	77,791	(12,209)
Total	\$4,708,208	\$4,110,876	(\$597,332)

RIBCO Contract**\$287,217**

The Budget increases general revenue by \$287,217 in the Institutional Based Rehabilitation/Population Management program to reflect the recent contract with the Rhode Island Brotherhood of Correctional Officers (RIBCO). The contract includes retroactive COLAs of 5.0 percent in FY2025 and 4.0 percent in FY2026, which are effective on the payroll date immediately prior to July 1, of their respective fiscal year. Additionally, the agreement increases the shift differential for members working overnight and reduces the years required to earn the top-step pay grade. The agreement also includes a 3.0 percent COLA for FY2027, which does not impact the FY2026 Budget. The following table illustrates the contract's funding by sub-program for FY2025 and FY2026.

RIBCO Contract: Institutional Based Rehabilitation/Population Management		
	FY2025 Final	FY2026 Enacted
Case Management	\$142,520	\$250,688
Education/Vocational Training/Recreation	9,093	17,022
Special Services - General	17,444	19,507
Total	\$169,057	\$287,217

Opioid Stewardship Fund Program Shift (restricted receipts)**\$1.3 million**

The Budget shifts \$1.3 million of restricted receipts collected through the Opioid Stewardship Fund to the Institutional Based Rehab/Population Management program in FY2026 and \$2.0 million in the FY2025 Final Budget. This funding was previously provided to the Department's Healthcare Services program. The Department indicates that the Opioid Stewardship Funding has allowed the program to reach more patients than before, increasing the average daily census to 370.

The Department utilizes funding from the Opioid Stewardship Fund to provide expanded access to medication treatment/recovery services and opioid withdrawal management. The Department has been administering Sublocade, which is an FDA approved pharmacotherapy that is injected monthly at \$1,633.38 per dose. The Department notes it is preferred by staff as it avoids concerns of diversion, as well as by patients, who avoid the daily medication lines. Sublocade is more than 5x the cost of the sublingual alternative, buprenorphine, at \$260 per month.

Of note, the Department recently completed a study of recidivism, and "wellness and substance use disorder (SUD) treatment showed the strongest negative correlation with recidivism."

HEALTHCARE SERVICES

The Healthcare Services program is constitutionally mandated to provide medical, dental, and mental health service provision to all inmates. According to the Department, the inmate population is more likely than the general population to have infectious diseases and other conditions. About 1.0 percent of the inmate

population is HIV positive, 25.0 percent are infected with Hepatitis C, 10.0 percent have persistent mental health illnesses, and 70.0 to 90.0 percent have histories of substance abuse.

Healthcare Services	General Revenue
FY2025 Enacted	\$34,782,837
<i>Target and Other Adjustments</i>	<i>417,305</i>
RIBCO Contract	1,851,182
Nurses Contract Reserve	(1,812,879)
Contracted Professional Services Adjustment	1,600,145
Personnel Adjustments (statewide adjustments)	213,290
FY2026 Enacted	\$37,051,880

Healthcare Services	Other Fund Changes
Opioid Stewardship Fund Program Shift (restricted receipts)	(\$1,331,555)

RIBCO Contract ***\$1.9 million***

The Budget increases general revenue by \$1.9 million in the Healthcare Services program to reflect the recent contract with the Rhode Island Brotherhood of Correctional Officers (RIBCO). The contract includes retroactive COLAs of 5.0 percent in FY2025 and 4.0 percent in FY2026, which are effective on the payroll date immediately prior to July 1, of their respective fiscal year. Additionally, the agreement increases the shift differential for members working overnight and reduces the years required to earn the top-step pay grade. The agreement also includes a 3.0 percent COLA for FY2027, which does not impact the FY2026 Budget. The following table illustrates the contract's funding by sub-program for FY2025 and FY2026.

RIBCO Contract: Healthcare Services	FY2025 Final	FY2026 Enacted
Nursing Services	\$509,030	\$1,291,554
Mental Health	89,117	389,235
Physician Services	19,472	60,237
Medical Records	28,212	51,330
Dental Services	10,770	22,680
General	5,948	17,597
Special Services - Aids Counseling	6,617	10,815
Pharmacy Services	4,220	7,734
Total	\$673,386	\$1,851,182

Nurses Contract Reserve ***(\$1.8 million)***

The Budget removes \$1.8 million of general revenue in FY2026 and FY2025 that was included as a placeholder in the FY2025 Budget as Enacted for the settled agreement with members of the Rhode Island Brotherhood of Correctional Officers (RIBCO) working as nurses. The agreement included adjusted pay scales and benefits including tuition reimbursement, and retroactive payments, as well as restructured and increased overtime wages for nurses employed through June 30, 2024. In FY2026, the funds are spread throughout the salary and benefit categories in the appropriate divisions.

Contracted Professional Services Adjustment ***\$1.6 million***

The Budget includes \$11.5 million of general revenue for contracted professional services within the Healthcare Services program, reflecting an increase of \$1.6 million from the FY2025 enacted level. The largest increase, realized within general health services, includes a \$1.6 million increase for doctors offset by a \$256,580 reduction in hospital treatments. The Department indicates that the increase is based off FY2024 expenditures. The following table illustrates the adjustment by service provided.

Contract Professional Services	FY2025 Enacted	FY2026 Enacted	Change
General	\$4,582,565	\$5,781,907	\$1,199,342
Nursing Services	808,389	1,261,580	453,191
Mental Health	2,326,119	2,194,688	(131,431)
Dental Services	1,334,594	1,405,980	71,386
Physician Services	594,000	600,494	6,494
Pharmacy Services	206,661	207,824	1,163
Total	\$9,852,328	\$11,452,473	\$1,600,145

Opioid Stewardship Fund Program Shift (restricted receipts)**(\$1.3 million)**

The Budget shifts \$1.3 million of restricted receipts collected through the Opioid Stewardship Fund from the Healthcare Services program to the Institutional Based Rehab/Population Management program in FY2026 and \$2.0 million in the FY2025 Final Budget. The Department indicates that the Opioid Stewardship Funding has allowed the program to reach more patients than before, increasing the average daily census to 370.

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
FY2025 Enacted	\$21,987,526
<i>Target and Other Adjustments</i>	<i>(221,932)</i>
Personnel Adjustments (statewide adjustments)	1,354,422
Contracted Professional Services Adjustment	(303,833)
RIBCO Contract	210,003
Community Corrections Population Information	Informational
FY2026 Enacted	\$23,026,186

Contract Professional Services Adjustment**(\$303,833)**

The Budget includes \$396,252 of general revenue to fund contracted professional services in the Community Corrections program, representing a \$303,833 reduction from the FY2025 enacted level. The adjustment primarily reflects a \$257,434 decrease in the Justice Reinvestment Initiative, from the enacted amount of \$315,659 to \$58,225. The Department indicates in their FY2026 Budget Request that, “The program has not utilized its full contract cost historically, and that trend is expected to continue as the program continues to get fully functioning.” The FY2025 Final Budget includes a reduction of \$260,755 from the FY2025 enacted level for the Justice Reinvestment Initiative, by providing \$54,904.

RIBCO Contract**\$210,003**

The Budget increases general revenue by \$210,003 in the Community Corrections program to reflect the recent contract with the Rhode Island Brotherhood of Correctional Officers (RIBCO). The contract includes

retroactive COLAs of 5.0 percent in FY2025 and 4.0 percent in FY2026, which are effective on the payroll date immediately prior to July 1, of their respective fiscal year. Additionally, the agreement increases the shift differential for members working overnight and reduces the years required to earn the top-step pay grade. The agreement also includes a 3.0 percent COLA for FY2027, which does not impact the FY2026 Budget. The following table illustrates the contract's funding by sub-program for FY2025 and FY2026.

RIBCO Contract: Community Corrections	FY2025 Final	FY2026 Enacted
Home Confinement Unit	\$106,856	\$202,424
Probation and Parole	\$4,133	\$7,579
Total	\$110,989	\$210,003

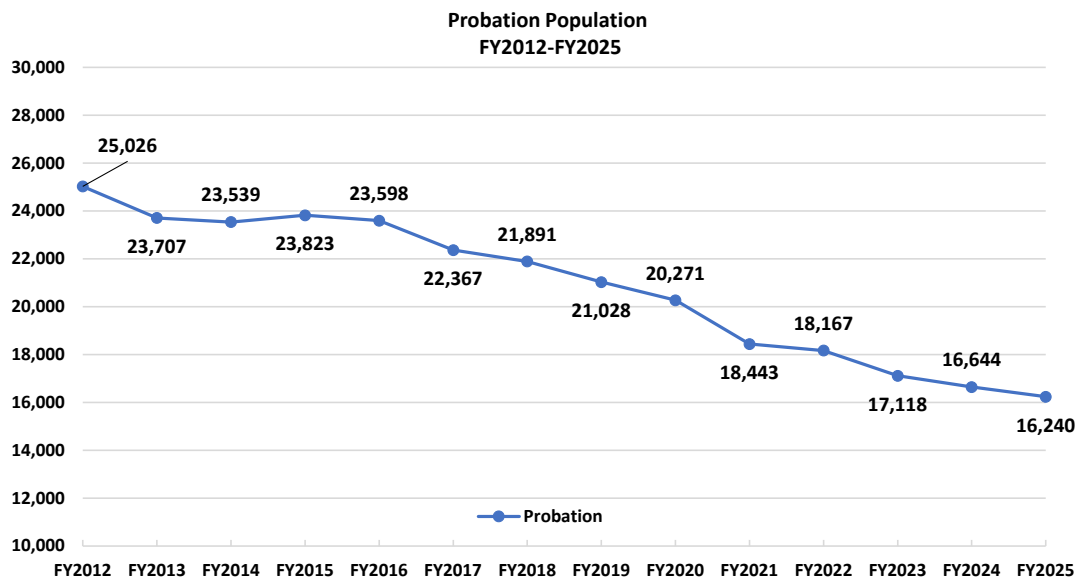
Community Corrections Population Information

Informational

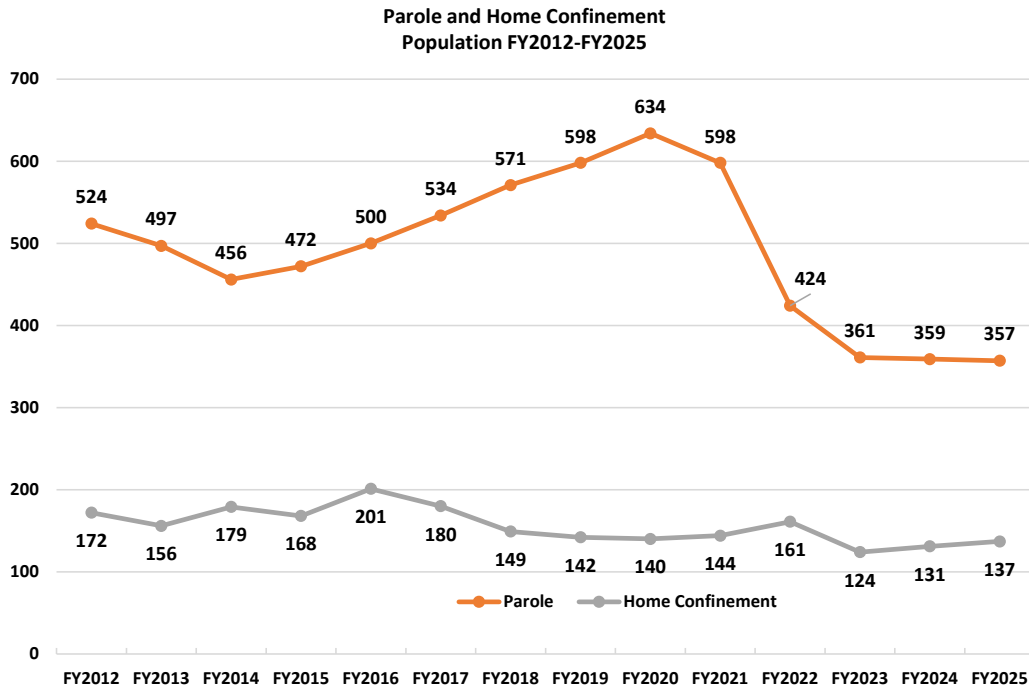
While representing only 7.1 percent of the Department's general revenue budget in FY2026, the Community Corrections program serves the largest number of individuals. The Department indicates that in FY2025, the Community Corrections population average was 16,737, encompassing 16,240 individuals on probation, 357 on parole, and 140 under community supervision. The population reports for FY2012 indicate that the population average was 25,722, which included 25,026 individuals on probation, 524 on parole, and 172 individuals under community supervision. When compared to the current population, the Department is serving 34.9 percent less individuals than in FY2012. The following table and graphs display the Community Corrections population, including individuals on probation, parole, and under community supervision for FY2012-FY2025.

Supervision	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Probation	25,026	23,707	23,539	23,823	23,598	22,367	21,891	21,028	20,271	18,443	18,167	17,118	16,644	16,240
Parole	524	497	456	472	500	534	571	598	634	598	424	361	359	357
Community Supervision	172	156	179	168	201	180	149	142	140	144	161	124	131	140
Population Total	25,722	24,360	24,174	24,463	24,299	23,081	22,611	21,768	21,045	19,185	18,752	17,603	17,134	16,737

Source: Department of Corrections Population Report



Source: Department of Corrections Population Report



Source: Department of Corrections Population Report

CAPITAL PROJECTS

The Department's Capital Budget for FY2025 and FY2026 is supported entirely with Rhode Island Capital Plan (RICAP) funds. The FY2025 Final Budget includes \$14.1 million in RICAP funds, reflecting a decrease of \$17.2 million from the FY2025 enacted level. The FY2026 Budget as Enacted includes \$39.3 million in RICAP funds, reflecting an \$8.0 million increase from the previous year's enacted level. The HVAC replacement project at the Intake Service Center is the primary cause of the adjustment.

RICAP Funded Projects	FY2025 Enacted	FY2025 Final	Change from Enacted	FY2026 Enacted	Change from Enacted
HVAC Replacement	\$23,946,648	\$8,305,384	(\$15,641,264)	\$27,818,335	\$3,871,687
Asset Protection	4,100,000	5,500,000	1,400,000	8,277,650	4,177,650
Correctional Facilities Renovations	3,179,677	250,000	(2,929,677)	3,179,677	-
Total	\$31,226,325	\$14,055,384	(\$17,170,941)	\$39,275,662	\$8,049,337

HVAC Replacement: The Budget includes \$8.3 million of RICAP funds in FY2025 and \$27.8 million in FY2026 to replace the HVAC system at the Intake Service Center (ISC). The adjustment includes a \$15.6 million decrease in FY2025 and a \$3.9 million increase in FY2026 from the previous year's enacted level, based on updated project timelines from the Department. The project includes \$6.9 million in unspent funds from FY2024 that were shifted to FY2025.

The Department indicates that the HVAC system is over 30 years old, has reached the end of its useful life, requires costly repairs with parts that are difficult to obtain, and is the subject of numerous complaints from both staff and inmates. Furthermore, a newer HVAC system will be more energy efficient and reduce emissions. The Department believes that replacing it will ensure that the health and safety standards at the facility are maintained. Following the completion at the Intake Service Center, the Department plans to replace the HVAC system at the Medium-Security Facility.

Analyst Note: The Department's FY2027 Capital Budget Request states that in the "Spring of 2025, the Medium Security Facility steampipe and chillers suffered irreparable damage due to severe pipe corrosion which resulted in the HVAC system being brought completely offline. As a result, the Department is renting generators and chillers to power the HVAC system at a monthly cost exceeding \$100,000." Architecture and engineering work is currently ongoing and is expected to conclude in September 2025, producing an accurate estimate for the costs. The Department further requests that all project funding for the Correctional Facilities Renovation project is shifted to the HVAC replacement project.

Asset Protection: The Budget includes \$5.5 million of RICAP funds in FY2025 and \$8.3 million in FY2026 for asset protection projects, reflecting increases of \$1.4 million and \$4.2 million from the FY2025 enacted level. Current asset protection projects in FY2025 include renovations to the Investigations Unit located at the Attorney General's Office, the purchase of a digital license plate machine, and roof replacements complex wide. In FY2026, the project includes \$1.5 million for renovating the Central Distribution Center (CDC) warehouse.

Correctional Facilities Renovations: The Budget includes \$250,000 of RICAP funds in FY2025 reflecting a \$2.9 million decrease from the FY2025 enacted level and \$3.2 million in FY2026, consistent with the previous year's enacted level. The \$250,000 remaining in FY2025 reflects a carry-forward balance related to a feasibility study for the construction of a Behavioral Management Unit (BMU) within the High Security Facility for the Seriously and Persistently Mentally Ill (SPBI). Based on updated timelines and concerns with the HVAC project, the Budget delays the facility renovations projects to the following year.

The Department developed a pilot Behavioral Management Unit to provide psychiatric treatment for individuals requiring specialized medical care. The pilot BMU was constructed at the Intake Service Center and began operation in January 2025. The State, as well as the Department, are currently named defendants in several pending federal lawsuits that challenge the treatment and living conditions provided to individuals with serious and persistent mental illness (SPMI) within a restrictive housing setting. The pilot BMU will provide a less restrictive level of housing than the existing facilities, as well as an expansion of treatment options. Furthermore, the Department notes that constructing the BMU will address the issues outlined in the federal class action lawsuit that will require remediation.

Judiciary

Expenditures By Program	FY2024 Final	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Supreme Court	\$48.0	\$50.7	\$55.2	\$4.5	8.8%	\$52.7	\$2.0	3.9%
Superior Court	26.8	28.7	29.8	1.2	4.1%	30.5	1.9	6.6%
Family Court	30.3	30.6	33.7	3.1	10.2%	34.6	3.9	12.9%
District Court	16.6	17.1	18.1	1.0	6.1%	18.5	1.4	8.2%
Traffic Tribunal	10.8	10.8	11.4	0.6	5.7%	11.7	0.9	8.3%
Workers' Compensation Court	9.3	9.9	10.4	0.5	5.0%	11.1	1.2	11.7%
Judicial Tenure & Discipline	0.1	0.2	0.2	0.0	4.1%	0.2	0.0	7.8%
Total	\$142.1	\$148.0	\$158.9	\$10.9	7.4%	\$159.2	\$11.3	7.6%
Expenditures By Source								
General Revenue	\$118.8	\$124.3	\$133.0	\$8.6	6.9%	\$133.5	\$9.2	7.4%
Federal Funds	5.0	4.4	6.1	1.7	38.9%	6.3	1.9	42.5%
Restricted Receipts	12.6	14.8	15.0	0.2	1.3%	15.8	0.9	6.4%
Other Funds	5.6	4.4	4.8	0.4	9.1%	3.6	(0.8)	-17.1%
Total	\$142.1	\$148.0	\$158.9	\$10.9	7.4%	\$159.2	\$11.3	7.6%
Authorized FTE Levels	743.3	745.3	745.3	-	-	749.3	4.0	0.5%

\$ 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 \$133.5 million in general revenue funding, a \$9.2 million (7.4 percent) increase over the FY2025 Budget as Enacted. \$8.6 million of the increase is due to the statewide cost-of-living adjustment, \$2.8 million is for approved salary adjustments, and \$349,435 is to support 3.0 new FTE positions. An increase in general revenue turnover of \$247,267, relative to the FY2025 Budget as Enacted, partially offsets the increase.

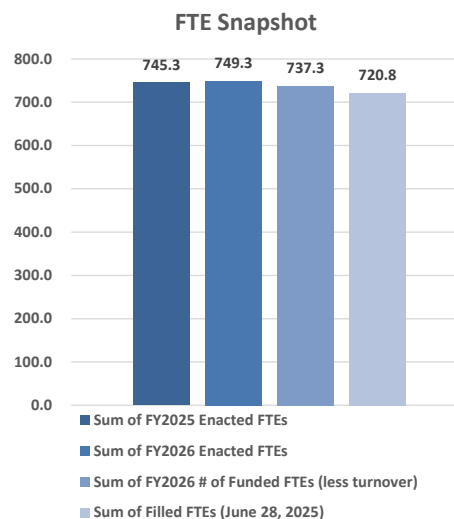
In FY2025 \$1.8 million of a \$3.9 million reappropriation from FY2024 is allocated to the Defense of Indigent Persons. The program is designed to provide private attorneys to indigent persons after the filing of written certification by the Office of the Public Defender verifying the person's inability to pay for counsel and the existence of a conflict of interest on the part of that office in accepting the individual as a client. The remaining \$1.1 million will support approved salary adjustments.

Federal funds increase by \$1.9 million primarily due to increased federal support for the Child Support Enforcement IV-D Program due to an expanded child support calendar. Since these case expenses are federally reimbursed, hearings are held in designated courtrooms. Previously they were only held in the Garrahy courthouse, but the program has now expanded to two new courtrooms in the Kent County courthouse.

The Budget provides 749.3 FTE positions in FY2026, an increase of 4.0 FTE positions relative to the enacted budget. The positions include 1.0 new Court Interpreter I position, 1.0 new Special Assistant, 1.0 new Deputy Clerk position in the Traffic Tribunal, and 1.0 new Administrative Clerk of Office Services position in the Workers' Compensation Court.

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
FY2025 Enacted	\$42,027,690
Target and Other Adjustments	454,572
Defense of Indigent Persons	1,800,000
Interpreters (2.0 FTE positions)	258,651
FY2026 Enacted	\$44,540,913

Defense of Indigent Persons **\$1.8 million**

As requested by the Judiciary, the Budget includes an increase of \$1.8 million (\$7.9 million total funds) for the Defense of Indigent Persons in FY2026 and in FY2025 through the re-appropriation of \$3.9 million in unexpended funds from FY2024. The program is designed to provide private attorneys to indigent persons after the filing of written certification by the Office of the Public Defender verifying the person's inability to pay for counsel and the existence of a conflict of interest on the part of that office in accepting the individual as a client.

Interpreters (2.0 FTE positions) **\$258,651**

The Budget provides \$258,651 in general revenue to support 2.0 new FTE positions, including 1.0 Court Interpreter I position and 1.0 Special Assistant position. The Court interpreter position will be fluent in both Cabo Verdean Creole and Portuguese to serve the growing number of requests for services in these languages. The Special Assistant will coordinate scheduling for language services requests, and work with the Court Interpreter Coordinator to provide training and development opportunities for court staff, vendors, and contract interpreters.

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
FY2025 Enacted	\$27,995,998
<i>Target and Other Adjustments</i>	<i>92,206</i>
Personnel Adjustments (statewide adjustments)	2,128,024
FY2026 Enacted	\$30,216,228

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
FY2025 Enacted	\$26,940,842
<i>Target and Other Adjustments</i>	<i>129,190</i>
Personnel Adjustments (statewide adjustments)	2,097,919
FY2026 Enacted	\$29,167,951

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
FY2025 Enacted	\$16,384,243
<i>Target and Other Adjustments</i>	<i>14,006</i>
Personnel Adjustments (statewide adjustments)	1,299,527
FY2026 Enacted	\$17,697,776

District Court	Other Fund Changes
Rhode Island Mental Health Treatment Court Grant (federal funds)	\$65,500

Rhode Island Mental Health Treatment Court Grant (federal funds) \$65,500

Pursuant to a Governor's budget amendment, dated April 25, 2025, the Budget adds \$65,5000 in federal funds to support a contract added for the District Court Mental Health Treatment Court to provide additional mental health and substance abuse services to participants in the court.

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
FY2025 Enacted	\$10,812,491
<i>Target and Other Adjustments</i>	<i>(65,436)</i>
Personnel Adjustments (statewide adjustments)	840,942
Deputy Clerk (1.0 FTE position)	116,988
FY2026 Enacted	\$11,704,985

Deputy Clerk (1.0 FTE position) \$116,988

The Budget includes \$116,988 in general revenue to support 1.0 new Deputy Clerk I FTE position. The duties of this position will include expanding the adoption of new technologies to enhance customer service, increasing efficiency, and furthering the use of remote hearings, QR code application, and equitable projects and models to improve the motorist and customer experience.

WORKERS' COMPENSATION COURT

The Workers' Compensation Court (WCC) has jurisdiction over all disputes between employers and employees relating to workers' compensation. The court's jurisdiction includes contested cases involving the rehabilitation of injured employees and claims involving disputes between an employer and its workers' compensation insurer. Since FY1990, the expenses incurred in the operation of the court are paid through the Workers' Compensation Administrative Fund (restricted receipts).

Workers' Compensation Court	Restricted Receipts
FY2025 Enacted	\$9,931,788
<i>Target and Other Adjustments</i>	<i>324,240</i>
Personnel Adjustments (statewide adjustments) (restricted receipts)	702,883
Administrative Clerk (1.0 FTE position)	131,845
FY2026 Enacted	\$11,090,756

Administrative Clerk (1.0 FTE position) \$131,845

The Budget includes \$131,845 in restricted receipts to provide 1.0 new Administrative Clerk of Office Services position. Currently, the WCC has 12.0 courtroom clerks. The additional position will allow for a more efficient division of labor and provide redundancy for a position without backup.

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
FY2025 Enacted	\$174,997
Target and Other Adjustments	1,554
Personnel Adjustments (statewide adjustments)	12,135
FY2026 Enacted	\$188,686

CAPITAL PROJECTS

The Budget includes \$4.8 million in Rhode Island Capital Plan (RICAP) funds in FY2025 and \$3.6 million in FY2026, an increase of \$398,032 in FY2025 and a decrease of \$750,000 in FY2026 relative to the FY2024 Budget as Enacted.

- **Garrahy Courtroom Restoration:** The Budget includes \$10,615 in FY2025 to complete this project, which includes replacing carpets, finishing woodwork, and painting.
- **Garrahy Courthouse Restoration:** The Budget includes \$1.2 million in RICAP funds in FY2025 and \$1.1 million in FY2026 to restore the interior spaces of the judicial complex. The project includes carpet replacement, repairing tiles, as well as painted and natural wood surfaces. In addition, upgrades will be made to employee bathrooms.
- **Judicial Complexes HVAC:** The Budget includes \$500,000 in FY2025 and FY2026 for the replacement and repair of court-managed HVAC systems at the courthouses system wide. Total project costs are estimated at \$3.5 million with funding extending into FY2029. Funds are provided for installation of air handler units (AHU) and variable air volume (VAV) systems, replacement of make-up air units and water heaters, and fan coil replacement.
- **Judicial Complexes Asset Protection:** The Budget includes \$2.5 million in FY2025 and \$1.5 million in FY2026 for asset protection projects throughout the court system. Projects include security and fire suppression upgrades, courtroom restorations, elevator upgrades, and electrical upgrades.
- **Judicial Complexes Fan Coil Unit Replacements:** The Budget provides \$500,000 in FY2025 and FY2026 for both the architectural/engineering work and the installation of the fan coils in the Licht, Fogarty, and Murray facilities. Total project cost is estimated at \$3.6 million and is expected to continue through FY2029.

Military Staff

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
RI National Guard	\$34.6	\$101.6	\$102.3	\$0.7	0.7%	\$41.6	(\$60.0)	-59.0%
Total	\$34.6	\$101.6	\$102.3	\$0.7	0.7%	\$41.6	(\$60.0)	-59.0%
Expenditures By Source								
General Revenue	\$3.4	\$3.3	\$3.2	(\$0.1)	-2.5%	\$3.4	\$0.1	4.5%
Federal Funds	28.6	86.9	85.9	(0.9)	-1.1%	29.0	(\$7.9)	-66.6%
Restricted Receipts	0.0	0.1	0.1	0.0	0.2	0.1	0.0	0.2
Other Funds	2.5	11.4	13.1	1.7	14.8%	9.2	(2.3)	-19.7%
Total	\$34.6	\$101.6	\$102.3	\$0.7	0.7%	\$41.6	(\$60.0)	-59.0%
Authorized FTE Levels	93.0	93.0	93.0	-	-	93.0	-	-

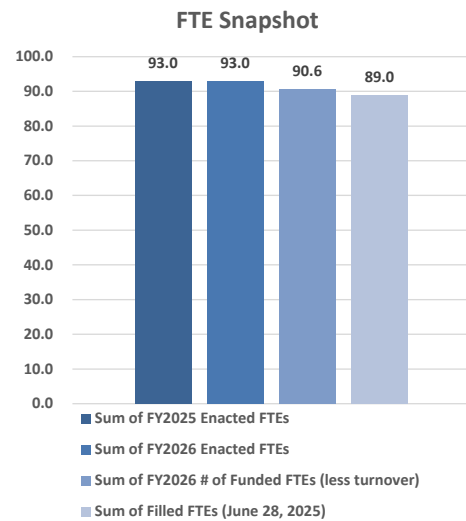
\$ in millions. Totals may vary due to rounding.

The mission of the Military Staff (Rhode Island National Guard) is to prepare for immediate mobilization in the event of war or national emergency; to maintain peace, order, and public safety in the state in time of man-made or natural disaster or when otherwise directed by the Governor; and, to participate in the development and establishment of local, regional, and nationwide initiatives and programs.

MAJOR ISSUES AND TRENDS

The FY2025 Final Budget includes \$102.3 million, of which \$85.9 million are federal funds, \$3.2 million is general revenue, \$13.1 million are RICAP funds, and \$66,000 are restricted receipts. This reflects an all funds increase of \$686,901 from the FY2025 Budget as Enacted. Federal funds decrease by \$936,362, other funds (RICAP) increase by \$1.7 million, and general revenues decrease by \$80,602.

The FY2026 Budget as Enacted includes \$41.6 million, of which \$29.0 million (69.6 percent) is federal funds, \$9.2 million (22.0 percent) is RICAP funds, \$3.4 million (8.2 percent) is general revenue, and \$66,000 (0.2 percent) is restricted receipts. This reflects an all funds decrease of \$60.0 million from the FY2025 Budget as Enacted. Federal funds decrease by \$57.9 million, other funds (RICAP) decrease by \$2.3 million, and general revenues increase by \$147,738.



The Budget provides 93.0 FTE positions in FY2025 and in FY2026, consistent with the enacted budget.

Quonset Air National Guard Facilities

The largest expenditures of the Military Staff budget occur at the Rhode Island Air National Guard facilities at Quonset, which is scheduled to receive federal appropriations of \$56.2 million in FY2025, \$16.5 million in FY2026, and \$901,297 in FY2027, for several capital projects. A significant portion of these federal funds are not State-guided projects and the federal funding is not appropriated through the State.

In addition, the Rhode Island Air National Guard will receive \$6.0 million in RICAP funds between FY2025 and FY2026 for the Air National Guard Repair Squadron Operations Facility, a new Air National Guard Headquarters Building, and for the reconstruction of the Quonset runways to meet military specifications.

Quonset Air National Guard Capital Projects	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Total
Federal	\$56.2	\$16.5	\$0.9	\$0.0	\$0.0	\$0.0	\$73.6
RICAP	5.0	1.0	-	-	-	-	6.0
Total	\$61.2	\$17.5	\$0.9	\$0.0	\$0.0	\$0.0	\$79.7

\$ in millions

Source: RICAP FY2026 Capital Budget. Federal from FY2026 Capital Budget Book.

Federal Funding

The Budget includes \$29.0 million in federal funds, reflecting a decrease of \$57.9 million from the previous fiscal year. Approximately \$16.7 million, or 57.6 percent of the federal funds, is applied to the operations and capital construction projects of the Army and Air National Guard facilities. In particular, the major expenses involve the Quonset Air National Guard facility and runway reconstruction projects, armory asset protection, and an appropriation of \$1.9 million in federal funds to renovate the Air Guard Squadron Operations Facility at Quonset Air Guard Base. The remaining \$12.3 million or 42.4 percent, supports personnel and contract services of the Army and Air National Guard.

The capital budget also contains federal funds for National Guard projects that are not State projects appropriated within the State budget. Most of the federal funded capital projects are direct federal appropriations to the National Guard facilities. These capital projects are included to provide an understanding of activities of the federal National Guard Bureau in improving facilities in the State.

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
FY2025 Enacted	\$3,276,320
<i>Target and Other Adjustments</i>	<i>72,789</i>
ERP Maintenance and Operations Billing (statewide adjustment)	69,523
Operating Adjustments	52,520
Computer Equipment	15,000
Personnel Adjustments (statewide adjustments)	7,429
FY2026 Enacted	\$3,424,058
RI National Guard	Other Fund Changes
Miscellaneous Minor Construction (federal funds)	(\$44,166,419)
ANG Facilities (federal funds)	(7,765,000)
Counter Drug Training Facility (federal funds)	(5,205,068)

Operating Adjustments

\$52,520

The Budget includes \$1.3 million in general revenue (\$10.5 million in all funds) in FY2026 for operating expenses, reflecting a net increase of \$52,520 from the FY2025 Budget as Enacted. The largest adjustments include an increase of \$30,566 for insurance, a decrease of \$17,465 for rent, a decrease of \$15,730 for

electricity costs. The expense for natural gas – fuel is \$14,660. The remaining changes includes statewide adjustments for ETSS Billing charges.

The increase for insurance costs is a correction for past practice. It was discovered last year that the Department of Administration was mistakenly charging the Rhode Island State Police for property insurance expenditures for Rhode Island National Guard properties. The insurance cost increase covers the corresponding state match for that cost.

The decrease in outside property rent charges reflects a net change in expenses. The Budget includes a decrease of \$26,265 for the rental with the Quonset Development Corporation for temporary Medical Detachment facility. There will be savings due to the new Air Guard Headquarters being completed in August 2025, of which the Medical Detachment will relocate there. The decrease is offset by an increase of \$8,800 for rent charges for the Rhode Island Army National Guard recruiting spaces in Westerly and Warwick.

Operating Adjustments	FY2025 Enacted	FY2026 Enacted	Change
Insurance: Property/Casualty	\$4,122	\$34,688	\$30,566
Rental of Outside Property	85,340	67,875	(17,465)
Electricity	356,581	340,851	(15,730)
Fuel: Natural Gas	175,667	190,327	14,660
ETSS Billing-Online services	-	11,000	11,000
All Other Operating Adjustments	606,731	636,220	29,489
Total	\$1,228,441	\$1,280,961	\$52,520

Computer Equipment **\$15,000**

The Budget includes \$15,000 in general revenue to replace a printer in the Agency's business office.

Miscellaneous Minor Construction (federal funds) **(\$44.2 million)**

The Budget includes \$7.3 million in federal funds for numerous miscellaneous minor capital and asset protection projects that are partially or fully paid with federal funds. This is a decrease of \$44.2 million from the FY2025 Budget as Enacted, resulting from the completion of multiple projects.

ANG Facilities (federal funds) **(\$7.8 million)**

The Budget includes \$2.6 million in federal funds for various capital projects. This reflects a decrease of \$7.8 million in federal funds from the FY2025 Budget as Enacted. The projects and estimated expenses are:

ANG Facilities	Federal Funds
URI Grant Project	\$1,200,000
Replace Base Perimeter Fence	850,000
Various HVAC, Lighting, and Other Projects	500,000
MWR Project	85,000
Total	\$2,635,000

- **URI Grant Project:** The URI project is a SEAShare/Congressional add to support the University of Rhode Island by providing a space to access secure email. The scope includes renovating an existing facility to provide the university with a dedicated space to meet the intent. SEAShare is a federal program to provide Research, Development, Testing, and Evaluation (RTD&E) funding to entities working with the DoD. URI was a recipient of these funds due to research they perform at the University through graduate programs to support various functions with the DoD.

URI works with various defense contractors through their graduate programs. The University identified the need to access secure information to support the professors, researchers, and graduate students

working on these programs. URI has no existing facility on their campus to do so. The dedicated space will be in the RING Communication Squadron building.

- **MWR Project:** The MWR (Moral, Welfare, and Recreation) project is funded through energy rebates and savings. The intent of this program is to incentivize military bases to save on energy. The cost savings are then given back to the base for MWR programs/facilities. This specific project will construct an outdoor recreation area (multi-sport court) at the 143rd Airlift Wing, RIANG facility at Quonset State Airport.

Counter Drug Training Facility (federal funds)

(\$5.2 million)

The Budget does not include federal funding for the Counter Drug Training Facility resulting in a decrease of \$5.2 million in Asset Forfeiture Funds. These funds were used to construct a 15,722 square foot Counter Drug Training Facility at Camp Fogarty in the Town of East Greenwich. The Budget does include \$1.0 million in RICAP funds to complete the Counter Drug Facility capital project.

CAPITAL PROJECTS

The Budget includes RICAP funds of \$13.1 million in FY2025, reflecting an increase of \$1.8 million, and \$9.2 million in FY2026, reflecting a decrease of \$2.3 million from the FY2025 Budget as Enacted. The RICAP funded projects include:

Capital Projects - RICAP Funds	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
RICAP - Asset Protection	\$1,799,185	\$2,513,001	\$713,816	\$2,564,675	\$765,490
RICAP - Counter-Drug Training Facility	2,000,000	2,000,000	-	1,025,250	(974,750)
RICAP - Quonset Air National Guard Headquarters Facility	3,000,000	3,000,000	-	-	(3,000,000)
RICAP - Squadron Ops Facility (Air Guard)	-	-	-	600,000	600,000
RICAP - Sun Valley Armory	-	262,475	262,475	-	-
RICAP: Aviation Readiness Center	3,294,818	3,382,013	87,195	4,538,673	1,243,855
RICAP: Quonset Airport Runway Reconstruction	1,339,988	1,969,367	629,379	446,663	(893,325)
Total	\$11,433,991	\$13,126,856	\$1,692,865	\$9,175,261	(\$2,258,730)

- **Asset Protection:** The Budget includes \$2.5 million in RICAP funds in FY2025 and \$2.6 million in FY2026 RICAP funds for general asset protection projects. The project lists out-year funding of \$7.5 million in RICAP funds through FY2030.
- **Counter Drug Facility:** The Budget includes \$1.0 million in RICAP funds to complete the Counter Drug Facility capital project.
- **Squadron Ops Facility:** The Budget includes \$600,000 in RICAP funds in FY2026, for a new asset protection/rehabilitation project involving work on the HVAC system, envelope sealing, as well as work for a new auditorium and command post for the Squadron Operations Facility at the Quonset Air National Guard Base.
- **Sun Valley Armory:** The Budget includes \$262,475 in RICAP funds in FY2025 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.
- **Aviation Readiness Center:** The Budget includes \$3.4 million in RICAP funds in FY2025 and \$4.5 million in RICAP funds in FY2026 to complete the construction of a 65,000 square foot training and readiness center at the Quonset Air Base for the Rhode Island National Guard 1/126th Aviation Unit. In addition, the Budget provides a subsequent increase to the project's five-year Capital Improvement Plan in FY2027 from \$0 to \$7.6 million. Aviation Readiness Center is a \$38.4 million project to construct a 65,000 square foot training and readiness center at the Quonset Air Base for the Rhode Island National Guard 1/126th Aviation Unit.

The Budget as Enacted adds \$4.3 million in RICAP funds regarding the Aviation Readiness Center in FY2026. The Governor's FY2026 Capital Budget recommended \$3.4 million in RICAP funds in FY2025 and only \$287,000 in RICAP funds in FY2026

Rhode Island Emergency Management Agency

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Revised	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$58.4	\$36.5	\$45.4	\$8.9	24.4%	\$43.7	\$7.1	19.5%
Expenditures By Source								
General Revenue	\$6.7	\$7.0	\$7.1	\$0.1	0.8%	\$7.5	\$0.5	6.4%
Federal Funds	48.4	28.9	35.3	6.4	22.3%	34.9	6.0	20.9%
Restricted Receipts	0.0	0.4	0.4	0.0	1.7%	0.4	0.0	3.9%
Other Funds	3.3	0.2	2.6	2.4	1096.4%	0.9	0.6	293.2%
Total	\$58.4	\$36.5	\$45.4	\$8.9	24.4%	\$43.7	\$7.1	19.5%
Authorized FTE Levels	37.0	38.0	38.0	-	-	38.0	-	-

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

The Rhode Island Emergency Management Agency (RIEMA) is the coordinating agency for multi-jurisdiction and multi-agency response in the state for all emergencies including natural and technological hazards such as fires, floods, tornadoes, hurricanes, winter storms, chemical releases, weapons of mass destruction, and terrorism incidents. RIEMA is the official coordinating agency of the State for the federal Department of Homeland Security and the Federal Emergency Management Agency in times of state, national, multi-jurisdiction, and multi-agency emergencies and disasters. RIEMA operates and maintains the State Emergency Operations Center, as well as the statewide 800 MHz radio system and network.

MAJOR ISSUES AND TRENDS

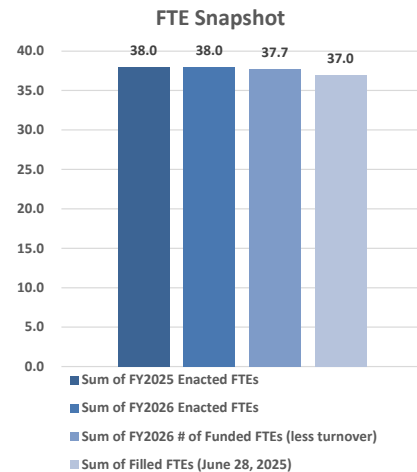
The FY2025 Final Budget includes \$45.4 million, of which \$7.1 million is general revenue. This reflects a net increase of \$55,122 from the FY2025 Budget as Enacted. The largest funding source is federal funds which comprises 77.7 percent or \$35.3 million of the Agency's budget in FY2025. Federal funding increases by \$6.4 million from the FY2025 Budget as Enacted, largely due increased emergency and security program grant awards.

The FY2026 Budget as Enacted includes \$43.7 million, of which \$7.5 million is general revenue. The net general revenue increase is \$449,782, reflecting the inclusion of a partial year lease payment for the managed public safety warehouse and the second year COLA of 4.0 percent.

Other funds are \$865,404, an increase of \$645,404 from the FY2025 Budget as Enacted, reflecting additional RICAP funding for the Rhode Island Statewide Communications System Network (RISCON) system.

Federal funds are \$34.9 million and account for 84.4 percent of the Agency's budget in FY2026, an increase of \$6.0 million.

The Budget includes 38.0 FTE positions in FY2025 and in FY2026, consistent with the budget as enacted.



Warehouse Lease

Article 12, Section 3 authorizes a lease agreement for warehouse space to be administered by the Rhode Island Emergency Management Agency. Pursuant to RIGL 37-6-2(d), the lease requires the approval from the General Assembly for any new or extended lease agreements meeting certain conditions. The article authorizes the renewal for the existing lease of 73,770 square feet of warehouse space located at 2700 Plainfield Pike in the City of Cranston and owned by EIM Plainfield Pike LLC. The existing lease expires on July 31, 2025, and the warehouse needs continue. The lease terms state that the length of the lease is not to exceed 10 years and the aggregate base rent is not to exceed \$7.2 million.

Central Management	General Revenue
FY2025 Enacted	\$7,007,474
<i>Target and Other Adjustments</i>	<i>30,825</i>
RIEMA Managed Public Safety Warehouse Lease	299,516
Personnel Adjustments (statewide adjustment)	119,441
FY2026 Enacted	\$7,457,256

Central Management	Other Fund Changes
Disaster and Emergency Preparedness Grants (federal funds)	\$7,022,983
Personnel, Contract Services, Operating, and Capital Adjustments (federal funds)	(996,950)

RIEMA Managed Public Safety Warehouse Lease **\$299,516**

The Budget includes \$592,016 in general revenue to fund operating expenses of the Rhode Island Emergency Management Agency public safety warehouse. This reflects an increase of \$292,516 from the FY2025 Budget as Enacted, to cover costs associated with rental payments for the warehouse. Article 12, section 3 of the FY2026 Budget authorizes a lease agreement for warehouse space to be administered by the Rhode Island Emergency Management Agency.

The warehouse is 73,770 square feet of space located at 2700 Plainfield Pike in the City of Cranston and owned by EIM Plainfield Pike LLC. The existing lease expires on July 31, 2025, and the warehouse needs continue. The lease terms state that the length of the lease is not to exceed 10 years and the aggregate base rent is not to exceed \$7.2 million.

The warehouse space has been co-administered between the Department of Administration and the Rhode Island Emergency Management Agency as part of the State's pandemic response using federal funding from the ARPA SFRF for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies.

The Budget also includes \$111,741 in general revenue for salary and benefit costs to operate the warehouse.

Analyst Note: The FY2023 Actual Budget included \$380,977 in federal funding from the ARPA SFRF for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. The FY2024 Actual Budget included \$1.9 million, and the FY2025 Final Budget includes \$1.9 million, for a total appropriation of \$4.2 million.

Disaster and Emergency Preparedness Grants (federal funds) **\$7.0 million**

The Budget includes \$23.3 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$7.0 million more than the FY2025 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 FY2025 and FY2026.

RIEMA Federal Grants	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
SLCGP 2023 State and Local Cybersecurity Grant Program	\$0	\$4,243,868	\$4,243,868	\$4,243,868	\$4,243,868
SHSP 2024 State Homeland Security Grant	-	1,779,786	1,779,786	2,979,786	2,979,786
SHSP 2022 State Homeland Security Grant	3,366,032	1,195,186	(2,170,846)	1,195,186	(2,170,846)
NSGP 2024 Non-Profit Security Grant Program	-	1,425,000	1,425,000	1,425,000	1,425,000
NPSG 2023 Non Profit Security Grant	1,034,162	2,210,047	1,175,885	2,240,386	1,206,224
All Other Grants	11,842,063	12,193,118	351,055	11,181,014	(661,049)
Total	\$16,242,257	\$23,047,005	\$6,804,748	\$23,265,240	\$7,022,983

Personnel, Contract Services, Operating, and Capital Adjustments (federal funds) (\$996,950)

The Budget includes \$11.6 million in federal funds for personnel, contract services, operating, and non-RICAP capital costs, reflecting a decrease of \$996,950 in federal funds from the FY2025 Budget as Enacted. The largest increase reflects the new 2024 Emergency Management Preparedness Grant award of \$3.1 million in FY2026 and a \$1.1 million increase for the 2024 State Homeland Security Grant. These are largely offset by the decrease of \$3.2 million for municipal and state repair projects and plowing costs associated with the January 29, 2022, blizzard, referred to as Winter Storm Kenan.

Personnel, Contract Services, Operating, Capital - Federal	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Winter Storm Kenan Projects	\$3,214,245	\$176,487	(\$3,037,758)	\$0	(\$3,214,245)
EMPG 2024 Emergency Management Preparedness Grant	-	1,171,338	1,171,338	3,109,107	3,109,107
SHSP 2021 State Homeland Security Grant	1,069,418	-	(1,069,418)	-	(1,069,418)
SHSP 2024 State Homeland Security Grant	-	401,589	401,589	1,063,731	1,063,731
All Other Personnel, Contract Services, Operating, Capital-Federal	8,354,663	10,519,287	2,164,624	7,468,538	(886,125)
Total	\$12,638,326	\$12,268,701	(\$369,625)	\$11,641,376	(\$996,950)

CAPITAL PROJECTS

The Budget includes \$2.6 million in RICAP funds in FY2025, reflecting an increase of \$2.4 million from the FY2025 Budget as Enacted and \$865,404 in RICAP funds in FY2026, reflecting an increase of \$645,404 from the FY2025 Budget as Enacted. The projects include:

RICAP Fund Projects	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
RICAP - Emergency Management Building	\$0	\$250,000	\$250,000	\$0	\$0
RICAP - RISCON 700 MHZ Project	-	1,388,188	1,388,188	-	-
RICAP - RISCON Infrastructure Upgrades	140,000	664,198	524,198	315,404	175,404
RICAP - RISCON Tower	-	-	-	550,000	550,000
RICAP - RISCON Warehouse	-	250,000	250,000	-	-
RICAP - State Emergency Ops Center	80,000	80,000	-	-	(80,000)
Total	\$220,000	\$2,632,386	\$2,412,386	\$865,404	\$645,404

- The Budget includes \$865,404 in RICAP funds in FY2026 and out-year RICAP funding of \$35,000 for infrastructure upgrades the RISCON system and tower. This reflects \$550,000 to construct a communication tower for the RISCON system and municipal agencies in the Town of Warren and \$315,404 for continued RISCON infrastructure improvements including propane generator replacements, adding propane generators to sites currently without one, and other security and wiring upgrades.

Department of Public Safety

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$12.7	\$39.2	\$39.5	\$0.3	0.8%	\$21.1	(\$18.0)	-46.0%
E-911	7.5	11.1	11.4	0.3	2.4%	10.7	(0.4)	-3.4%
Security Services	25.9	30.7	30.0	(0.7)	-2.3%	33.7	3.0	9.7%
Municipal Police Training	0.6	0.7	0.8	0.1	12.5%	0.8	0.1	7.0%
State Police	100.9	129.4	142.3	12.8	9.9%	131.5	2.1	1.6%
Total	\$147.5	\$211.1	\$223.9	\$12.8	6.1%	\$197.9	(\$13.3)	-6.3%

Expenditures By Source								
General Revenue	\$117.8	\$135.4	\$143.1	\$7.7	5.7%	\$132.8	(\$2.6)	-1.9%
Federal Funds	13.7	32.7	36.7	4.0	12.2%	27.1	(5.7)	-17.4%
Restricted Receipts	9.1	12.5	13.2	0.7	5.9%	14.3	1.8	14.4%
Other Funds	6.9	30.5	30.8	0.3	1.1%	23.7	(6.8)	-22.4%
Total	\$147.5	\$211.1	\$223.9	\$12.8	6.1%	\$197.9	(\$13.3)	-6.3%

Authorized FTE Levels	632.0	633.0	633.0	-	-	634.0	1.0	0.2%

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

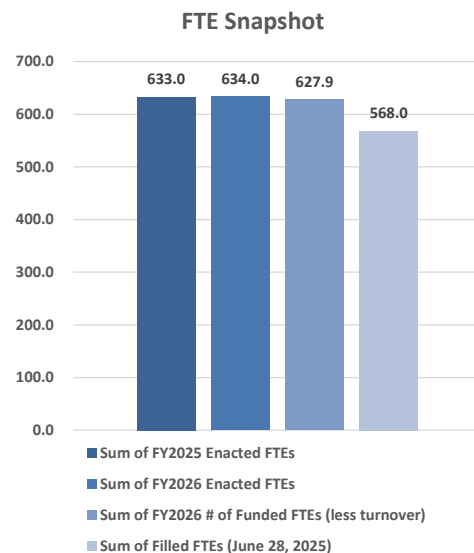
The Department of Public Safety (DPS) is the principal agency of the executive branch charged with law enforcement functions. It includes five program areas, including Central Management, E-911, the Municipal Police Training Academy, Security Services, and the State Police. The Department was created in the FY2009 Budget and is headed by the Superintendent of the State Police.

MAJOR ISSUES AND TRENDS

FY2025: The FY2025 Final Budget provides \$223.9 million to the Department of Public Safety, reflecting an increase of \$12.8 million or 6.1 percent from the FY2025 enacted level. The Budget includes \$143.1 million in general revenue, representing a \$7.7 million or 5.7 percent increase from the FY2025 enacted level. The general revenue increase is primarily driven by agreements with state employee collective bargaining units as well as with the Rhode Island Trooper Association (RITA). The state employee agreement includes a 5.0 percent statewide cost of living adjustment (COLA) for settled bargaining units and unclassified workers.

FY2026: The FY2026 Budget as Enacted provides \$197.9 million in all funds to the Department of Public Safety, reflecting a decrease of \$13.3 million, or 6.3 percent, from the FY2025 enacted level. The Budget includes \$132.8 million in general revenue, representing a decrease of \$2.6 million from the FY2025 enacted level. The reduction in general revenue is primarily related to the \$11.5 million of funding for the Body-worn Camera Project, which remains in the FY2025 Final Budget. The decrease is offset by agreements with the Rhode Island Trooper Association and state employee collective bargaining units.

The Budget authorizes 633.0 FTE positions in FY2025 and 634.0 FTE positions in FY2026, reflecting an increase of 1.0



FTE position. The additional FTE in FY2026 represents a new Capital Police Screener position, to be funded through the Internal Service Fund.

Major budget initiatives within the Department include:

- **RITA Agreement:** The FY2026 Budget as Enacted contains \$5.8 million of general revenue (\$6.1 million all funds) to reflect the recent settlement with the Rhode Island Troopers Association (RITA) and \$5.9 million of general revenue (\$6.2 million all funds) in the FY2025 Final Budget. Troopers received retroactive COLAs totaling 12.0 percent, effective November 1 of FY2024, FY2025, and FY2026 as well as an increase to uniform stipends. The following table illustrates the funding sources supporting the agreement.

RITA Agreement	FY2025 Final	FY2026 Enacted
General Revenue	\$5,947,433	\$5,818,474
Federal Funds	290,000	281,818
Total	\$6,237,433	\$6,100,292

- **Statewide Records Management System and GASB 96:** The Budget includes \$1.0 million of general revenue (\$3.6 million in all funds) in FY2026, to fund the implementation and operations of the Statewide Records Management System (RMS) as well as the operations surrounding compliance with Governmental Accounting Standards Board, Statement 96 (GASB 96). The FY2025 Final Budget contains \$408,960 of general revenue (\$4.0 million in all funds) for the same purpose. The RMS initiative includes the implementation, installation, and maintenance costs for a statewide Computer Aided Dispatch (CAD) and Records Management System (RMS). GASB 96, which was implemented by the State Controller, requires all “subterranean” (reoccurring) software costs to be shifted to a new account. The Department is utilizing general revenue, federal funds, and restricted receipts throughout various programs to support the initiatives. The following table illustrates the complete funding for the implementation and operating costs surrounding the RMS project and GASB 96 compliance, by program, as included in the Budget.

RMS Implementation and GASB 96 Operating Costs By Program

RMS Implementation*	FY2025 Final	FY2026 Enacted
Central Management	\$561,496	\$0
E-911	1,656,946	1,033,425
State Police	865,599	227,534
Subtotal	\$3,084,041	\$1,260,959

RMS and GASB 96 Operating Costs	FY2025 Final	FY2026 Enacted
Central Management	\$0	\$0
E-911	333,460	321,320
Security Services	86,445	313,593
State Police	460,638	1,683,899
Subtotal	\$880,543	\$2,318,812
Total	\$3,964,584	\$3,579,771

* The Implementation project cost includes a \$275,000 federal fund contribution from the Judiciary.

- **Statewide Records Management System:** The Budget supports the implementation and operations of the RMS project with \$598,610 of general revenue in FY2026 (\$3.1 million in

all funds) and \$3.1 million of all funds in FY2025, none of which is general revenue. The FY2025 Budget as Enacted included \$2.5 million in restricted receipts for the RMS project, but due to the awarding of a \$910,133 grant from the National Highway Traffic Safety Administration, roll forward funding through the Public Safety Grant Administration Office, and compliance with GASB 96, the Department revised the financing plan. The following table illustrates the funding plan for the implementation and operating costs of the RMS project by fund source.

RMS Implementation and Operating Costs By Source

RMS Implementation	FY2025 Final	FY2026 Enacted
General Revenue	\$0	\$0
Federal Funds	1,357,095	227,534
Restricted Receipts	1,656,946	1,033,425
Judiciary*	-	275,000
Subtotal	\$3,014,041	\$1,535,959
RMS Operating Costs	FY2025 Final	FY2026 Enacted
General Revenue	\$0	\$598,610
Federal Funds	45,045	-
Restricted Receipts	-	919,353
Subtotal	\$45,045	\$1,517,963
Total	\$3,059,086	\$3,053,922

* The Implementation project cost includes a \$275,000 federal fund contribution from the Judiciary.

- **GASB 96 Operating Costs:** The Budget supports the operations associated with GASB 96 compliance with \$409,529 of general revenue (\$525,849 in all funds) in FY2026 and \$408,960 of general revenue (\$905,498 in all funds) in FY2025. The Department segregated subscription-based information technology arrangements (SBIA) from standard computer equipment expenditures in the Budget for compliance. Due to the restructuring, various subscription-based software expenditures have been reclassified throughout the Budget, including the software necessary for the RMS.

CENTRAL MANAGEMENT

The Central Management program consists of the Business Office, Legal Office, and Public Safety Grants Administration Office (formerly the Governor's Justice Commission). The Business Office provides fiscal oversight for the Department, as well as human resources, payroll, and purchasing. The Public Safety Grants Administration Office serves as a conduit agency for a number of federal grants that flow to local and state public safety agencies. Grant administration includes both formula and discretionary grant programs.

Central Management	General Revenue
FY2025 Enacted	\$13,318,898

<i>Target and Other Adjustments</i>	17,760
Body-worn Camera Project	(11,500,000)
ERP Maintenance and Operations Billings (statewide adjustments)	62,496
FY2026 Enacted	\$1,899,154

Central Management	Other Fund Changes
ARPA SFRF: Support for Survivors of Domestic Violence (federal funds)	(\$9,970,247)
Federal Grant Adjustment (federal funds)	(7,032,535)
RMS Federal Funds Transfer from the Judiciary (restricted receipts)	275,000

Body-worn Camera Project **(\$11.5 million)**

The FY2025 Final Budget contains \$11.5 million of general revenue for the body-worn camera project and does not include funding in FY2026, resulting in an \$11.5 million expenditure reduction when compared to the FY2025 enacted level. The Department plans to disburse the funds over multiple years, as both the State Police and municipal departments pay out their contracts. The Budget contains language requiring all unexpended or unencumbered balances as of June 30, 2025 reappropriated to FY2026, reflecting the Department's plan. As of July 25, 2025, the Department has spent a total \$5.9 million for the project. The following table illustrates the actual expenditures from FY2023 through FY2025 as of July 25, 2025.

Expenditures	FY2023	FY2024	FY2025	FY2026*	Total Spent
Body-worn Cameras	\$968,054	\$2,235,742	\$2,206,058	\$0	\$5,409,853
Maintenance and Repairs	-	\$271,250	\$271,500	-	542,750.0
Total	\$968,054	\$2,506,992	\$2,477,558	\$0	\$5,952,603

*As of 7/25/2025

Source: Office of Accounts and Control, Statement of Free Balance

Background: In 2021, the General Assembly authorized a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers - across every municipal police department and the Rhode Island State Police with body-worn cameras.

The FY2023 Budget as Enacted appropriated \$15.0 million to the Department to purchase body-worn cameras and associated equipment, contingent on the creation of the initiative's rules and regulations. The rules and regulations took effect on October 19, 2022, and departments throughout the State began implementing the changes. The FY2024 Budget as Enacted shifted \$13.5 million of the \$15.0 million total to FY2024 and directed any unspent funds to be re-appropriated to FY2024. Similarly, the FY2025 Budget as Enacted shifted \$11.5 million of general revenue from FY2024 to FY2025 and directed any unspent funds to be re-appropriated to FY2025.

ARPA SFRF: Support for Survivors of Domestic Violence (federal funds) **(\$10.0 million)**

The Budget contains \$29,753 of federal funds for personnel costs associated with the Support for Survivors of Domestic Violence program, representing a \$10.0 million reduction in comparison to the FY2025 enacted level. The program has been funded with American Rescue Plan Act State Fiscal Recovery Funds (ARPA SFRF) since FY2023, with any unspent funds automatically reappropriated to the following fiscal year. The project provides grant funding to programs that support both the mental health and physical safety of victims of domestic violence and sexual assault.

Current Status: The Support for Survivors of Domestic Violence project is ongoing. Sojourner House, Blackstone Valley Advocacy Center, Crossroads RI, Family Service of RI, and McAuley Ministries were selected as partner organizations and received their awards in February of 2024.

Background: The FY2023 Budget as Enacted included \$3.5 million in planned expenditures for FY2023, FY2024, and FY2025, reflecting a total appropriation of \$10.5 million. The program had no actual expenditures in FY2023, \$1.1 million in FY2024, and the FY2025 Final Budget appropriates \$9.3 million.

Rhode Island serves domestic violence and sexual assault survivors through a network of non-profit agencies that are largely supported with public funding. These organizations provide various types of assistance, including safe housing, wraparound services, counseling, trauma-related mental health, and other supports to victims. 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. VOCA funds have decreased in recent years due to changes in federal settlement agreements.

Federal Grant Adjustment (federal funds)

(\$7.0 million)

The Budget includes \$18.5 million in federally funded grants in FY2026 for the Central Management program, reflecting a net decrease \$7.0 million when compared to the FY2025 enacted level. The decrease is primarily due to the removal of \$10.0 million in Coronavirus State and Local Fiscal Recovery funds and the adjustment would reflect a \$2.9 million increase, if not considered. The Department's Public Safety Grant Administration Office (PSGAO) administers the application and tracking process for grants and the Criminal Justice Policy Board approves projects that will receive grant funding. The PSGAO and Criminal Justice Policy Board are currently planning the optimum use for the grants. The following table illustrates compares the grant funding levels in the FY2026 Budget as Enacted with the prior year.

Federal Funds	FY2025 Enacted	FY2026 Enacted	Change
Crime Victim Assistance (VOCA)	\$2,334,670	\$4,879,209	\$2,544,539
Byrne/JAG Grant Program (JAG)	4,616,060	6,450,875	1,834,815
Sexual Assault Services Formula Program (SASP)	1,385,156	2,037,367	652,211
STOP/Violence Against Women Act Formula Grant (STOP/VAWA)	1,834,416	2,422,912	588,496
Juvenile Justice & Delinquency Prevention - Title II (JJDP)	1,166,367	1,720,244	553,877
National Criminal History Improvement Program (NCHIP)	28,678	192,139	163,461
Project Safe Neighborhoods Formula Grant Program (PSN)	197,312	284,972	87,660
Support for Adam Walsh Act Implementation Grant (SORNA)	-	15,480	15,480
Residential Substance Abuse Treatment Formula Grant (RSAT)	15,945	25,657	9,712
Paul Coverdell Forensic Sciences Improvement Grant Program	251,270	253,726	2,456
Crime Victim Assistance/Discretionary Grants	8,606	150	(8,456)
Public Safety Partnership and Community Policing Grants	25,575	-	(25,575)
State Justice Statistics Program (SJS)	108,651	81,890	(26,761)
Coronavirus Emergency Supplemental Funding (CESF)	154,429	1,276	(153,153)
Body Worn Camera Policy and Implementation	407,622	114,072	(293,550)
Community-Based Violence Prevention Program (CVI)	3,007,500	-	(3,007,500)
Coronavirus State and Local Fiscal Recovery Funds	10,000,000	29,753	(9,970,247)
Total	\$25,542,257	\$18,509,722	(\$7,032,535)

- **VICTIM Assistance Formula Grant (VOCA):** Provided through the Office for Victims of Crime within the United States Department of Justice, VOCA grants provide individuals who have been victimized by crime with compensation and assistance. The grants are funded by the Crime Victims Fund which was established by the Victims of Crime Act of 1984.
- **Byrne/Justice Assistance Grant Formula Grant (JAG):** Provided through the Office of Justice Programs, the JAG program is the leading source of federal criminal justice funding provided to states and supports a range of program areas, such as: law enforcement, prosecution and court, prevention and education, corrections and community corrections, drug treatment and enforcement.
- **Sexual Assault Services Formula Program (SASP):** Provided through the Office on Violence Against Women, the SASP program supports the efforts of states and territories in aiding victims of sexual assault. SASP is the first federal funding stream dedicated to providing direct intervention and assistance for victims of sexual assault as well as their families.
- **Services, Training, Officers, and Prosecutors (STOP):** Provided through the Office on Violence Against Women, the STOP program assists the efforts of local communities to strengthen law enforcement and prosecution strategies in order to combat violent crimes against women and develop stronger victim services for the individuals directly impacted. STOP grants are mandated to make the following allocations: 25.0 percent to prosecutors, 25.0 percent to law enforcement, 30.0 percent for victim services (of which, at least 10.0 percent must be distributed to culturally specific community-based organizations), 5.0 percent to state and local courts, and 15.0 percent for discretionary distribution.
- **Juvenile Justice & Delinquency Prevention - Title II (JJDP):** Provided through the Office of Juvenile Justice and Delinquency Prevention within the United States Department of Justice, JJDP grants support the efforts of states and territories to improve the juvenile justice system. Funding is provided directly to states for the development and implementation of comprehensive juvenile justice plans, which may include education, training, research, prevention, diversion, treatment, and rehabilitation programs. The goals of the JJDP grants are the deinstitutionalization of status offenders, the separation of juveniles from adult inmates, and the reduction of racial and ethnic disparity.
- **National Criminal History Improvement Program (NCHIP):** Provided through the Office of Justice Programs and the Bureau of Justice Statistics, NCHIP is an overarching program designed to assist states in meeting the evolving requirements related to criminal histories and related records.
- **Project Safe Neighborhoods (PSN):** Project Safe Neighborhoods is a nationwide program that connects federal, state, local, and tribal law enforcement officials, as well as prosecutors, community leaders, and other stakeholders, in order to identify significant violent crime problems within a community. PSN is coordinated by the U.S. Attorneys' Offices in the 94 federal judicial districts throughout the 50 states and territories. A major goal of PSN is to incorporate research, data-driven analysis, and lessons learned from previous violent crime reduction efforts to guide decision-making on the most effective strategies to reduce violence.
- **Community-Based Violence Intervention and Prevention (CVI):** Provided through the Office of Justice Programs within the United States Department of Justice, CVI grants intend to reduce violent crime in communities by supporting evidence-based violence intervention programs that include efforts to address gang and gun violence.

RMS Federal Funds Transfer from the Judiciary (restricted receipts)

\$275,000

The Budget includes a \$275,000 transfer of federal funds from the Judiciary to support the implementation of the Department's Statewide Records Management System (RMS). The funds are classified as miscellaneous expenses in the Central Management program's Indirect Cost Recovery restricted receipt account. The Department indicates that generally, the receipts in the indirect cost account are generated from the de minimus indirect fees on federal programs, which are used to fund department overhead.

E-911

The objective of the E-911 Uniform Emergency Telephone System is to maintain a statewide emergency telephone system providing prompt transfers of E-911 calls to the appropriate responding fire department, medical rescue service, or law enforcement agency. The Division operates 24 hours a day, 7 days a week. E-911 has a primary public safety answering point (PSAP) located in the State Police Headquarters complex in North Scituate, as well as a secondary PSAP in North Providence. Backup PSAP facilities are considered best management practices to provide service continuity if an emergency affects the primary PSAP. Article 2 of the FY2020 Budget as Enacted provided a dedicated funding stream for E-911 services by shifting all E-911 surcharge fee revenue from general revenue to a restricted receipt account, the E-911 Fund.

E-911	Restricted Receipts
FY2025 Enacted	\$11,103,966
<i>Target and Other Adjustments</i>	<i>273,163</i>
Statewide Records Management System (restricted receipts)	(2,499,500)
Records Management System and GASB 96 (restricted receipts)	1,354,745
Personnel Adjustments (statewide adjustments) (restricted receipts)	497,764
Surcharge and Revenue Fund Balance	Informational
FY2026 Enacted	\$10,730,138

Statewide Records Management System (restricted receipts) (\$2.5 million)

The Budget includes a revised funding plan for the implementation of the Statewide Dispatch and Records Management System (RMS) project and removes the \$2.5 million restricted receipt appropriation that was included in the FY2025 Budget as Enacted. The Department received a \$910,133 grant from the National Highway Traffic Safety Administration as well as increased Coronavirus Emergency Supplemental Funding (CESF) which reduced the project's planned restricted receipt expenditures.

The State Controller implemented GASB 96, which requires intangible subscription assets to be shifted to a new account. The Department segregated all Subscription-Based Information Technology Arrangements (SBIA) from standard computer equipment expenditures in the Budget for compliance. Due to the Department's implementation, various subscription-based software expenditures have been reclassified throughout the Budget, including the software necessary for the RMS.

Records Management System and GASB 96 (restricted receipts) \$1.4 million

The Budget includes \$1.4 million of restricted receipts collected through the E-911 surcharge, including \$1.0 million to implement the RMS and \$321,320 for SBIA and GASB 96 compliance in FY2026. The FY2025 Final Budget contains \$2.0 million of restricted receipts for the initiatives, including \$1.7 million to implement the RMS and \$333,460 for SBIA and GASB 96 compliance.

Background: The FY2025 Budget as Enacted provided funding for a centralized Computer Aided Dispatch (CAD) and Records Management System (RMS), to be utilized by the Department of Public Safety and other law enforcement agencies throughout Rhode Island. Currently, law enforcement and fire agencies independently manage their records management systems, many of which are over 20 years old, with limited integration amongst the systems. The Department believes that the lack of system integration is creating concerns surrounding officer safety and situational awareness, as well as driving duplicate business processes. Furthermore, agencies are unable to quickly analyze statewide crime data in real time while making critical decisions surrounding policing strategies.

The CAD and RMS project will create a centralized and united records management system, which the Department believes will resolve these concerns. The system will be hosted by Amazon Web Services, removing the need for physical record keeping and providing instant access to statewide records for all participating agencies. The system is configured with a multi-agency approach, providing real-time location data and information of both current and previously recorded incidents to personnel of participating

agencies. The Department believes that the RMS will resolve these concerns and allow for a centralized and united records management system. The following table illustrates the planned operating expenditures through FY2030.

RMS Planned Operating Costs FY2025-FY2030							
	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Total
General Revenue (By Program)							
Sheriffs	\$0	\$182,059	\$182,059	\$182,059	\$182,059	\$182,059	\$910,295
Capitol Police	-	45,089	45,089	45,089	45,089	45,089	225,445
State Police	-	371,462	371,462	371,462	371,462	371,462	1,857,310
General Revenue Subtotal	\$0	\$598,610	\$598,610	\$598,610	\$598,610	\$598,610	\$2,993,050
Federal Funds	45,045	-	-	-	-	-	45,045
Restricted Receipts	-	919,353	3,053,230	3,053,230	3,053,230	3,093,333	13,172,376
Total	\$45,045	\$1,517,963	\$3,651,840	\$3,651,840	\$3,651,840	\$3,691,943	\$16,210,471

Analyst Note: The Department indicates that the operating cost projection includes full participation from agencies and departments statewide. As of July 2025, there are 5 municipal agencies and 5 state agencies utilizing the RMS. The participation rate will not impact the implementation costs but will require a revision to the operating costs. The Department notes that the contract has a provision which will proportionally reduce the operating costs to the State for cities and towns that do not participate.

Surcharge Revenue and Fund Balance

Informational

In FY2026, \$11.2 million is projected to be collected from the First Response Surcharge, of which, \$1.1 million will be deposited into the ITIF, and the remaining \$10.1 million will be transferred to the general fund. Additionally, \$7.5 million is projected to be collected as E-911 restricted receipts.

Background: The FY2020 Budget as Enacted reconfigured the telecommunication surcharges that support emergency services and first response programs, including the E-911 program. Previously, there was a \$1.00 emergency services and first response surcharge on wireline, wireless, and prepaid telecommunication services and an additional \$0.26 technology surcharge on just wireless services. 90.0 percent of the revenue from the \$1.00 surcharge was deposited as general revenue, with the balance placed into the State's Information Technology Investment Fund. The \$0.26 surcharge was deposited into a restricted receipt account to support the State geographic information system (GIS) and other technology improvements.

Article 2 of the FY2020 Budget as Enacted eliminated both of these surcharges and established two new ones, an E-911 surcharge and a First Response Surcharge. The \$0.50 E-911 surcharge directly supports the E-911 program, with revenue deposited to a dedicated restricted receipt account within the Department of Public Safety (DPS) explicitly reserved to support the E-911 system. The First Response Surcharge was also established to support first responder services across the State. The surcharge amount varies by telecommunication type and ranges from \$0.50 to \$0.75. 90.0 percent of the revenue collected from the First Response Surcharge is deposited into the general fund, with the remaining 10.0 percent transferred to the Information Technology Investment Fund (ITIF). The following table illustrates the fund's revenues, expenditures, and transfers from FY2010 through FY2026.

E-911 Surcharge and First Response Surcharge Revenues vs. Expenditures

Fiscal Year	E-911 Surcharge	First Response Surcharge	E-911 Restricted Receipts	E-911 Expenditures	Deposit to ITIF	Net to General Fund
2010	\$17,898,223	\$0	\$0	\$4,635,901	\$0	\$13,262,322
2011	17,248,460	-	-	4,829,770	-	12,418,690
2012	17,255,770	-	-	4,766,586	-	12,489,185
2013	17,507,117	-	-	5,103,735	-	12,403,382
2014	17,454,670	-	-	5,444,296	-	9,798,629
2015	17,640,703	-	-	5,320,615	-	12,320,088
2016	18,130,694	-	-	5,499,050	1,480,947	11,150,697
2017	18,280,846	-	-	5,699,440	1,435,310	11,146,096
2018	18,660,771	-	-	5,894,522	1,588,357	11,177,893
2019	18,886,107	-	-	5,899,730	1,545,323	11,441,053
2020	4,598,771	6,922,020	5,242,464	6,519,118	1,181,109	9,063,027
2021	4,182	10,451,821	8,329,344	7,197,039	1,045,535	9,406,285
2022	31,897	10,625,484	8,080,045	7,106,599	1,062,497	9,562,987
2023	4,895	10,834,241	7,897,162	7,252,509	1,083,822	9,750,419
2024	-	10,008,507	8,518,703	7,464,523	1,000,656	9,007,852
2025 (Enacted)	-	11,125,963	7,423,446	11,103,966	1,112,596	10,013,367
2025 (Final)	-	10,244,848	8,430,778	9,650,913	1,024,485	9,220,363
2026 (Enacted)	-	11,234,469	7,465,807	10,730,138	1,123,447	10,111,022

Source: Office of Revenue Analysis and the Budget Office, July 2025

SECURITY SERVICES

The Security Services program consists of the Capitol Police and the Division of Sheriffs. The Capitol Police have arrest powers and provide security at 13 State buildings, including the State House, the courthouses, and numerous executive branch facilities. The Sheriffs are responsible for statewide activities assigned by law which relate to the duties and functions of the sheriffs in several counties. The Division is responsible for courtroom security, judicial security, cellblock security, transportation of individuals charged with crimes, interstate prisoner extraditions, and service of process.

Security Services	General Revenue
FY2025 Enacted	\$30,711,397
<i>Target and Other Adjustments</i>	<i>681,907</i>
Personnel Adjustments (statewide adjustments)	2,250,440
Turnover Savings	(345,193)
Records Management System and GASB 96	313,593
Capitol Police and Sheriffs: Mini Contract	235,527
Centralized Services (statewide adjustments)	(162,116)
Capitol Police and Sheriffs: Motor Vehicles	Informational
1.0 FTE Capitol Police Screener Position	Informational
FY2026 Enacted	\$33,685,555

Turnover Savings (\$345,193)

The Budget includes \$852,096 of general revenue turnover savings in the Security Services program, reflecting an increase of \$345,193 from the previous year's enacted level of \$506,903. The Budget adjustment primarily occurred within the Sheriffs Division, which increased turnover savings by \$318,492, while turnover savings increased by \$26,701 in the Capital Police Division.

The Department testified at their Senate Finance Committee FY2026 Budget Hearing that the Sheriffs Division is understaffed and held 41.0 vacant FTE positions. The Department has utilized digital, radio, and print advertising to attract new candidates. The Department's FY2025 3rd Quarter Report notes that the newest class of Sheriffs is expected to include up to 22.0 new hires.

Records Management System and GASB 96

\$313,593

The Budget includes \$313,593 of general revenue to fund the implementation of the Department's Records Management System (RMS) and operations surrounding GASB 96 in FY2026. The RMS implementation costs total \$227,148 and include \$182,059 within the Sheriffs Division and \$45,089 within the Capitol Police. The GASB 96 initiative is supported with \$86,445 of general revenue and will fund various subscription-based software within the divisions.

Capitol Police and Sheriffs: Mini Contract

\$235,527

The Budget contains \$235,527 of general revenue to support the updated labor contracts with the Capitol Police and Sheriffs divisions, reflecting an additional \$30,800 for the Capitol Police and \$204,727 for the Sheriffs.

In May of 2024, the State of Rhode Island, Department of Public Safety, the Capitol Police Division, and the Union reached a tentative agreement on changes to the 2020 Capitol Police contract. The contract provides officers with a \$1.00 increase per hour for evening shifts, a \$100 raise to the accreditation bonus (from \$800 to \$900), a clothing maintenance allowance of \$1,000, and a parity clause which would reopen the agreement if another DPS law enforcement division receives a greater clothing allowance, step increase, or accreditation bonus. The FY2025 Final Budget includes \$28,116 of general revenue for this expense.

In October of 2024, the State of Rhode Island, Department of Public Safety, Division of Sheriffs, and the Union reached a tentative agreement on changes to the Sheriffs' contract. The terms provide officers with a \$900 accreditation bonus, an increase for clothing maintenance, and their own room while working on overnight extraditions. The FY2025 Final Budget includes \$181,044 of general revenue for this expense.

Capitol Police and Sheriffs: Motor Vehicles

Informational

The Budget contains \$525,500 of general revenue for the Capitol Police and Sheriffs to purchase vehicles through the State Fleet Revolving Loan fund in FY2026, consistent with the Department's 15 Year Replacement Plan. The appropriation includes \$181,500 for 3 Capitol Police vehicles and \$344,000 for 6 Sheriff vehicles, which is offset in the FY2026 Budget with an equivalent reimbursement from the revolving loan fund. The Office of State Fleet Operations bills agencies annually for their lease payments beginning the year following purchase. Pursuant to RIGL 42-11-2.4(d), the State Fleet Revolving Loan Fund may be utilized by agencies and departments to acquire vehicles.

The FY2025 Final Budget contains \$906,000 of general revenue for the Department to purchase vehicles outright, without utilizing the revolving loan fund. The Budget appropriates \$121,000 to the Capitol Police and \$785,000 to the Sheriffs, which includes a \$275,000 reappropriation for a bus that was ordered in FY2023 but did not arrive. The Department intends to utilize turnover savings to support the initiative, of which, the FY2025 Final Budget includes \$1.1 million for the Sheriffs Division.

1.0 FTE Capitol Police Screener Position

Informational

The Budget authorizes 1.0 FTE Capitol Police Screener position for the Department, supported with internal service funds. The position description indicates that the FTE will provide security at the State House as well as other State-owned buildings. The Budget provides \$89,972 of internal service funds for the position within the Capitol Police Rotary ISF account.

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 Academy	General Revenue
FY2025 Enacted	\$299,114
<i>Target and Other Adjustments</i>	<i>(3,571)</i>
MPTA RMS Equipment Requirements	36,000
Personnel Adjustments (statewide adjustments)	17,897
FY2026 Enacted	\$349,440

MPTA RMS Equipment Requirements **\$36,000**

The Budget includes \$36,000 of general revenue to create a comprehensive wireless network for the Rhode Island Municipal Police Training Academy, which the Department believes will improve the education of police recruits. The recommendation includes a capital cost of \$32,400 for wireless network equipment and a \$3,600 recurring expense for Microsoft licensing. Currently, recruits have no exposure to primary law enforcement databases. This initiative will provide municipal police recruits with direct training and exposure to the RMS.

STATE POLICE

The Rhode Island State Police are a uniformed and investigative law enforcement agency with statewide jurisdiction. The agency is organized into three bureaus: the Administrative Bureau, Uniform Bureau, and Detective Bureau. The Administrative Bureau consists of both sworn command staff and civilian personnel and provides overall management and support. The Uniform Bureau is responsible for preventing crime and investigating criminal and noncriminal activities. The Uniform Bureau also establishes highway safety through the enforcement of motor vehicle laws with emphasis on hazardous moving violations, i.e. drunk driving and speeding. The Detective Bureau is the primary investigative unit that helps the Attorney General's Office and other agencies in investigating organized and white-collar crime and provides support to police agencies throughout the State.

State Police	General Revenue
FY2025 Enacted	\$91,080,925
<i>Target and Other Adjustments</i>	<i>(458,882)</i>
RITA Agreement	5,818,474
Records Management System and GASB 96	694,546
State Police Vehicles	(600,000)
One-Time Use of State Forfeiture Funds	(459,805)
Personnel Adjustments (statewide adjustments)	502,046
Pension Final Average Compensation Consistency	455,191
Centralized Services (statewide adjustments)	(209,940)
Centralized Utilities Fund (statewide adjustments)	85,415
FY2026 Enacted	\$96,907,970

State Police	Other Fund Changes
COPS Anti-Heroin Task Force Program (federal funds)	\$966,252
Records Management System and GASB 96 (restricted receipts)	919,353
One-Time Use of State Forfeiture Funds (restricted receipts)	459,805
Records Management System and GASB 96 (federal funds)	297,534
RITA Agreement (federal funds)	281,818
Pension Final Average Compensation Consistency (federal funds)	23,506
Pension Final Average Compensation Consistency (other funds)	1,303

RITA Agreement ***\$5.8 million***

The Budget increases general revenue by \$5.8 million and federal funds by \$281,818 to reflect the recent agreement with the Rhode Island Troopers Association (RITA). The agreement includes retroactive Cost of Living Adjustments (COLAs) of 5.0 percent, effective November 1, 2023, 4.0 percent, effective November 1, 2024, and 3.0 percent, effective November 1, 2025. Additionally, the agreement provides Troopers with a \$250 increase to their annual uniform maintenance stipend.

Records Management System and GASB 96 ***\$694,546***

The Budget contains \$694,546 of general revenue to support the implementation of the Department's RMS and operations surrounding GASB 96 in FY2026. The appropriation includes \$371,462 for the RMS implementation and \$196,114 to fund various subscription-based software within the Department, for compliance with GASB 96. The initiative includes \$1.2 million of non-general revenue funding in the State Police program, including \$919,353 of restricted receipts and \$297,534 of federal funds.

State Police Vehicles ***(\$600,000)***

The Budget contains \$2.4 million of general revenue (\$2.8 million in all funds) for the Department to acquire 27 vehicles for the State Police through the State Fleet Revolving Loan Fund in FY2026, representing a \$1.8 million increase from the FY2025 enacted level. The recommendation is consistent with the Department's constrained request and contains a \$2.4 million reimbursement from the revolving loan fund, which reflects a net reduction of \$600,000 when compared to the FY2025 enacted level of \$615,000. The Office of State Fleet Operations bills agencies annually for their lease payments beginning the year following purchase and there are no payments due for the State Police in FY2026. Pursuant to RIGL 42-11-2.4(d), the State Fleet Revolving Loan Fund may be utilized by agencies and departments to acquire vehicles.

The FY2025 Final Budget contains \$3.0 million of general revenue (\$3.7 million in all funds) to outright acquire 47 State Police vehicles and includes a \$612,759 reappropriation from FY2024 for vehicle outfitting. The appropriation represents a \$2.4 million general revenue increase from the enacted amount,

but \$690,664 below the Department's request. The Department notes in their FY2025 2nd Quarter Report that the outright purchase eliminates \$835,000 of year-one vehicle loan repayments in FY2026.

Constrained One-Time Use of State Forfeiture Funds ***(\$459,805)***

The Budget includes a \$459,805 general revenue savings by authorizing the Department to utilize restricted receipts collected through state forfeitures in order to reduce personnel expenses within the State Police program. The Budget provides a \$318,089 savings of contractual overtime in the Detective Division, offset by retained forfeited property receipts and a \$141,716 savings of contractual overtime in the Gaming Enforcement Unit, offset by forfeited property related to gambling. The Budget includes an equivalent increase in restricted receipts to offset the personnel expenditures.

Pension Final Average Compensation Consistency ***\$455,191***

The Budget increases general revenue by \$455,191 (\$480,000 all funds) to reflect changes to the State Police pension plan. The FY2024 Assembly revised the benefit calculation for state employee pension plans, where previously, a retiree's benefits were based off the earnings from their 5 highest-paid, consecutive years of service. The revision, which was applied to state employees, teachers, and general municipal employees, calculates the benefit based off the 3 highest-paid consecutive years. The Budget extends the provision to the State Police with \$480,000 in all funds as support, of which, \$455,191 is general revenue, \$23,506 is federal funds, and \$1,303 is other funds.

COPS Anti-Heroin Task Force Program (federal funds) ***\$966,252***

The Budget includes \$966,252 of federal funds through the US Department of Justice's Office of Community Oriented Policing Services (COPS) for the State Police to create an anti-heroin task force titled Operation Secure Shield in FY2026. The \$4.0 million award will support investigations of suppliers and distributors of heroin, fentanyl, and opioids, with the goal of reducing the number of overdose deaths and hospitalizations as the supply of these substances decrease. The FY2025 Final budget includes \$1.8 million for this initiative.

CAPITAL PLAN PROJECTS

The Budget includes \$19.8 million of Rhode Island Capital Plan (RICAP) funds in FY2026 for projects in the Department of Public Safety, reflecting a \$7.0 million decrease from the FY2025 Budget as Enacted. The Southern Barracks project represents \$4.8 million or 68.1 percent of the total decrease. The following table illustrates the Department's RICAP funds by project, in FY2025 and FY2026.

Capital Project	FY2025 Enacted	FY2025 Final	Change from Enacted	FY2026 Enacted	Change from Enacted
Southern Barracks	\$21,500,000	\$22,036,972	\$536,972	\$16,750,000	(\$4,750,000)
DPS Asset Protection	3,425,000	3,716,082	291,082	1,205,000	(2,220,000)
Training Academy Upgrades	1,550,000	825,000	(725,000)	1,550,000	-
RISCON	245,048	245,048	-	245,048	-
Total RICAP Funds	\$26,720,048	\$26,823,102	\$103,054	\$19,750,048	(\$6,970,000)

Southern Barracks

The Budget includes \$16.8 million of RICAP funds in FY2026 and \$22.0 million in FY2025 to support the Department's Southern Barracks project. The project involves the construction of a new State Police barracks in West Greenwich to serve the State's southern region. The project is expected to reach substantial completion by June 3, 2026 for a total cost of \$41.4 million, all of which is RICAP funds

Background: In 2018, the Department of Public Safety initiated a comprehensive planning review and feasibility study related to the Rhode Island State Police (RISP) barracks facilities located in Wickford, Hope Valley, and Portsmouth. The review and study were completed in the Fall of 2019 and were coordinated by a master planning committee consisting of members of the RISP, representatives from the

Department of Administration, and an architectural and engineering design firm. The committee found that the existing three barracks, which were built in the 1930s, did not meet the modern public safety and policing requirements of the State Police. It was therefore determined that it was not feasible to renovate each of the existing structures and instead the Department will construct a new, combined barracks in the southern part of the State.

The Department selected a parcel of land located at 65 New London Turnpike, West Greenwich. The property was previously owned by the Department of Transportation, which transferred the deed to the State Police. The ceremonial groundbreaking occurred on site in October of 2024. Upon completion, the Department plans to decommission the assets and revert ownership of the Wickford and Hope Valley barracks to the Department of Administration.

Asset Protection

The Budget includes \$1.2 million of RICAP funds in FY2026 and \$3.7 million in FY2025, to fund the maintenance and preservation costs for the 28 Public Safety Buildings and 7 radio towers throughout the State. Asset protection projects include maintenance to the State Police Headquarters, E-911 Headquarters, and the Wickford and Hope Valley barracks. Recent asset protection projects include renovations and ADA compliance updates to the Radio Bureau Building and Richard Rhodes House. The Richard Rhodes House was originally built in 1794, extensively renovated in 1912, and acquired by the State in 1936 for use as the State Police Headquarters and Scituate Barracks. The Public Safety Grant Administration Office is currently housed in the building.

Training Academy Upgrades

The Budget includes \$1.6 million of RICAP funds in FY2026 and \$825,000 in FY2025 for improvements to the State Police Training Academy located in Foster. Recently, the Department has maintained the grounds, contracted A&E services for the construction of a storage facility with environmental controls to prolong the life of RISP equipment and renovated the pumphouse. Additionally, the Department has been directed to conduct two feasibility study's pertaining to the Training Academy, one examining the addition of a field house and another to update the Evasive Vehicle Operators Course (EVOC).

The Department identified a need for a dedicated training facility to accommodate the increased law enforcement programming that occurs at the Training Academy and engaged RGB Architects to prepare a feasibility study to estimate the cost to build a field house. The study examines the cost to build a 28,000 square foot field house with two classrooms, two offices, equipment storage, and a dedicated firearm simulator room. The study indicates the estimated total construction cost of the field house is \$24.3 million. The Evasive Vehicle Operator's Course (EVOC) feasibility study is currently delayed, as the Department indicates has struggled to find suitable locations for the course.

RISCON (RI Statewide Communications System Network)

The Budget provides \$245,048 of RICAP funds in both FY2025 and FY2026, to finance upgrades to the State Police microwave loop network, which is a statewide 6Ghz digital network comprised of 5 microwave hops connecting key radio transmission sites and facilities statewide. The funding is consistent with the FY2025 enacted level. The Rhode Island Statewide Communications Network (RISCON) is managed by the Rhode Island Emergency Management Agency (RIEMA) and serves as the primary radio communications platform for the Department of Public Safety, as well as the Department of Transportation, Rhode Island Public Transit Authority, and numerous other agencies and departments throughout the State.

Portsmouth Barracks

The Aquidneck Island Feasibility Study was delivered in March of 2025 and recommends the Department "reopen the Portsmouth Barracks with sufficient staffing to provide police coverage 24/7/365." The recommended staffing includes 1.0 Lieutenant, 1.0 Sergeant, 1.0 Corporal, and 12.0 Troopers. The Department indicates that they do not have the required personnel to provide sufficient staffing to the

facility, explaining, “Without a 2026 Class, and the mandatory retirement of 23 members of the 1997 Class in the Fall of 2026; the Department would not have the resources to man Aquidneck Island at the manpower recommended in the needs analysis.”

The Department indicates that they plan to reopen the Portsmouth Barracks with the recommended staffing following its renovation. The Department requested \$12.4 million for the renovation in the FY2027 Capital Budget Request.

Background: The Portsmouth Barracks opened in 1935 to provide persistent law enforcement coverage to Aquidneck Island and the surrounding areas. In 2012, the Department removed full-time contingent from the barracks and shifted the personnel primarily to the Wickford Barracks, which is scheduled to close upon completion of the Southern Barracks in 2026.

The FY2024 Budget as Enacted directed the Department to conduct a feasibility study to examine the appropriate state police presence for Aquidneck Island and to determine if the Portsmouth Barracks will also be renovated. The Department initially experienced trouble soliciting the RFP but selected Mission Critical Partners to conduct the study.

Office of the Public Defender

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$14.8	\$16.7	\$17.3	\$0.6	3.5%	\$18.3	\$1.6	9.6%
Expenditures By Source								
General Revenue	\$14.7	\$16.6	\$17.2	\$0.6	3.6%	\$18.2	\$1.6	9.6%
Federal Funds	0.1	0.1	0.1	-	-	0.1	-	-
Total	\$14.8	\$16.7	\$17.3	\$0.6	3.5%	\$18.3	\$1.6	9.6%
Authorized FTE Levels	100.0	104.0	104.0	-	-	104.0	-	-

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

The Office of the Public Defender represents indigent adults and juveniles who are charged with criminal offenses or who are in jeopardy of losing custody of their children to the State. Referrals come from the Supreme, Superior, District, and Family Courts. All who are financially eligible are assigned to a staff attorney for representation in the appropriate court. The main office and two branch locations are located in Providence. Three additional offices are located in the southern half of the state. The metropolitan areas of Providence and Newport account for the bulk of the cases. The Office includes four basic divisions of attorneys: appellate, criminal trial (including separate felony and misdemeanor units), juvenile, and parental rights. The Public Defender is appointed by the Governor to a six-year term, with the advice and consent of the Senate.

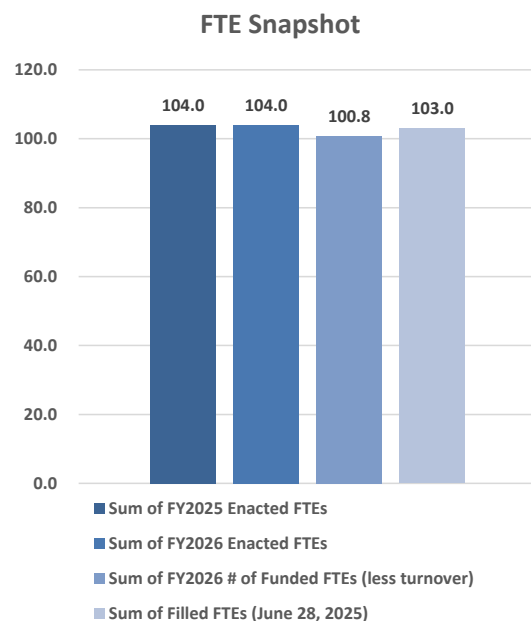
MAJOR ISSUES AND TRENDS

The Office of the Public Defender is funded almost entirely by general revenue.

FY2025: The FY2025 Final Budget includes \$17.3 million in all funds, of which, \$17.2 million is general revenue and \$85,035 are federal funds. The Budget increases general revenue by \$591,377 or 3.6 percent and keeps federal funds consistent with the FY2025 enacted level. The general revenue increase is primarily driven by the state employee collective bargaining agreement, which adds \$658,581 to the enacted budget level and includes a 5.0 percent statewide cost of living adjustment (COLA) in FY2025.

FY2026: The FY2026 Budget as Enacted includes \$18.3 million in all funds, representing an increase of \$1.6 million or 9.6 percent from the FY2025 enacted level. The Budget increases general revenue by \$1.6 million to \$18.2 million and keeps federal funds consistent with the FY2025 enacted level. The general revenue increase is primarily driven by the state employee collective bargaining agreement, which adds \$1.2 million to the enacted budget and includes a 4.0 percent statewide cost of living adjustment (COLA) in FY2026.

The Office indicates that it currently suffers from a well-documented caseload crisis and requested additional staff to provide legal representation to the State's indigent population. The Office notes that with current staffing, District Court attorneys were assigned, on average, 300 cases over the annual ethical caseload limit endorsed by the American Bar Association (ABA), and Superior Court attorneys were assigned 50 cases over the limit.



The Office notes “In order to come close to the ABA endorsed ethical caseload limits the RIPD would need an additional 9.0 attorney FTE positions.” The Office requested 4.0 additional FTE positions, 2.0 FTE Assistant Public Defender II positions and 2.0 Administrative Support Specialist positions, which were not funded in the Budget.

Both the FY2025 Final and FY2026 Enacted Budgets authorize 104.0 FTE positions, consistent with the previous year’s enacted level.

Central Management	General Revenue
FY2025 Enacted	\$16,585,559
<i>Target and Other Adjustments</i>	<i>330,607</i>
Personnel Adjustments (statewide adjustments)	1,234,275
Rental of Outside Property	41,987
Centralized Services (statewide adjustments)	(27,060)
ERP Maintenance and Operations Billings (statewide adjustments)	13,311
FY2026 Enacted	\$18,178,679

Rental of Outside Property ***\$41,987***

The Budget includes \$669,764 of general revenue to support the Office’s rental of outside property expenses, representing an increase of \$41,987 from the FY2025 enacted level. The Office indicates that parking costs at the Convention Center have increased as well as costs associated with sewer, water, and fire services in FY2025. Additionally, the lease for the agency’s main office expires in the 3rd Quarter of FY2026. The Division of Capital Asset Management and Maintenance (DCAMM) advised the Office that an extension to July 1, 2026, will be requested and to estimate a \$3 per square inch increase for the contract. A future long-term extension will be sought in FY2027.

Department of Environmental Management

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Office of the Director	\$13.2	\$14.0	\$16.3	\$2.4	17.1%	\$15.7	\$1.8	12.7%
Bureau of Natural Resources	70.2	91.2	92.0	0.8	0.9%	106.5	15.4	16.8%
Bureau of Environmental Protection	30.2	38.6	42.0	3.4	8.7%	42.2	3.6	9.2%
Total	\$113.6	\$143.7	\$150.3	\$6.6	4.6%	\$164.4	\$20.7	14.4%
Expenditures By Source								
General Revenue	\$55.5	\$57.2	\$56.0	(\$1.2)	-2.1%	\$58.4	\$1.1	2.0%
Federal Funds	30.5	36.0	47.1	11.1	30.7%	44.7	8.7	24.1%
Restricted Receipts	15.1	21.3	27.3	6.0	28.0%	24.8	3.5	16.3%
Other Funds	12.5	29.2	20.0	(9.2)	-31.5%	36.6	7.4	25.3%
Total	\$113.6	\$143.7	\$150.3	\$6.6	4.6%	\$164.4	\$20.7	14.4%
Authorized FTE Levels	425.0	439.0	439.0	-	0.0%	439.0	-	0.0%

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

The Department of Environmental Management (DEM) is responsible for protecting, managing, and restoring the natural resources of the State. The Department is organized into three divisions: the Office of the Director, the Bureau of Natural Resources, and the Bureau of Environmental Protection.

The Department is charged with supervising and controlling the protection, development, planning, and utilization of the natural resources of the state; the promotion of agriculture and animal husbandry; and, providing for the maintenance of waterways and boating facilities.

MAJOR ISSUES AND TRENDS

The FY2026 Budget includes an all funds increase of \$20.7 million, or 14.4 percent, from the FY2025 Budget as Enacted. The Budget includes a \$1.1 million (2.0 percent) increase in general revenue expenditures due primarily to an increase of \$1.9 million for the statewide cost of living adjustment partially offset by the shift of \$914,847 in general revenue salary and benefits costs to various federal and restricted receipt accounts. The Local Agriculture and Seafood (LASA) grant program is level funded, compared to the FY2025 Budget as Enacted, with \$500,000 in general revenue. The increase in federal funds and restricted receipts is due to the ramping up of spending in existing grant programs related to purchasing timelines and staffing availability: vacancies over the last several years have delayed many cleanups. The increase in other funds is driven primarily by RICAP funded repairs to state-owned dams, the Galilee Piers, and the Natural Resources Offices and Visitors' Center.

The Budget requires the Department of Environmental Management to transfer \$3.0 million from the Underground Storage Tank (UST) Trust Fund to the State Controller by June 30, 2025. The FY2024 Revised Budget also required a \$2.0 million transfer from the UST fund.

In FY2025, the Budget reduces general revenue funding by \$1.2 million, including a \$2.1 million reduction in general revenue funded salaries and benefits, despite an increase of \$1.4 million for general revenue supported statewide cost of living adjustments and a \$2.0 million increase across all funds. The increased costs for salaries and benefits is supported by a one-time shift of \$2.3 million in personnel costs to various restricted receipt accounts including the following:

- **One-Time Shift of General Revenue Expenses to OSPAR (\$1.7 million):** The Budget shifts \$1.7 million in general revenue supported salaries and benefits for 12.4 FTE positions to the Uniform Oil Spill Prevention, Administration, and Response (OSPAR) restricted receipt fund. The OSPAR Fund was established in 1996 in response to the environmental damage caused by the North Cape Oil Spill along the Rhode Island coast. Pursuant to RIGL 46-12.7-5.1, the funds may be used to cover the costs of

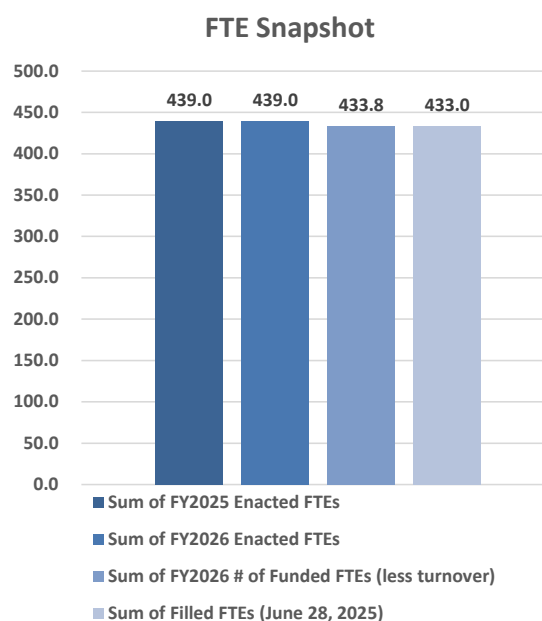
response, containment, and cleanup of oil spills into marine or estuarine waters. The OSPAR Fund may also be used for structural improvements to reduce the risk of oil tanker spills, restoration of natural resources, response training and equipment, and monitoring activities. The fund is capitalized primarily with a fee of \$0.05 for each barrel of petroleum products received at a marine terminal in the State. The North Cape spill cost the State approximately \$3.0 million (\$5.8 million in today's dollars). As of March 11, 2025, the balance in the OSPAR fund is \$3.3 million.

- **One-Time Shift of General Revenue Expenses to ERF (\$501,682):** The Budget shifts \$501,682 in general revenue supported salaries and benefits for 4.0 FTE positions to Environmental Response Fund restricted receipts. Pursuant to RIGL 23-19.1-23 the Environmental Response Fund “shall consist of any sums as the state may appropriate, or sums recovered by any action brought under the authority of this chapter or chapter 18.9” and may be used for “Enforcement and personnel activities”. Chapter 19.1 governs Hazardous Waste Management while Chapter 18.9 governs Refuse Disposal. These funds may be used to “support activities related to enforcement of the provisions of this chapter, legal activities to enforce the provisions of this chapter and secure contributions from culpable parties, and ancillary services, personnel, or equipment to support the activities enumerated in this section.” According to the Office of Management and Budget, as of January 2025, the ERF restricted receipt account has a balance of approximately \$839,949.
- **Indirect Cost Recovery (\$500,000):** The Budget shifts \$500,000 in general revenue supported operating and supplies costs to the federal Indirect Cost Recovery (ICR) restricted receipt account. According to the Office of Management and Budget, as of January 2025, the ICR account has a balance of approximately \$2.6 million.
- **One-Time Shift of General Revenue Expenses to Bays Rivers and Watersheds (\$139,950):** The Budget shifts \$139,950 in general revenue supported salaries and benefits for 1.0 FTE position to the Bays, Rivers and Watersheds Fund (BRWF) restricted receipt account within DEM. The use of the restricted receipt account is limited to the purposes of The Comprehensive Watershed and Marine Monitoring Act (RIGL 46-23.2-1); Water Pollution (RIGL 46-12); and, the Resilient Rhode Island Act of 2014 – Climate Change Coordination Council (RIGL 46-6.2). According to the Office of Management and Budget, the current balance of the BRWF restricted receipt account is approximately \$1.6 million.

The Budget authorizes 439.0 FTE positions in FY2026 and FY2025, level with the FY2025 Budget as Enacted.

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
FY2025 Enacted	\$9,024,403
<i>Target and Other Adjustments</i>	<i>181,490</i>
ERP Maintenance (statewide adjustments)	401,391
Personnel Cost shift from General Revenue to RGGI Fund	(160,409)
FY2026 Enacted	\$9,446,875

Personnel Cost shift from General Revenue to RGGI Fund (\$160,409)

As part of the constrained budget reduction, the Budget shifts funding for 1.0 FTE Programming Services Officer (\$160,409 in general revenue savings) from general revenue to Regional Greenhouse Gas Initiative (RGGI) Fund restricted receipts. 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.

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
FY2025 Enacted	\$32,344,157
<i>Target and Other Adjustments</i>	<i>(229,870)</i>
Personnel Adjustments (statewide adjustments)	1,212,914
Farmland Preservation and Conservation	(1,032,581)
Personnel Cost shift from General Revenue to Indirect Cost Recovery	(213,870)
Research Vessel Repairs	150,000
Security Services	95,000
FY2026 Enacted	\$32,325,750

Bureau of Natural Resources	Other Fund Changes
Recreational Boating Safety (federal funds)	\$2,343,190
Roger Wheeler State Beach Boardwalk (federal funds)	1,573,285
Resilient Food System Infrastructure Program (federal funds)	510,527

Farmland Preservation and Conservation (\$1.0 million)

The \$1.0 million reduction in general revenue funded grants reflects the expenditure of the one-time, farmland preservation and conservation grant program that was appropriated in FY2024 and FY2025. The FY2024 Budget as Enacted included \$2.5 million in general revenue to re-capitalize the farmland acquisition fund for the purchase and protection of farmland in danger of converting to non-agricultural use. In the FY2025 Budget as Enacted, \$986,000 was shifted from FY2024 to FY2025 to allow time for the real estate transactions for identified farms to close, which generally takes one and a half to two years. These purchases are traditionally funded through the five-year capital plan; however, since this portion was

funded with general revenue, the funds were shifted into FY2025 to allow for the use of the funds. Since DEM was only able to spend down \$1.4 million in FY2024, \$94,766 went back into the general fund. This land is restricted to agricultural use, and either sold or leased to qualified farmers. The proceeds from the sale of the land will be credited back to the account for use in new projects. The FY2026 Budget does not contain funding for this grant program, since the intent is to exhaust all funds by the end of FY2025.

Personnel Cost shift from General Revenue to Indirect Cost Recovery ***(\$213,870)***

As part of the constrained budget reduction, the Budget shifts \$213,870 in general revenue support for 1.3 FTE Planning and Development staff within the Bureau of Natural Resources to the Indirect Cost Recovery (ICR) restricted receipt account within the Director's Office. Federal law allows for the assessment of an indirect cost recovery charge on federal grants to support facilities and administrative costs necessary for the general operation of an organization. The Department expects the ICR funds to remain sustainable for at least six years, unless federal funding is reduced.

Research Vessel Repairs ***\$150,000***

The Budget includes \$150,000 in general revenue for maintenance repairs to the John H. Chafee, the principal research vessel for the Division of Marine Fisheries. In recent years, routine maintenance has not been funded; consequently, additional funding is provided in FY2026 and FY2025 to address delayed maintenance on the vessel. The vessel is used for marine surveys to provide independent data for the assessment of finfish and crustacean populations in Rhode Island Waters.

Security Services ***\$95,000***

Due to ongoing vacancies within the Division of Natural Resources, the Budget provides an additional \$95,000 in FY2026 and FY2025 for contracted professional security services.

Recreational Boating Safety (federal funds) ***\$2.3 million***

The Budget provides \$2.3 million in FY2026, and in FY2025, for the federal recreational boating safety grant from the United States Coast Guard. The Recreation Boating Safety (RBS) Program was created to assist states and U.S. territories with programs to protect recreation boaters. The funding is generated from the federal tax on fuel used in motorboats and distributed based on a formula; however, states cannot receive more than one half of the total cost of RBC Programming from the federal grant. The funds are primarily used for law enforcement activities that support boating safety.

Roger Wheeler State Beach Boardwalk (federal funds) ***\$1.6 million***

The Budget includes \$1.6 million in FY2026, and in FY2025, to reflect the award of a \$3.1 million grant from the United States Park Services Land and Water Conservation Fund (LWCF) to help support improvement to Roger Wheeler State Beach. The boardwalk will provide shade structures, sidewalks, foot washing stations, American Disabilities Act (ADA)-compliant access ramps, and concrete benches. Portions of the project not covered by the federal funds will be supported through 2021 Beach, Clean Water, and Green Economy Bond proceeds. The project is scheduled for completion in FY2026.

Resilient Food System Infrastructure Program (federal funds) ***\$510,527***

The Budget includes \$510,527 in FY2026, and \$508,157 in FY2025, from the United State Department of Agriculture (USDA) Resilient Food Systems Infrastructure (RFSI) program to strengthen activities in the food supply chain between farm production and retail thereby expanding markets for small farms and food businesses, and encouraging value-added products, fair prices, fair wages and new job opportunities. DEM will work with the USDA to invest in resilient food systems through a competitive grant process. All applicants must be domestically owned with facilities physically located within Rhode Island.

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
FY2025 Enacted	\$15,870,312
<i>Target and Other Adjustments</i>	<i>125,138</i>
Personnel Adjustments (statewide adjustments)	1,152,861
Environmental Protection Staff Reassignments	(540,568)
FY2026 Enacted	\$16,607,743
Bureau of Environmental Protection	Other Fund Changes
Environmental Response Fund - MTBE Settlement (restricted receipts)	\$1,577,033

Environmental Protection Staff Reassignments ***(\$540,568)***

As part of the constrained budget reduction, the Budget shifts \$540,568 in payroll expenses from general revenue to federal or restricted receipt accounts. The Department expects the funds to remain sustainable for at least six years, unless federal funding is reduced. The proposal shifts \$118,376 for 1.0 Air Quality Specialist to the Water and Air Protection Program restricted receipt account. In addition, payroll costs of \$310,898 for 1.0 Environmental Scientist I and 1.0 Environmental Engineer III are split between four federal grants. The remaining \$111,294 in payroll reductions will be realized through the downgrade of the 1.0 Deputy Administrator Environmental Protection position once it becomes vacant.

Environmental Response Fund - MTBE Settlement (restricted receipts) ***\$1.6 million***

The Budget includes an increase of \$1.6 million (\$3.4 million total) in FY2026, as well as in FY2025, in settlement funds from lawsuits related to the pollution of soil and groundwater with the gasoline additive methyl tertiary-butyl ether (MTBE). These funds are used for remediation and site assessment at contaminated sites, often sites owned and operated by small businesses that do not have the resources to address the contamination. The increase reflects a ramp up in work due to the filling of vacancies within the Land Revitalization and Sustainable Materials Management (LRSMM) office.

CAPITAL PROJECTS

The Budget includes a total of \$32.2 million in RICAP funding in FY2025 and \$32.5 million in FY2026, an increase of \$3.1 million in FY2025 and \$3.3 million in FY2026 relative to the FY2025 Budget as Enacted. Major RICAP funded projects include:

- **Dam Repairs:** The Budget provides \$499,970 in FY2025 and \$6.8 million in FY2026, a decrease of \$4.9 million and an increase of \$1.4 million respectively relative to the FY2025 Budget as Enacted. This project allows DEM to complete engineering studies, designs and repairs to “high-hazard” State-owned dams which, if they were to fail, would cause significant property damage and potential for loss of life. The State owns 10 high hazard and four significant hazard dams. During the past 11 years, the Department completed repairs to the Stillwater Dam in Smithfield, the Olney Pond Dam in Lincoln Woods, the Bowdish Lake Dam at the George Washington Management Area, and the upper JL Curran Dam in Cranston. The Wyoming Pond Upper Dam was completed in FY2024, and planning and design work for the Lower Curran Dam is underway with construction expected to commence in FY2026. Upon closer inspection, the Upper Burlingame Dam project now includes the upper and lower dams.
- **Galilee Piers:** The Budget provides \$7.1 million in FY2025 and \$20.5 million in FY2026 for repairs to the Galilee Piers, a decrease of \$6.2 million in FY2025 and an increase of \$7.2 million in FY2026, relative to the FY2025 Budget as Enacted. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing

businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. In FY2024, work was completed on the North Bulkhead and Docks AA-QQ. The North Bulkhead was more than 50 years old with 16 piers along its 1,500-foot length. The piers include berthing for vessels and businesses such as RI Engine, which provides regional vessel services, and Sea Freeze, a fish processing house with worldwide shipping. In FY2025, work is beginning on the utilities and infrastructure, the Coastal Headquarters, and Parking Lot G.

- **Recreational Facilities Improvements:** The Budget provides \$6.9 million in FY2025, an increase of \$1.2 million due to the reappropriation of unexpended funds from FY2024, and \$2.9 million in FY2026, a decrease of \$2.8 million relative to the enacted level, for this ongoing project. The Department manages over 50 buildings and 25 miles of roads, in addition to water supply systems and other infrastructure elements, in State Parks and Management Areas. In FY2024, DEM finished exterior preservation work at Colt State park's historic stone dairy barn; the Fort Adams Maintenance Garage, safety improvements at Brenton Point; demolition of outdated facilities at Haines, Pulaski, and Burlingame State Parks. Current tasks include the construction of the Roger Wheeler bulkhead, the replacement of six bathhouses and onsite water treatment facilities at the Burlingame Campground, and the design and permitting for a new operations building and rest rooms at Colt State Park.
- **Newport Pier Upgrades:** The Budget includes \$621,578 in FY2025, an increase of \$121,578 in reappropriated funds over the FY2025 Budget as Enacted, and \$500,000 in FY2026 for the Newport Pier project, level with the enacted budget. The Department is currently conducting an infrastructure assessment to identify facility needs. This project supports the commercial fishing industry by making infrastructure improvements for commercial fishing facilities at the State Pier in Newport. State Pier #9 in Newport houses approximately 50 commercial fishing vessels, providing the only affordable berthing space for the local commercial fleet. Over the past several years, DEM has replaced the bulkhead and pilings, renovated the parking facilities and also made landscape and drainage improvements. The electrical project to improve the utility services at the pier including electrical work to install 100-amp service in strategic locations, and replacement of the 30-amp and 50-amp services along the bulkhead and docks was finished in March 2024.
- **Natural Resources Offices/Visitor's Center:** The Budget provides \$461,165 in FY2025 and \$1.8 million in FY2026, an increase of \$211,165 in FY2025 due to reappropriated funds and an increase of \$1.6 million in FY2026. This project involves the construction of a new Division of Forestry Office and Visitors Center, in the Arcadia Management area, and a Division of Fish and Wildlife Office and Visitors Center in the Great Swamp Management Area. Both facilities will provide office space, maintenance facilities, and customer service areas, including recreational and educational opportunities and public interpretative services. While the current structures are structurally and functionally deficient and do not meet code requirements, the buildings may be historically significant, so DEM will coordinate with the Historic Preservation and Heritage Commission. The Department is currently working with a vendor to develop master plans for each of the campuses, which is expected to be completed in FY2026 with full design plans to begin later in FY2026
- **Marine Infrastructure and Pier Development:** The Budget provides \$950,000 in FY2025 and \$700,000 in FY2026 for this project which is aimed at developing recreational and transient boating piers and related marine facilities in Narragansett Bay. Marine infrastructure projects can include recreational or commercial sites. Eligible projects can include, but are not limited to, docks, piers, bulkheads, and associated land-side infrastructure. The project is currently focused on the redevelopment of Chase Marina in Tiverton to improve access for local fishermen and smaller business owners as the number of larger vessels at Galilee continues to increase. The redevelopment project at Chase Marina in Tiverton to improve access for commercial fishing is ongoing and currently undergoing preliminary assessment.

Coastal Resources Management Council

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Coastal Resources Management Council	\$5.2	\$6.2	\$11.2	\$5.0	81.7%	\$14.9	\$8.7	140.6%
Expenditures By Source								
General Revenue	\$3.5	\$3.6	\$4.0	\$0.4	9.7%	\$3.9	\$0.3	8.2%
Federal Funds	3.1	2.3	6.9	4.6	198.3%	3.3	1.0	43.6%
Restricted Receipts	0.3	0.3	0.3	-	-	0.6	0.4	149.9%
Other Funds	0.1	-	0.1	0.1	-	7.0	7.0	
Total	\$7.0	\$6.2	\$11.2	\$5.0	81.7%	\$14.9	\$8.7	140.6%
Authorized FTE Levels	32.0	32.0	32.0	-	-	32.0	-	-

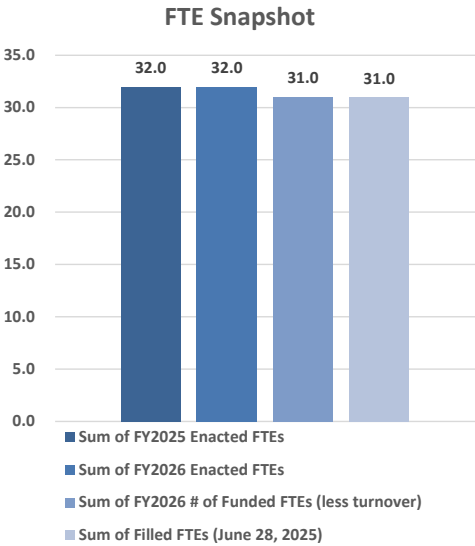
\$ in millions. Totals may vary due to rounding.

The Coastal Resources Management Council (CRMC) is mandated to preserve, protect, develop and, where possible, restore the coastal resources of the State. The CRMC oversees the Coastal Habitat Restoration Program and is charged with developing an Ocean Special Area Management Plan (SAMP) and a Marine Resources Development Plan.

MAJOR ISSUES AND TRENDS

The FY2026 Budget includes an all funds increase of \$8.7 million (140.6 percent) from the FY2025 Budget as Enacted, including a general revenue increase of \$297,428, a federal funds increase of \$1.0 million, and an other funds increase of \$7.0 million. The increase in general revenue is primarily due to the \$200,000 investment to support technical applications that help Rhode Islanders understand and prepare for the potential impact of storms on coastal areas, statewide cost-of-living adjustment, and information technology and Enterprise Resource Planning centralized services, partially offset by a shift of \$374,768 of general revenue expenses into restricted receipts funded by the 5.0 percentage point increase in indirect cost recoveries on federal grants. The increase in federal funds is primarily due to a new federal grant to monitor wind farms and a grant to purchase a conservation easement for property on Winnapaug Pond. The increase in other funds in FY2026 is due to new funding for the South Coast Restoration Project.

The Budget authorizes 32.0 FTE positions in FY2025 and FY2026, consistent with the FY2025 Budget as Enacted. While not recommended by the Governor the CRMC requested 5.0 new FTE positions to increase capacity to review renewable energy projects, focus on habitat management and restoration, aquaculture and right-of way programs, conduct routine monitoring and compliance of inspections of permitted projects.



Central Management	General Revenue
FY2025 Enacted	\$3,607,384
<i>Target and Other Adjustments</i>	47,793
Indirect Cost Recovery on Federal Funds	(374,768)
Personnel Adjustments (statewide adjustments)	246,934
STORMTOOLS Risk and Damage Assessment	200,000
Centralized Services (statewide adjustments)	177,469
FY2026 Enacted	\$3,904,812

Central Management	Other Fund Changes
South Fork Wind Farm (federal funds)	\$789,500
Winnapaug Pond - Sorensen (federal funds)	234,250
South Coast Restoration Project (RICAP funds)	5,000,000

Indirect Cost Recovery on Federal Funds **(\$374,768)**

On October 1, 2024, the federally permitted minimum rate for indirect cost recovery on federal funds increased from 10.0 percent to 15.0 percent. The Budget takes the value of the 5.0 percentage point increase, puts it into a restricted receipt account, and deducts the equivalent value of general revenue. According to the Office of Management and Budget, the restricted receipt account is used to record the receipt and the expenditure of the recovered funds, allowing the funds to be directed to specific administrative expenses.

STORMTOOLS Risk and Damage Assessment **\$200,000**

The Budget adds \$200,000 in general revenue to support technical applications that help Rhode Islanders understand and prepare for the potential impact of storms on coastal areas. The STORMTOOLS application is used to map storm inundation for different intensity storms, with and without sea level rise, that could occur along the Rhode Island coast. MYCoast Rhode Island is a portal to collect and analyze photos of shorelines across the state to capture the impact of flood hazards and illustrate possible future conditions. RI-CHAMP, originally developed for emergency response, provides real-time hazard and impact predictions for hurricanes and nor'easters in Southern New England.

South Fork Wind Farm (federal funds) **\$789,500**

The Budget contains \$1.8 million in federal funds, including \$1.0 million in FY2025 and \$789,500 in FY2026, to monitor the structural health of the South Fork and Block Island Wind Farms to provide data intended to maximize offshore wind generation through better forecasting and system design. These funds pass through to the University of Rhode Island.

Winnapaug Pond – Sorensen (federal funds) **\$234,250**

The Budget includes \$2.6 million in federal funds, including \$2.4 million in FY2025 and \$234,250 in FY2026, to purchase a conservation easement from the Town of Westerly for the undeveloped portion of the Sorensen property along Winnapaug Pond. This land conservation project will increase open space, provide coastal access, and ease the effects of climate change and sea level rise in the area. These funds are a pass through to the Department of Environmental Management for the purchase of the easement.

CAPITAL PROJECTS

The Budget provides a total of \$7.0 million in capital expenditures from the Rhode Island Capital Plan (RICAP) fund in FY2026 and \$100,000 FY2025. The projects include:

- **South Coast Restoration Project:** The Budget includes \$7.0 million in FY2026 for breachway maintenance. The pond projects have been completed and now this project is focused on dredging of each breachway every three to five years. 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. Federal funds are not currently available for this purpose.

- **Little Narragansett Bay:** The Budget includes \$50,000 in FY2025 to investigate the feasibility of dredging the Cut within Little Narragansett Bay (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 FY2025 as a place holder for a state match to elevate residences in a project led by the U.S. Army Corps of Engineers (ACOE).

Department of Transportation

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Central Management	\$11.7	\$23.4	\$23.0	(\$0.4)	-1.5%	\$22.8	(\$0.6)	-2.6%
Management and Budget	5.0	4.2	4.0	(0.3)	-6.3%	3.8	(0.4)	-9.5%
Infrastructure-Engineering	630.1	699.5	737.4	37.9	5.4%	695.9	(3.6)	-0.5%
Infrastructure-Maintenance	126.1	162.4	310.8	148.4	91.4%	160.3	(2.1)	-1.3%
Total	\$773.0	\$889.6	\$1,075.3	\$185.7	20.9%	\$882.8	(\$6.8)	-0.8%

Expenditures By Source

General Revenue	-	-	-	-	-	-	-	-
Federal Funds	442.4	474.8	526.2	51.5	10.8%	474.6	(0.2)	0.0%
Restricted Receipts	2.0	6.1	6.2	0.0	0.8%	6.1	(0.1)	-0.8%
Other Funds	328.6	408.7	542.9	134.2	32.8%	402.1	(6.5)	-1.6%
Total	\$773.0	\$889.6	\$1,075.3	\$185.7	20.9%	\$882.8	(\$6.8)	-0.8%

Authorized FTE Levels	755.0	755.0	755.0	-	-	755.0	-	-

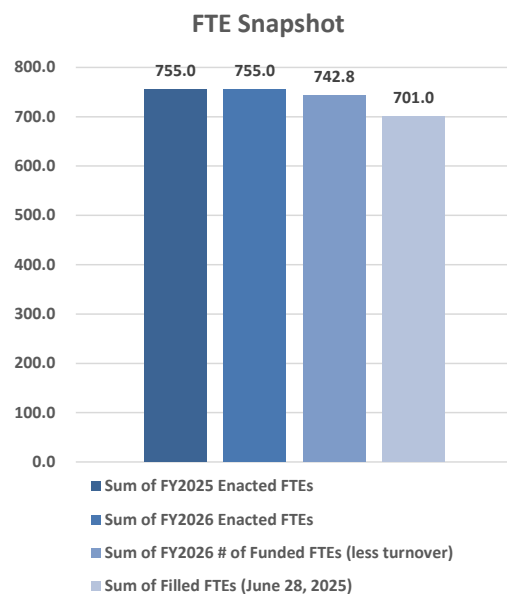
\$ in millions. Totals may vary due to rounding.

The Rhode Island Department of Transportation (RIDOT) is responsible for over 3,300 “lane miles” (1,100 miles) of highway and 1,201 bridges in the State. RIDOT provides services ranging from snow removal to pothole repair, and from installation and maintenance of traffic signalization to design of highway and bridge construction. The Department also develops projects in the areas of rail, water, bicycle, and pedestrian transportation; coordinates with RIPTA on transit projects; and, engages in air quality planning and coordination.

Established in FY1994, the Intermodal Surface Transportation Fund (ISTF) accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used for the maintenance, upgrading, and construction of the State’s highway system. It 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

FY2025 Final: The FY2025 Final Budget includes \$1.1 billion in all funds to support the Department of Transportation, representing a net increase of \$185.7 million or 20.9 percent compared to the FY2025 Budget as Enacted. The increase includes reappropriations and a carry-forward balance from the previous fiscal year, as well as \$3.0 million in other funds (\$4.7 million all funds) to support the statewide personnel cost of living adjustment (COLA) of 5.0 percent. The Budget includes \$526.2 million in federal funds, which comprise 48.9 percent of



the Department's total appropriation and represent a \$51.5 million increase from the previous year's enacted amount. The Department does not receive any general revenue and funding provided by the State is primarily sourced from taxes assessed on the sale of motor fuel, receipts from the proceeds of license and vehicle registration fees collected in the Rhode Island Highway Maintenance Account (RIHMA), and Rhode Island Capital Plan (RICAP) funds, all of which, are classified in budgetary materials as other funds. The Budget contains \$542.9 million of other funds, reflecting an increase of \$134.2 million, or 32.8 percent, from the previous year's enacted amount. Of the \$542.9 million in other funds, \$263.0 million (48.4 percent) reflect RIHMA funds, \$147.9 million (27.2 percent) reflect RICAP funds, and \$125.8 million (23.2 percent) represent motor fuel tax receipts.

FY2026 Enacted: The FY2026 Budget as Enacted includes \$882.8 million in all funds to support the Department, reflecting a \$6.8 million or 0.8 percent decrease from the FY2025 Budget as Enacted. The Budget includes \$474.6 million of federal funds, which comprise 53.8 percent of the Department's total appropriation and represent a \$190,638 reduction from the prior year's enacted level. The Budget includes \$402.1 million of other funds, representing a decrease of \$6.5 million or 1.6 percent, from the FY2025 Budget as Enacted. Of the \$402.1 million in other funds, \$142.9 million (32.1 percent) reflect motor fuel tax receipts, \$129.0 million (32.1 percent) reflect RICAP funds, \$114.0 million (28.4 percent) reflect RIHMA funds. Major initiatives include:

- **Rhode Restore:** Funded with \$6.5 million of motor fuel receipts, the Rhode Restore program will provide matching funds to municipalities for repairs and maintenance of locally owned roads and bridges. The program provides a 33.0 percent match of funds for infrastructure projects in which municipalities contribute 67.0 percent.
- **Truck Tolls:** The Budget assumes the reinstatement of truck tolling in Q4 of FY2026 and includes \$10.0 million of receipts.
- **Statewide COLA:** The Budget provides \$5.5 million of other funds (\$8.6 million all funds) to support the statewide Cost of Living Adjustment (COLA), which includes increases of 5.0 percent for FY2025 and 4.0 percent for FY2026.
- **Article 11:** Article 11 of the FY2026 Budget as Enacted amends existing statutes relating to motor vehicles and transportation funding within the State. Changes that specifically impact the Department of Transportation include revisions to the disposition and inflation adjustment calculation of the motor fuel tax, the introduction of special registration fees for electric vehicles, revisions to the surcharges and fees assessed at the Department of Motor Vehicles, and revisions to the distribution of Highway Maintenance Account funds.

The Budget includes an FTE authorization of 755.0 for FY2025 and FY2026, consistent with the enacted level.

REVENUE

Motor Fuel Tax

Article 11: Article 11 of the FY2026 Budget as Enacted makes changes to the motor fuel tax, specifically, the section revises the inflation adjustment formula to include a two-year period, increases the base rate from \$0.32 to \$0.40 per gallon, and raises RIPTA's share from \$0.0925 to \$0.1125 per gallon (includes RIPTA's \$0.005 share of the Environmental Protection Fee).

Inflation Adjustment Formula: Pursuant to RIGL 31-36-7, the State adjusts the motor fuel tax rate every two years to account for inflation. The calculation applies the change in the Consumer Price Index for All Urban Consumers (CPI-U) from the most recent year to the current tax rate and rounds to the nearest cent. Article 11 revises the formula by increasing the base rate to \$0.40 per gallon and applying the CPI-U delta for the entire two-year period, as opposed to just a single year. The article also requires the next adjustment

to occur on July 1, 2027, which will utilize the CPI-U delta from September 2024 to September 2026. The ORA projects inflationary rate increases of \$0.02 in FY2028 and \$0.01 in FY2030. All funds collected through the increase are appropriated to the Department of Transportation, pursuant to RIGL 31-36-20. The following table illustrates the motor fuel tax disposition included in the FY2025 Budget as Enacted and the FY2026 Budget as Enacted, in addition to out-year projections from the ORA.

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Motor Fuel Tax Revenue Disposition (In Cents)	Enacted	Enacted†	Projected	Projected†	Projected	Projected†
Department of Transportation	21.25¢	22.25¢	22.25¢	24.25¢	24.25¢	25.25¢
Rhode Island Public Transit Authority*	9.75	11.75	11.75	11.75	11.75	11.75
Rhode Island Turnpike and Bridge Authority	3.50	3.50	3.50	3.50	3.50	3.50
GARVEE Motor Fuel Bond Debt Service	2.00	2.00	2.00	2.00	2.00	2.00
Office of Healthy Aging	1.00	1.00	1.00	1.00	1.00	1.00
Total	37.50¢	40.50¢	40.50¢	42.50¢	42.50¢	43.50¢

*RIPTA figures include the \$0.005 share of the \$0.01 Environmental Protection Fee

†Indicates projected rate increase

Source: Office of Revenue Analysis May 2024, November 2024, and June 2025 projections

Current Revenue: The Budget includes \$166.2 million of motor fuel tax receipts in FY2025 and \$176.5 million in FY2026, reflecting increases of \$5.9 million and \$16.3 million respectively, when compared to the FY2025 Budget as Enacted. Pursuant to changes made in Article 11, the Budget includes a FY2026 motor fuel tax rate of \$0.405 per gallon, which is \$0.03 above the \$0.375 rate included in the FY2025 Budget as Enacted and FY2025 Final Budget. The rate increase reflects a \$0.01 inflation adjustment and a \$0.02 increase for RIPTA, which is mandated in Article 11. The ORA projects that each cent of the State's motor fuel tax will yield \$4.4 million in FY2025 and FY2026, reflecting increases of \$158,574 and \$85,533 above the yield included in the previous year's enacted budget.

Of the \$176.5 million in motor fuel tax receipts collected in FY2026, the Budget provides the Department of Transportation with \$97.0 million, reflecting a \$6.2 million increase from the previous year. The Department's share increased primarily due to the \$0.01 inflationary adjustment, which provides the Department with an additional \$4.4 million. The Budget includes \$51.2 million in receipts for RIPTA, reflecting a \$9.6 million increase from previous year's enacted amount. RIPTA's allocation includes the \$0.02 per gallon increase, pursuant to Article 11, as well as the Authority's \$0.005 share of the Environmental Protection Fee. The State assesses a \$0.01 per gallon Environmental Protection Fee and divides the revenue evenly between the Underground Storage Tank Fund (UST) and RIPTA. The ORA classifies RIPTA's \$0.005 per gallon share as gas tax revenue, but not the funds transferred to the UST. This practice results in consumers paying a state motor fuel tax rate of \$0.375 in FY2025 and \$0.405 in FY2026, for each gallon purchased. The following table displays the audited distribution totals of motor fuel tax revenue in FY2024 in addition to the ORA's projections that are included in both the FY2025 Final and FY2026 Budget as Enacted, as well as out-year projections through FY2030.

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Motor Fuel Tax Distribution	Audited	Final	Enacted†	Projected	Projected†	Projected	Projected†
Department of Transportation	\$92.4	\$94.2	\$97.0	\$95.0	\$101.3	\$98.8	\$100.0
Rhode Island Public Transit Authority*	42.3	43.2	51.2	50.2	49.1	47.9	46.6
Rhode Island Turnpike and Bridge Authority	15.2	15.5	15.3	14.9	14.6	14.3	13.9
GARVEE Motor Fuel Bond Debt Service	8.7	8.9	8.7	8.5	8.4	8.2	7.9
Office of Healthy Aging	4.3	4.4	4.4	4.3	4.2	4.1	4.0
Total	\$162.9	\$166.2	\$176.5	\$172.9	\$177.5	\$173.2	\$172.3

*Includes RIPTA's \$0.005 /gallon share of the \$0.01 Environmental Protection Fee.

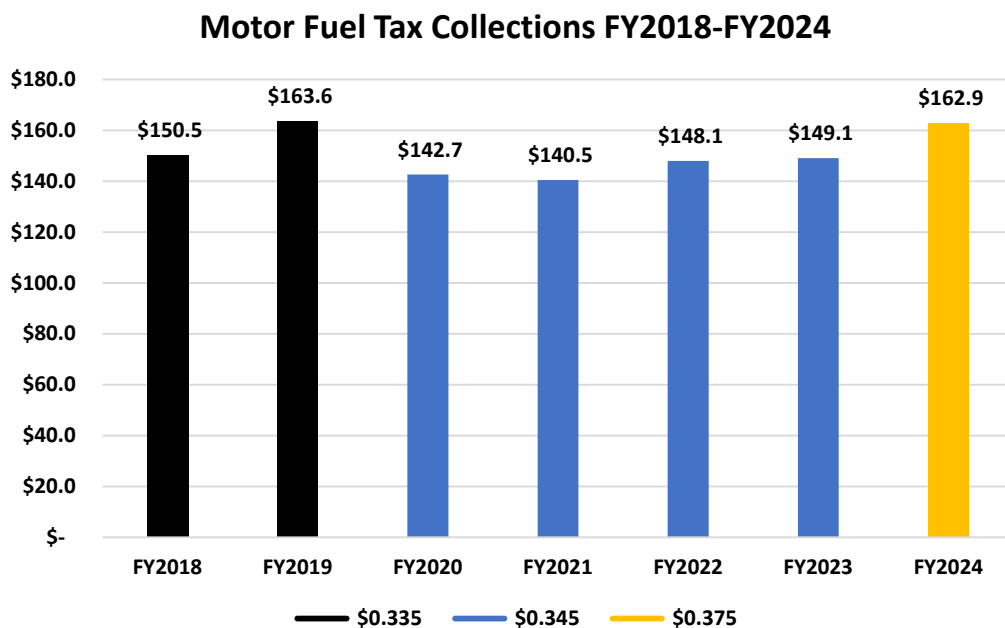
†Indicates a projected increase to the rate.

Source: Office of Revenue Analysis June 2025

Background on Motor Fuel Tax: In FY2014, RIDOT received \$0.2175 per gallon of gasoline sold in the State, with the Rhode Island Public Transit Authority (RIPTA) and the Department of Human Services (DHS) receiving \$0.1075. RIPTA uses gas tax revenues to fund multiple expenses including maintenance, operations, and their underground storage tank fee, while DHS uses gas tax revenues to partially fund their transit programs. In FY2015, the State amended the gas tax distribution to provide the Rhode Island Turnpike and Bridge Authority (RITBA) with \$0.035 per gallon which is used for maintenance operations, capital expenditures, and debt service on any of its projects, in place of a toll on the Sakonnet River Bridge. This reduced RIDOT's share of the gasoline tax to \$0.1825 per gallon.

In FY2016, the State began adjusting the gas tax for inflation, the biennial adjustment was based on a single year increase to the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest \$0.01 increment. The ORA is responsible for both estimating the gas tax yield as well as calculating the impact of the CPI-U. For FY2024, the ORA determined, a \$0.03 increase was warranted due to heightened inflation, raising the rate from \$0.345 per gallon to \$0.375 per gallon.

Recent Collections: The State collected \$162.9 million of revenue from the motor fuel tax in FY2024, which was assessed at a rate of \$0.375 per gallon. The revenue reflects a \$13.9 million increase from the previous year, primarily due to a \$23,729 increase to the per penny yield and a 3 cent per gallon rate increase, which took effect at the start of FY2024. The following graph illustrates the motor fuel tax rate and actual collection totals for FY2018 through FY2024.



\$ in millions, totals may vary due to rounding.

Source: Office of Revenue Analysis

Rhode Island Highway Maintenance Account (RIHMA)

Article 11: Article 11 revises existing statutes pertaining to the Rhode Island Highway Maintenance Account (RIHMA) specifically, the article increases various fees and surcharges assessed at the Department of Motor Vehicles, implements special registration fees for electric vehicles, and increases RIPTA's percentage allocation from 5.0 to 10.0 percent.

Revenue Projections: The Budget includes \$112.3 million of RIHMA receipts in FY2025 and \$117.7 million in FY2026. The receipts included in the FY2025 Final Budget reflect a \$244,324 decrease from the FY2025 Budget as Enacted while the receipts in the FY2026 Enacted Budget represent a \$5.2 million

increase. The increase in FY2026 is reflective of the various changes to the RIHMA included in Article 11. Of the \$112.3 million of RIHMA receipts collected in FY2025, \$10.3 million are allocated to RIPTA, \$5.6 million to the general fund, and the remaining balance of \$95.7 million is transferred to the Department of Transportation.

In FY2026, the ORA projects the RIHMA to collect \$117.7 million, of which, \$16.2 million will be transferred to RIPTA, \$5.9 million to the general fund, and the remaining balance of \$95.6 million will be transferred to the Department of Transportation. The following table depicts audited distribution totals of motor fuel tax revenue in FY2024 and the ORA's projections included in both the FY2025 Final and FY2026 Budget as Enacted, as well as out-year projections through FY2030.

Rhode Island Highway Maintenance Account Forecast

Fees and Surcharges	FY2024 Audited	FY2025 Final	FY2026 Enacted	FY2027 Projected	FY2028 Projected	FY2029 Projected	FY2030 Projected
Licenses Base	\$6.7	\$6.7	\$6.7	\$6.7	\$6.6	\$6.5	\$6.5
Registrations Base	50.6	49.7	50.2	50.2	50.0	50.1	50.1
Licenses Surcharge	5.3	5.3	6.1	7.0	6.9	6.9	6.8
Registrations Surcharge	14.9	14.7	16.3	19.0	19.5	19.9	20.3
Rental Vehicle Surcharge	9.6	10.7	10.7	10.6	10.7	10.8	11.0
Emission Inspection Fees	13.7	13.5	12.9	13.1	13.5	13.8	14.0
Motor Vehicle Title Fees	10.5	11.2	10.7	10.9	11.2	11.4	11.6
Good Driving Fees	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4
EV Fees	0.0	0.0	3.6	9.1	12.5	16.4	21.0
RIHMA Total	\$111.8	\$112.3	\$117.7	\$126.9	\$131.4	\$136.3	\$141.8
5% Share to General Fund	\$5.6	\$5.6	\$5.9	\$6.3	\$6.6	\$6.8	\$7.1
Remaining RIHMA Funds	\$106.2	\$106.6	\$111.8	\$120.6	\$124.8	\$129.5	\$134.7
10.0% Share to RIPTA*	\$5.3	\$5.3	\$11.2	\$12.1	\$12.5	\$12.9	\$13.5
\$5.0 million Transfer to RIPTA	5.0	5.0	5.0	5.0	5.0	5.0	5.0
DOT Share	\$95.9	\$96.3	\$95.6	\$103.5	\$107.3	\$111.5	\$116.2

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

Source: Office of Revenue Analysis, June 2025

**RIPTA's share increased to 10.0% in FY2026 and was previously 5.0%.*

Electric Vehicle Fee: The Budget introduces a special registration fee for electric vehicles in Article 11, which requires owners of hybrid, plug-in hybrid, and battery electric vehicles to pay a special registration fee, which will be deposited in the RIHMA. The registration fees are assessed annually and reflect \$200 for battery electric vehicles, \$100 for plug-in hybrids and \$50 for hybrid vehicles. Additionally, the article requires the Administrator of the Division of Motor Vehicles (DMV) to submit a report to the General Assembly by January 1, 2027, regarding available options and recommendations to index the electric vehicle fees with inflation. The following table illustrates the revenue that the electric vehicle fee is projected to collect in FY2026, in addition to its distribution.

Revenue Collection	Fee Amount	FY2026 Enacted
Battery Electric Vehicles	\$200	\$1,856,400
Plug-In Hybrid Electric Vehicles	100	556,900
Hybrid Electric Vehicles	50	1,227,150
Total Deposited to HMA		\$3,640,450

Transfer from HMA	FY2026 Enacted
General Fund	\$182,023
RIPTA	345,843
RIDOT	3,112,585
Total Transferred from HMA	\$3,640,450

Source: Office of Revenue Analysis, June 2025 HMA Forecast

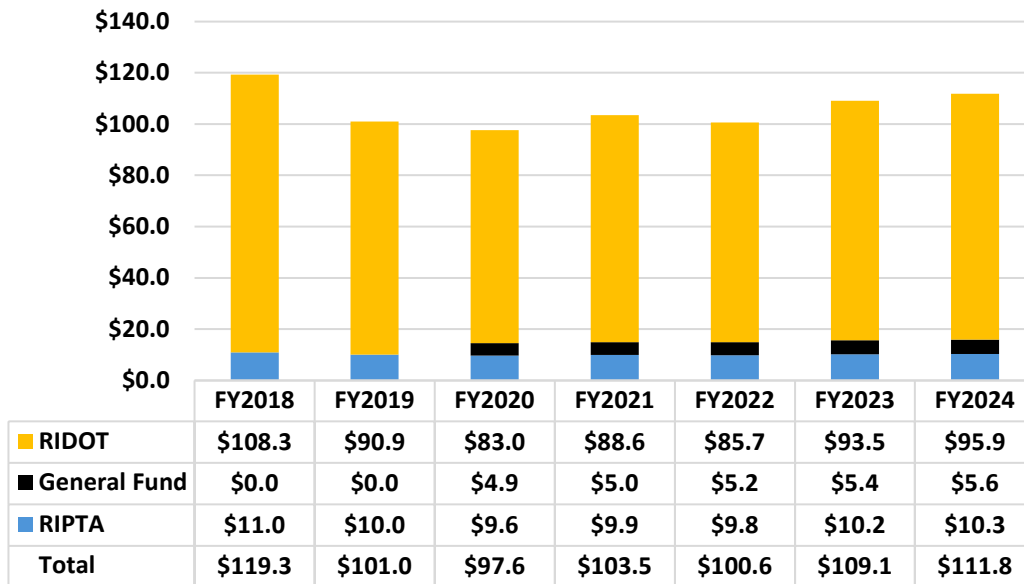
Background on RIHMA: The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund (ISTF). The FY2015 Budget as Enacted provided additional funding for transportation projects through increased deposits into the HMA including a surcharge of \$25.00 on all dismissals based upon a good driving record, in addition to the \$5.00 administration fee; an increase in the vehicle inspection fee from \$39.00 to \$55.00; transfer of existing revenue from inspection stickers (\$16.00 per inspection), motor vehicle title (\$50.00 per title), and car rental surcharges (8.0 percent of gross receipts per rental vehicle for the first thirty days) from the general fund to the HMA; and, the phased-in transfer of all vehicle license and registration fees into the HMA beginning in FY2016.

Article 8 of the FY2020 Budget as Enacted, altered the percentage of fees going into the HMA such that 5.0 percent of the total fees collected each year are retained by the Division of Motor Vehicles (DMV) and the remaining 95.0 percent are deposited into the Account. The funds retained by the DMV are intended to help partially offset personnel costs associated with collecting the fees associated with the HMA. The remaining 95.0 percent of fees deposited into the HMA are shared between DOT and RIPTA, with RIPTA receiving 5.0 percent of the funds deposited and DOT receiving the remaining amount. Article 8 also extended RIPTA's \$5.0 million annual appropriation to support the Free-Fare program indefinitely.

Article 2 of the FY2024 Enacted Budget shifted the Division of Motor Vehicles (DMV) duplicate license/updated information fee revenue from general revenue to the State's Highway Maintenance Account.

The following table illustrates the audited collection totals of the HMA for FY2018-FY2024 as well as their distribution.

HMA Collections FY2018-FY2024



\$ in millions, totals may vary due to rounding.

Source: Office of Revenue Analysis

RhodeWorks

The General Assembly enacted “The Rhode Island Bridge Replacement, Reconstruction and Maintenance Fund Act of 2016,” in February 2016. The legislation, also known as “RhodeWorks” authorized the State to issue new GARVEE bonds and collect tolls from trucks. In September of 2022, the U.S. District Court determined the truck tolling program was unconstitutional, as certain provisions favored local trucks, and ordered the State to halt the collection of tolls. The State appealed the decision, and in December of 2024, the federal First Circuit Court of Appeals ruled in favor of the State and authorized the resumption of the toll program, if the provisions favoring local trucks were removed. As a result, the Budget includes \$10.0 million of toll revenue to be collected in the final quarter of FY2026.

Truck Tolling Background

- Federal Court Decision:** On September 21, 2022, U.S. District Court Judge William E. Smith ordered Rhode Island officials to stop collecting truck tolls which resulted in a pause to the State’s tolling program. Judge Smith ruled the policy in its current form is unconstitutional. The program included three statutory caps that benefitted local trucks: a truck cannot pay a toll more than once in each direction, a truck cannot pay more than \$40 per day, and a truck cannot pay more than \$20 for making a single through trip from Connecticut to Massachusetts. The FY2024 Budget as Enacted required \$70.0 million in surplus general revenue be deposited into the Rhode Island Capital Plan Fund to hold the Department harmless for expected toll revenue losses through FY2024. The Department’s plan had allocated \$130.0 million of toll revenue to highway projects from FY2023 through FY2025, including \$95.0 million to finance the Route 6/10 Interchange Reconstruction project.
- Gantries and Revenue:** The truck-only tolling plan received formal federal approval in September 2016, at which time, the RIDOT executed a series of Memoranda of Understanding with the Federal Highway Administration regarding which bridge locations toll revenue could be used to maintain. In December 2016, RIDOT issued the RFP for the Design-Build-Operate-Maintain (DBOM) contract for the tolling program, including gantry design and construction; all operational elements, testing and acceptance; and long-term maintenance of the tolling equipment and facilities. In 2017, the Department

awarded a contract to Kapsch TrafficCom to design, build, operate, and maintain the gantries for 10 years. The Department originally anticipated building 14 gantries but only completed 13. The following table illustrates the total amount of billable revenue collected by the tolling program as well as the total number of transactions from FY2019-FY2023.

	Billable Revenue	Total Transactions	Average Transaction (\$)
FY2019	\$7,238,821	2,189,230	\$3.31
FY2020	15,203,088	4,050,801	\$3.75
FY2021	34,001,005	9,389,063	\$3.62
FY2022	39,775,753	10,340,045	\$3.85
FY2023	6,764,853	1,717,312	\$3.94
Total	\$102,983,520	27,686,451	\$3.72

Source: RIDOT- RhodeWorks Traffic and Revenue Report

- **Appeal and Resumption:** The State appealed the September 2022 decision and hired the Providence law firm Adler, Pollack, and Sheehan for representation. The federal First Circuit Court of Appeals ruled in favor of the State in December of 2024, and authorized the program to resume, so far as the statutory caps were removed. The Budget assumes toll collection will resume in the final quarter of FY2026 and includes \$10.0 million of revenue.

Bonding

- RhodeWorks also allowed for the refinancing and restructuring of previously existing GARVEE bonds to realize approximately \$120.0 million in additional resources during the first three years post-refinancing.
- The Rhode Island Commerce Corporation is authorized to issue new GARVEE bonds, not to exceed \$300.0 million, for bridge replacement, reconstruction, maintenance, and operations. These bonds have an expected term of fifteen years, with interest-only payments in the first nine years, and will be repaid from future toll revenues and reimbursements.

Analyst Note: GARVEE funding authorized for the Washington Bridge Project in the FY2025 Budget as Enacted is in addition to the above authorization.

- Article 6 of the FY2020 Budget as Enacted provided for the issuance of \$200.0 million in GARVEE bonds issued through the Rhode Island Commerce Corporation to fund the bridge replacement, reconstruction, and maintenance of the RhodeWorks program. Total debt service is not expected to exceed \$275.0 million over 15 years. Debt service is financed through future Federal Highway Administration appropriations.
- In March 2021, voters approved a bond referendum for \$71.7 million in General Obligation (GO) bonds for the Department. The GO bonds are used as a 20.0 percent state match needed for federal highway road and bridge projects. Debt service for the Department's GO bonds is included in the Department of Administration's Budget but is paid for by DOT through gas tax receipts. The Budget exhausts \$67.0 million of this funding in FY2025 and the remaining \$4.7 million in FY2026.
- Article 4 of the FY2025 Budget as Enacted authorized the issuance of \$334.6 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds with a total debt service amount of \$538.6 million to be used for the Washington Bridge Project. Assuming a standard 5.0 percent coupon rate and the issuance of the entire authorized amount, the total interest amount would be \$204.1 million. The State is permitted to issue a lesser amount, if additional federal funds for the project become available.

State Transportation Improvement Program

The Department includes major projects that the State intends to implement in its 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 from FFY2022-FFY2031 and was last revised in July of 2025. The Rhode Island Public Transit Authority (RIPTA) and the Rhode Island Turnpike and Bridge Authority (RITBA) each have programs within the STIP, in addition to the Department of Transportation. RIDOT is currently appropriated 84.0 percent of the STIP's total funding through FFY2031, with RIPTA receiving 14.2 percent, and the remaining 1.8 percent directed to RITBA. The following table illustrates the funding totals for the STIP programs through FFY2031 as well as a summarized view for programs from FFY2022-FFY2025

	FY2022 -							
RIDOT STIP Programs	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
Major Capital Projects Program	\$1,070.0	\$499.3	\$449.5	\$292.1	\$167.9	\$126.0	\$58.4	\$2,663.2
Bridge Program	707.0	205.9	191.1	198.7	230.6	183.8	167.2	1,884.3
Debt Service Program	458.1	111.5	108.7	107.5	107.5	107.5	107.3	1,108.0
Maintenance Operations Program	317.7	82.6	79.3	79.7	80.5	81.4	82.4	803.6
Pavement Program	437.8	71.0	63.6	47.5	46.2	55.2	53.9	775.1
Headquarters Operations Program	185.9	47.0	47.3	47.6	47.9	48.4	48.7	472.8
Active Transportation Program	192.0	54.9	52.2	39.6	20.5	19.7	20.8	399.7
Traffic Safety Program	150.8	35.3	35.8	36.2	36.2	37.3	36.6	368.0
Corridor Projects Programs	55.4	43.5	60.0	63.3	57.8	44.7	33.2	357.8
Transit Program	109.2	32.9	25.7	27.2	29.4	34.6	39.8	298.9
Study and Development Program	74.4	33.3	26.2	17.7	9.8	9.8	9.8	180.9
Stormwater Program	57.5	11.4	25.1	25.1	11.1	11.0	10.0	151.1
NHTSA Program	36.3	9.1	9.1	9.1	9.1	9.1	9.1	90.8
RIDOT Subtotal	\$3,852.1	\$1,237.6	\$1,173.6	\$991.2	\$854.5	\$768.4	\$676.9	\$9,554.1
RIPTA STIP Programs								
Transit Capital	\$157.5	\$22.1	\$21.5	\$21.5	\$21.5	\$21.5	\$22.1	\$287.6
Transit Service	67.9	14.4	14.7	15.1	15.4	15.9	16.2	159.7
Transit Support Operations	510.0	110.7	110.1	110.3	110.4	110.1	110.2	1171.6
RIPTA Subtotal	\$735.4	\$147.2	\$146.2	\$146.9	\$147.3	\$147.5	\$148.4	\$1,618.8
RITBA STIP Programs								
Capital Projects Program	\$82.1	\$68.3	\$45.4	\$6.4	\$0.0	\$0.0	\$0.0	\$202.2
RITBA Subtotal	\$82.1	\$68.3	\$45.4	\$6.4	\$0.0	\$0.0	\$0.0	\$202.2
Total	\$4,669.5	\$1,453.1	\$1,365.2	\$1,144.4	\$1,001.7	\$915.8	\$825.3	\$11,375.1

\$ in millions, totals may vary due to rounding. Years reflect federal fiscal year.

Source: RIDOT STIP Revision 17- July 22,2025

Analyst Note: The Rhode Island Division of Statewide Planning (RIDSP) in collaboration with RIDOT and RIPTA, is currently finalizing the FFY2026-2035 STIP. The STIP will have a fiscal constraint period of FFY2026-FFY2029, as federal regulations require STIPs to only utilize funding that is reasonably expected to be available within the time period. RIDSP held two virtual public listening sessions on July 9, 2025, as well as two in-person hearings for public comment, one on July 10, 2025, in North Kingstown and one on July 16, 2025, in Providence. As of August 12, 2025, a draft report of the FFY2026-2025 STIP is available online at the Division of Statewide Planning's website.

Major Capital Projects Program: The Major Capital Projects Program is supported by \$2.7 billion in all funds through FFY2031 and represents 27.9 percent of the STIP's total funding. The program is funded

with \$360.1 million in FFY2025 and \$499.3 million in FFY2026. Projects within the program include the demolition and replacement of the Washington Bridge, the Providence Viaduct project, and the Route 146 project. The following table displays the program's expenditures from FFY2022-FFY2031 by project, with a summarized view for FFY2022-FFY2025.

Major Capital Projects	FY2022 -							Total
	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	
Bridge Group 04, The I-95 15	\$97.0	\$105.0	\$150.0	\$140.0	\$115.0	\$115.0	\$57.9	\$779.9
Washington Bridge Project*	121.2	200.2	158.8	71.9	20.0	-	-	572.1
I-95 Northbound Viaduct Project	207.0	5.0	3.5	-	-	-	-	215.5
Route 146 Reconstruction	132.6	61.8	2.5	-	-	-	-	196.9
Route 6/10 Interchange	135.0	8.0	-	-	-	-	-	143.0
Bridge Group 95 - I-95/RI-4	46.8	25.0	30.0	20.8	11.9	0.5	-	135.0
Bridge Group 97 - Warwick Quarter	34.9	27.0	27.0	13.1	0.5	0.0	-	102.5
Bridge Group 20A - Dean Street	5.5	12.5	30.0	30.0	5.5	1.5	-	85.0
Bridge Group 51B - RT 37 C-3	71.1	4.5	2.5	-	-	-	-	78.1
Pell Bridge Ramps, Phase 2	75.9	2.0	-	-	-	-	-	77.9
Project Name: Bridge Group 16D -	5.2	15.5	15.0	15.0	15.0	9.0	0.5	75.2
Bridge Group 18C_R Frenchtown	11.9	30.0	27.5	1.3	-	-	-	70.6
Bridge Group 49- Henderson Bridge	60.2	1.5	1.5	-	-	-	-	63.2
Bridge Group 57TB- Washington Bridge North	35.5	1.3	1.3	-	-	-	-	38.0
Bridge Group 51A - Rt-37 C-2	26.9	-	-	-	-	-	-	26.9
Pell Bridge Ramps, Phase 1	3.5	-	-	-	-	-	-	3.5
Total	\$1,070.0	\$499.3	\$449.5	\$292.1	\$167.9	\$126.0	\$58.4	\$2,663.2

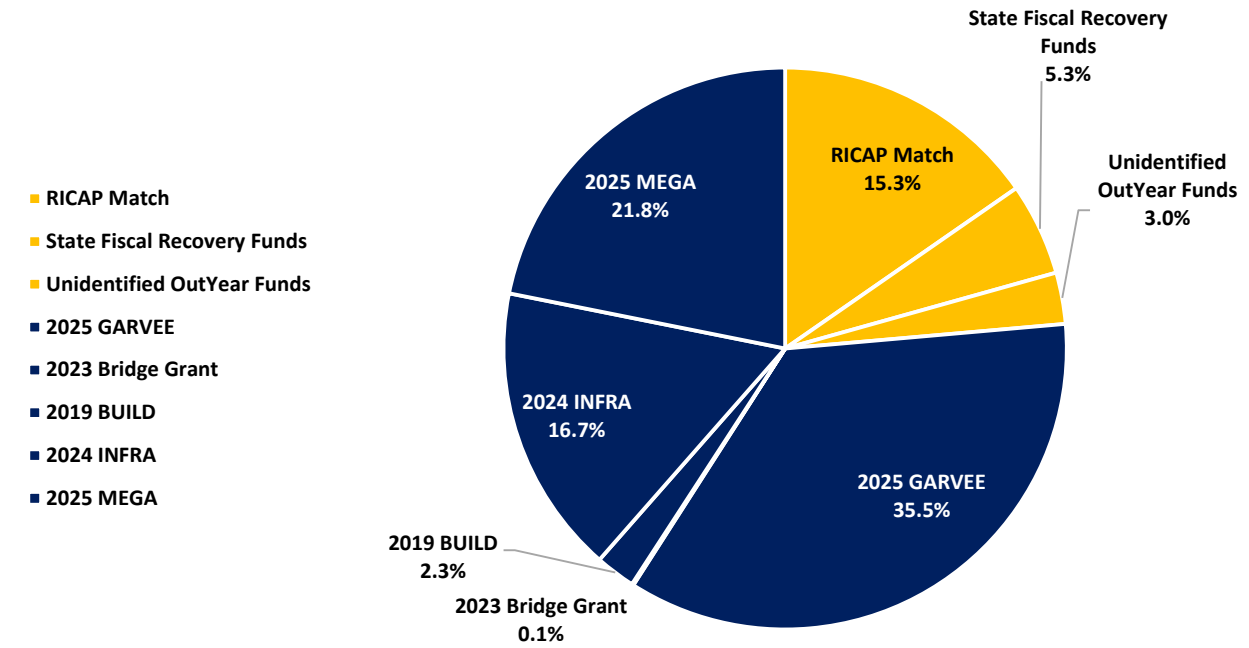
*Washington Bridge Project includes all 3 phases.

\$ in millions, totals may vary due to rounding. Years reflect federal fiscal year.

Source: RIDOT STIP Revision 17- July 22,2025

- **Bridge Group 04, The I-95 15:** The STIP includes \$779.9 million in all funds for the I-95 15 project through FFY2031, including \$71.7 million in FFY2025 and \$105.0 million in FFY2026. The I-95 15 is the largest project undertaken by the Department and addresses 15 bridges that are in poor or fair condition alongside I-95 and Route 10. The Department was awarded a \$251.0 million federal Bridge Investment Program grant which offsets the cost to the State. The Department's website indicates that completion of the project will reduce the number of bridges rated poor by 7.6 percent, the total deck area of bridges rated poor by 17.5 percent, as well as eliminate three of the five most travelled structurally deficient bridges in the State. The Department is expected to finish construction in 2031.
- **Washington Bridge Project:** The STIP includes \$572.1 million in all funds for the emergency support expenses and capital costs associated with the demolition and reconstruction of the Washington Bridge, including \$96.8 million in FFY2025 and \$200.2 million in FFY2026. Of the \$572.1 million total, \$135.0 million, or 23.6 percent reflect State funds, with the remaining \$437.1 million being federally funded. The State was awarded \$220.5 million in discretionary grants to support the project, which are included in the STIP, as well as \$16.9 million in out-year state funding that has yet to be formally identified. The following table and graph illustrate the project's funding sources, as identified in the latest STIP Revision, dated July 22, 2025.

Washington Bridge Funding by Source



State Funds	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
RICAP Match	\$8.5	\$4.8	\$24.3	\$31.8	\$14.4	\$4.0	\$87.7
State Fiscal Recovery Funds	0.1	14.6	15.8	-	-	-	30.4
Unidentified OutYear Funds	-	-	-	-	16.9	-	16.9
Subtotal	\$8.6	\$19.4	\$40.0	\$31.8	\$31.3	\$4.0	\$135.0

Federal Funds	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
2025 GARVEE	\$15.3	\$77.5	\$50.0	\$30.0	\$14.1	\$16.0	\$202.9
2023 Bridge Grant	0.6	-	-	-	-	-	0.6
2019 BUILD	-	-	13.2	-	-	-	13.2
2024 INFRA	-	-	47.0	47.0	1.5	-	95.5
2025 MEGA	-	-	50.0	50.0	25.0	-	125.0
Subtotal	\$15.8	\$77.5	\$160.2	\$127.0	\$40.6	\$16.0	\$437.1

Total	\$24.4	\$96.8	\$200.2	\$158.8	\$71.9	\$20.0	\$572.1

\$ in millions, totals may vary due to rounding. Years reflect federal fiscal year.

Source: RIDOT STIP Revision 17- July 22,2025

- **Background:** On December 11, 2023, RIDOT closed the Washington Bridge due to the discovery of a critical failure. Three months later, on March 14, 2024, the Governor announced the bridge would need to be demolished and rebuilt. Starting in May 2024, the Department began publishing a monthly snapshot report, providing critical information including the project’s schedule, costs, and traffic data. The Washington Bridge project is grouped into three sub-projects which are titled: Emergency Repairs, the Demolition Project, and the Replacement Project. The following table illustrates the project’s components (from all fund sources) identified in STIP Revision 17, dated July 22, 2025.

Washington Bridge	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
Emergency Repairs	\$22.4	\$24.0	-	-	-	-	\$46.4
Bridge Demolition Project	1.5	71.3	25.0	-	-	-	\$97.8
Bridge Replacement Project	0.5	1.5	175.2	158.8	71.9	20	\$427.9
Total	\$24.4	\$96.8	\$200.2	\$158.8	\$71.9	\$20.0	\$572.1

\$ in millions, totals may vary due to rounding. Years reflect federal fiscal year.

Source: RIDOT STIP Revision 17- July 22,2025

- **Emergency Repairs:** The STIP includes \$46.4 million for the Emergency Repairs project, with \$24.0 million occurring in FFY2025 and \$0 in FFY2026. The project involves repairing emergency tie rods, widening the lanes to accommodate 6 total lanes, shoring on Gano Street, and the ferry service that RIDOT provided in January of 2024. The following table displays the estimated budget as well as the expenses paid to date, as indicated by the August 1, 2025, Washington Bridge Snapshot Report.

Emergency Project	Estimated Budget	Expenses Paid to Date
Design Build Team Construction	\$21.0	\$18.1
Bridge Inspections	11.0	6.0
Towing Services	2.0	8.8
Municipal Reimbursements & State Police	5.0	4.6
RIDOT Staff & Miscellaneous	5.0	3.1
Ferry Service	2.4	2.4
Total	\$46.4	\$42.9

\$ in millions, totals may vary due to rounding.

Source: RIDOT Washington Bridge Snapshot- August 1, 2025

- **Demolition Project:** The STIP includes \$97.8 million for the Demolition Project, with \$71.3 million occurring in FY2025 and \$25.0 million in FY2026. The project includes removing both the bridge's superstructure as well as the substructure, that was not included in the initial estimate and caused the Department to issue a change order which was approved on October 16, 2024. The Department completed the superstructure demolition on February 21, 2025, and reports indicate that they are on schedule for a December 15, 2025, completion date for the substructure. The following table displays both the project's estimated and revised budgets as well as the expenses paid to date, indicated by the Department's Washington Bridge Snapshot report, dated August 1, 2025.

Demolition Project	Estimated Budget	Revised Budget	Expenses Paid to Date
Design	\$1.8	\$2.4	\$1.0
Construction	31.0	87.9	62.4
Contingency	4.7	3.2	0.0
Other	3.1	4.3	1.2
Total	\$40.5	\$97.9	\$64.6

\$ in millions, totals may vary due to rounding.

Source: RIDOT Washington Bridge Snapshot- August 1, 2025

- **Replacement Project:** The STIP includes \$427.9 million for the Replacement Project, including \$1.5 million in FY2025 and \$175.2 million in FY2026. On June 6, 2025, the Governor announced that Walsh Construction Company and design partner WSP were selected to complete the project, with initial work to begin in July of 2025. The Department's August 1, 2025, Washington Bridge Snapshot report indicates an interim completion date of November 2028 and a substantial completion date of June 2029.

both the project's estimated and revised budgets as well as the expenses paid to date, indicated by the Department's Washington Bridge Snapshot report, dated August 1, 2025.

Replacement Project	Estimated Budget	Revised Budget	Expenses Paid to Date
Design	\$3.6	\$6.3	\$2.1
Construction	315.6	339.6	0.0
Contingency	37.8	34.0	0.0
Other	11.4	48.0	2.0
Total	\$368.3	\$427.9	\$4.1

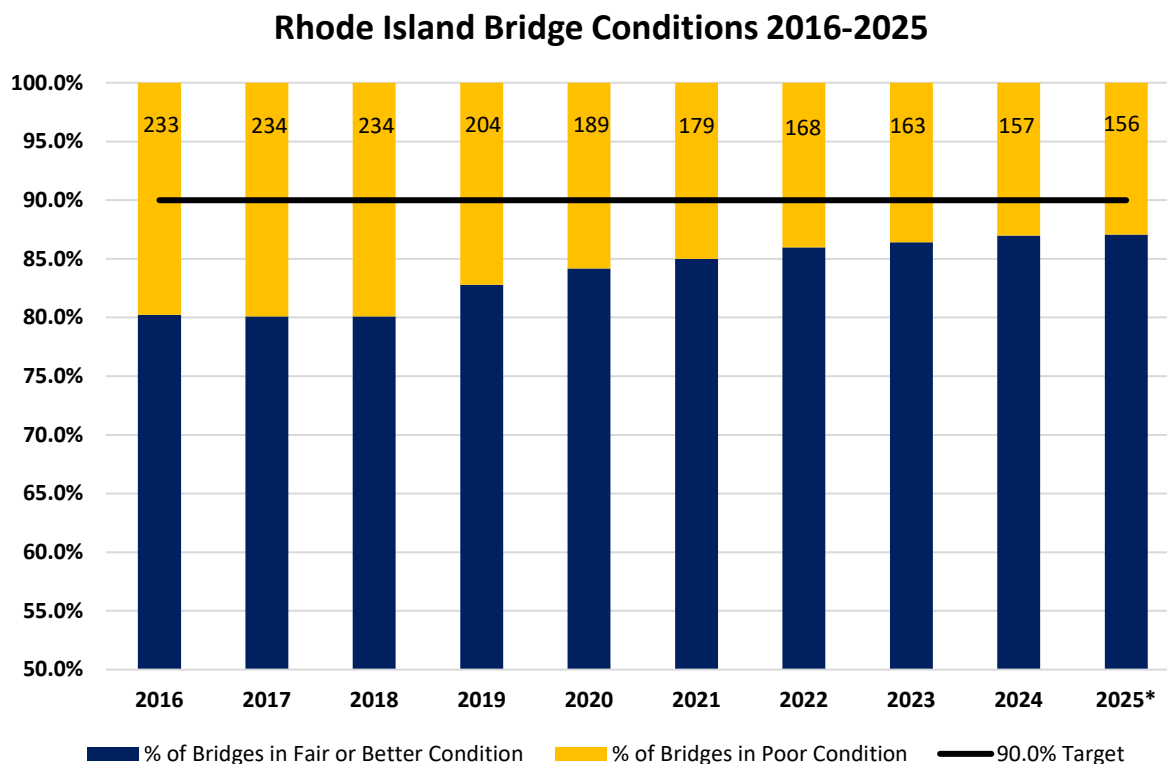
\$ in millions, totals may vary due to rounding.

Source: RIDOT Washington Bridge Snapshot- August 1, 2025

- **I- 95 Northbound Viaduct Project:** The STIP includes \$215.5 million in all funds through FFY2031 for the I-95 Northbound Viaduct project, including \$45.0 million in FFY2025 and \$5.0 million in FFY2026. The project replaces the 1,295-foot-long northbound section of the Providence Viaduct Bridge, which supports I-95 over municipal roads, highway ramps, Amtrak's Northeast Corridor, and the Woonasquatucket River. The project is scheduled to finish construction in CY2025 and is supported with a \$45.4 million federal INFRA grant.
- **Route 146 Reconstruction:** The STIP includes \$196.9 million in all funds through FFY2031 for the Route 146 Reconstruction project, including \$30.1 million in FFY2025 and \$61.8 million in FFY2026. The project makes necessary improvements to Route 146, including the rehabilitation of four bridges and the replacement of one, construction of frontage roads for safer and easier access, and the repavement of Route 146 from the I-295 interchange to the Massachusetts state line. The project is scheduled to finish construction in CY2026 and is supported by a \$65.0 million INFRA grant.
- **Route 6/10 Interchange:** This STIP includes \$143.0 million in all funds through FFY2031 for the Route 6/10 Interchange project, including \$15.0 million in FFY2025 and \$8.0 million in FFY2026. The project reconstructs the entire 6/10 interchange within the current highway right of way and addresses the seven structurally deficient bridges within the project area. The project began construction in 2018, was scheduled to be complete in 2024. The Department indicates that the delay is related to Amtrak and the project will be completed in 2025.

Bridge Capital Program: The Bridge Capital Program is the second largest program in the STIP and is supported with \$1.9 billion in all funds through FFY2031, representing 16.7 percent of all STIP funding. The STIP includes \$205.4 million in FFY2025, and \$205.9 million in FFY2026 for the program.

- In 2015, Rhode Island was ranked last in the nation for overall bridge condition with about 24.0 percent of bridges ranked as structurally deficient. The Bridge Capital Program identifies and develops a structured sequence of preservation, repair, rehabilitation, and replacement actions in order to sustain a state of good repair for the State's 1,200 bridges at a minimum cost. The program is primarily focused on reducing the percentage of structurally deficient bridges to 10.0 percent by 2025.
- As of July 2025, 156, or 12.9 percent, of the State's 1,207 bridges are in poor condition. The State would need to repair approximately 35 bridges over the next two years to reach the goal of 90.0 percent structurally sound bridges throughout the State. The following graph displays the State's bridge conditions and progress toward reaching the 90.0 percent goal.



Source: RIDOT Q1 Quarterly Reports, Bridge Conditions in December.

*2025 reflects Q3 Quarterly Report, Bridge Conditions in June, dated July 30, 2025

Debt Service Program: The Debt Service Program is the third largest program in the STIP and is supported with \$1.1 billion in all funds through FFY2031, including \$112.4 million in FFY2025 and \$111.5 million in FFY2026. The program services General Obligation Transportation Bonds, Motor Fuel Bonds, Grant Anticipation Revenue Vehicle Bonds (GARVEE), and pass-through funding for RIPTA's General Obligation Transportation Bonds. The State issues General Obligation Transportation Bonds (GO Bonds) to finance transportation-related construction projects, with the most recent issuance occurring in CY2021. GARVEE bonds enable the State to pay debt service and other bond-related expenses with future federal-aid highway funds. GARVEE bonds generate up-front capital for major highway projects at generally tax-exempt rates and enable the State to construct a project earlier than if using traditional pay-as-you-go grant resources.

Maintenance Operations Program: The STIP includes \$803.6 million in all funds for the Maintenance Operations program through FFY2031, including \$87.2 million in FFY2025 and \$82.6 million in FFY2026. The Maintenance Operations program is responsible for the maintenance and upkeep of state-owned facilities, roadways, and small bridges as well as maintaining RIDOT's vehicle fleet. The program also includes winter maintenance, such as plowing and sanding, in addition to the Department's Transportation Management Center, which monitors traffic conditions.

Pavement Program: The STIP includes \$775.1 million for the Pavement Program through FFY2031, which provides funding for design and construction projects that maintain the State's roadways. 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. Pavement sufficiency targets were approved and phased-in throughout May of 2018. Rhode Island has 6,528 miles of roadways, of which, the Department maintains approximately 1,100 miles. The Pavement Program aims to improve the State's Pavement Structural Health Index (PSHI), which is a rating system that evaluates 1/10-mile segments of roads with weighted distresses,

determining a rating between 0 and 100, with 100 representing distress-free roads. RIDOT's goal is to maintain an average PSHI of 80.0 percent for more than 10 years. The STIP includes \$99.6 million in FFY2025, and \$71.0 in FY2026 for pavement projects

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.

Central Management	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Federal Funds	\$5.6	\$15.1	\$13.8	(\$1.4)	-9.0%	\$13.8	(\$1.3)	-8.9%
Other Funds	6.1	8.3	9.3	1.0	12.1%	\$9	0.7	8.9%
Total	\$11.7	\$23.4	\$23.0	(\$0.4)	-1.5%	\$22.8	(\$0.6)	-2.6%

\$ in millions. Totals may vary due to rounding

- The Legal Counsel office works closely with the Office of the Attorney General in legal proceedings involving RIDOT and also provides support within RIDOT for program development, property management and acquisition, contracts, litigation, arbitration, and contracted outside legal services.
- Human Resources administers labor relations, human resource development and training, all equal opportunity programs, and payroll and fringe benefit programs.
- The Real Estate section deals with acquisition, appraisal, negotiation, and relocation for property purchases (including easements and larger parcels) and property sales.
- The External Affairs office handles all media inquiries, speaking engagements, legislative correspondence, and special events for the Departments, as well as managing the Department's website.
- The Safety Section is responsible for promoting public safety.
- The Office on Highway Safety develops and coordinates programs with local, state and federal agencies to reduce highway deaths and injuries, and to promote public awareness of the correlation between highway safety and alcohol and substance abuse through the development and distribution of educational information.
- The Civil Rights office supports contractors, consultants, and sub-recipients to ensure full compliance with federal and state civil rights laws and equal employment requirements.
- The Director's Office provides leadership and policy development for the Department to ensure the State's public transportation services are safe, effective, and environmentally prudent.

Central Management	All Fund Changes
FY2025 Enacted	\$23,387,603
<i>Target and Other Adjustments</i>	<i>541,070</i>
NHTSA Grants (federal funds)	(1,345,028)
Legal Services (other funds)	(979,002)
Personnel Adjustments (statewide adjustments) (other funds)	824,559
Centralized Services (statewide adjustments) (other funds)	702,988
Furniture (other funds)	(350,000)
FY2026 Enacted	\$22,782,190

NHTSA Grants (federal funds)**(\$1.3 million)**

The Budget includes \$13.8 million in federal funds from a number of National Highway Transportation Safety Administration (NHTSA) grants for the Central Management program, reflecting a net decrease of \$1.3 million from the FY2025 Budget as Enacted. The most significant adjustments include a \$2.8 million increase from the State and Community Highway Safety Program offset by decreases of \$1.9 million and \$1.3 million from the Minimum Penalties for Repeat Offenders DWI or DUI grant and the Map-21 405 Funds grant. The appropriation and adjustments are illustrated below in the following table.

NHTSA Grants	FY2025 Enacted	FY2026 Enacted	Change
State and Community Highway Safety Program	\$2,534,439	\$5,379,278	\$2,844,839
Minimum Penalties for Repeat Offenders DWI or DUI	4,258,554	2,369,473	(1,889,081)
MAP-21 405 Funds	7,324,607	5,996,993	(1,327,614)
Grant to Prohibit Racial Profiling	960,440	-	(960,440)
Fatality Analysis Reporting System	44,348	31,616	(12,732)
Total	\$15,122,388	\$13,777,360	(\$1,345,028)

Legal Services (other funds)**(\$979,002)**

The Budget includes \$1.2 million of gas tax receipts to fund contracted legal services for the Department, reflecting a decrease of \$979,002 from the FY2025 enacted level. The reduction is related to the recently resolved RhodeWorks tolls litigation, which the Department contracted the Providence based law firm Adler Pollock & Sheehan. The Department indicates that the remaining balance will support the ongoing litigation surrounding the Washington Bridge.

Furniture (other funds)**(\$350,000)**

The Budget includes \$100,000 of gas tax receipts for the Department of Transportation to purchase furniture and other office supplies, representing a \$350,000 decrease from the FY2025 enacted level. The Department indicates that they purchased new cubicles in FY2025 and do not need the funding in FY2026.

MANAGEMENT AND BUDGET

Management and Budget houses the Department's Financial Management Division responsible for the oversight and management of the Department's operations and capital budget expenditures. Management and Budget also oversee the Education Advancement section, the Office of Contracts and Specifications, and the Information Technology section.

Management and Budget	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Other Funds	\$5.0	\$4.2	\$4.0	(\$0.3)	-6.3%	\$3.8	(\$0.4)	-9.5%
Total	\$5.0	\$4.2	\$4.0	(\$0.3)	-6.3%	\$3.8	(\$0.4)	-9.5%

\$ in millions. Totals may vary due to rounding

- The Education Advancement section is responsible for internal education and advancement initiatives and facilitates administrative and programming coordination.
- The Office of Contracts and Specifications establishes business arrangements between the Department and the supplies of goods and services in the private sector.
- The Information Technology section maintains and operates all computer software and hardware as well as purchasing and upgrading all information technology platforms for the Department.

Management and Budget	All Fund Changes
FY2025 Enacted	\$4,243,682
<i>Target and Other Adjustments</i>	<i>(345,832)</i>
Computers (other funds)	(223,850)
Personnel Adjustments (statewide adjustments) (other funds)	165,065
FY2026 Enacted	\$3,839,065

Computers (other funds) (\$223,850)

The Budget includes \$85,000 in gas tax receipts to fund the purchase of computers for the Management and Budget program, reflecting a decrease of \$223,850 from the FY2025 enacted level of \$308,850. The Department indicates that the Office of Information Technology (DoIT) have assisted with a large order of computers in FY2025 and do not require the funding in FY2026. The FY2025 Final Budget includes \$385,000 for this expense, representing a \$76,150 increase from the FY2025 enacted level.

INFRASTRUCTURE-ENGINEERING

The Infrastructure-Engineering program works to develop the State's roads and bridges into an advanced ground transportation system. The program consists of multiple divisions and sections encompassing the design, planning, and construction of the Project Management Division.

Infrastructure-Engineering	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Federal Funds	\$432.7	\$459.7	\$512.5	\$52.8	11.5%	\$460.8	\$1.2	0.3%
Restricted Receipts	2.0	6.1	6.2	0.0	0.8%	6.1	(0.1)	-0.8%
Other Funds	195.4	233.8	218.8	(15.0)	-6.4%	229.0	(4.7)	-2.0%
Total	\$630.1	\$699.5	\$737.4	\$37.89	5.4%	\$695.9	(\$3.6)	-0.5%

\$ in millions. Totals may vary due to rounding

- The Project Management division oversees all phases of a project from start to finish, including design, construction, and materials testing.
- The Construction Management section is responsible for the administration and inspection of highway, bridge, traffic signal, and destination signing and freight/commuter rail construction activities throughout the State.
- The Materials Unit conducts sampling and quality assurance testing. The Research and Technology section evaluates new technologies, provides research for national, regional, and local programs, and provides training in new technology.
- The Office of Stormwater Management is responsible for the scope, plan, design, and maintenance of stormwater systems.
- The Occupational Safety, Health, and Work Zone Safety section administers the Department's safety and health programs.
- The Planning Division develops and monitors the Department's Ten-Year Plan to ensure successful implementation.
- The Office of Transit, New Starts, and Operations section develops and implements planning projects by working to develop an integrated transportation system that provides convenient transitions between different modes of transportation.

Infrastructure-Engineering	All Fund Changes
FY2025 Enacted	\$699,538,503
<i>Target and Other Adjustments</i>	<i>12,447,818</i>
Federal Discretionary Grants For Capital Projects (federal funds)	46,014,250
ARPA SFRF: Washington Bridge Project (federal funds)	(35,000,000)
RICAP Project Adjustment (other funds)	(31,627,249)
ARPA SFRF: RIPTA Operating Grant (federal funds)	(15,000,000)
Motor Fuel Tax Transfers (other funds)	10,022,796
Toll Revenue (other funds)	10,000,000
ARPA SFRF: Municipal Roads Grant Program (federal funds)	(7,000,000)
RhodeRestore - Municipal Roads Grant Program (other funds)	6,500,000
FY2026 Enacted	\$695,896,118

Federal Discretionary Grants for Capital Projects (federal funds) \$46.0 million

The Budget includes \$73.0 million in federal discretionary grants for capital projects, representing an increase of \$46.0 million from the FY2025 Budget as Enacted. Discretionary grants are awarded to eligible applicants through a competitive selection process. In January of 2024, the State was awarded an \$81.0 million discretionary grant for to create a direct freeway connection between I-95 and RI-4 as well as to construct three ramps for RI-403 in order to expand access to Quonset Business Park (QBP). Additionally, the State was awarded a \$125.4 million MEGA grant and a \$95.6 million INFRA grant for the Washington Bridge Project in the Fall of 2024. The following table depicts fiscally significant federal discretionary grants awarded to the State in recent years.

Federal Grant	Project Using Grant	Award Total
MEGA Grant	Washington Bridge	\$125.4
INFRA Grant	Washington Bridge	95.6
FFY2024 INFRA	I-95 and Quonset	81.0
FFY2023 RAISE	Route 37	25.0
FFY2020 INFRA	Route 146	65.0
Total		\$392.0

\$ in millions. Totals may vary due to rounding

ARPA SFRF: Washington Bridge Project (federal funds) (\$35.0 million)

The Budget removes \$35.0 million of American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2026 that were included in the FY2025 Budget as Enacted to support the Washington Bridge Project. The FY2025 Final Budget includes the one-time funding as a state match to collect federal funds. The Pandemic Recovery Office indicated that the Washington Bridge project is an approved use of SFRF funding. STIP Revision 17, released July 22, 2025, includes \$30.4 million of SFRF for the project, including \$14.6 million in FFY2025 and \$15.8 million in FFY2026.

RICAP Project Adjustment (other funds) (\$31.6 million)

The Budget includes \$124.5 million of RICAP funds for transportation related capital projects within the Infrastructure-Engineering program in FY2026, reflecting a \$31.6 million decrease from the FY2025 enacted level. The Highway Improvement Program project realized the largest adjustment, decreasing by \$25.5 million from the FY2025 enacted level, due to updated project timelines. The Budget provides \$8.5 million of RICAP funds to RIPTA, reflecting a net reduction of \$6.1 million from the FY2025 Budget as Enacted. Due to updated project timelines and the uncertainty surrounding two federal discretionary grants, \$3.1 million is shifted from RIPTA's Land and Buildings project from FY2025 to FY2027. The following table illustrates the RICAP funds provided to the Department in the FY2025 Budget as Enacted, FY2025 Final Budget and the FY2026 Budget as Enacted.

RICAP Adjustment	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Highway Improvement Program	\$141,102,060	\$129,302,060	(\$11,800,000)	\$115,617,814	(\$25,484,246)
Land and Buildings (RIPTA)	11,214,401	5,779,498	(5,434,903)	6,905,927	(4,308,474)
Pawtucket Bus Hub Passenger Facility (RIPTA)	3,424,529	3,500,000	75,471	1,500,000	(1,924,529)
High-Capacity Transit Corridor Study (RIPTA)	-	250,000	250,000	90,000	90,000
Bike Path Maintenance	400,000	400,000	-	400,000	-
URI Mobility Hub	-	1,140,000	1,140,000	-	-
Total	\$156,140,990	\$140,371,558	(\$15,769,432)	\$124,513,741	(\$31,627,249)

ARPA SFRF: RIPTA Operating Grant (federal funds)**(\$15.0 million)**

The Budget does not include \$15.0 million of American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2026 that were provided by the FY2025 Budget as Enacted to support the Rhode Island Public Transit Authority (RIPTA) in resolving the projected deficit in the FY2025 operating budget. The funds remain in the FY2025 Final Budget, and the operating grant addressed the Authority's short-term needs and assisted in balancing the Authority's operating budget.

In addition to the operating grant, the FY2025 Enacted Budget directed RIPTA to conduct an efficiency review of their current practices and submit a report to the Governor, Speaker of the House of Representatives, and the President of the Senate. The review's objective was to increase RIPTA's overall efficiency by ensuring the Authority is utilizing their resources effectively. The report originally had a January 1, 2025, deadline in the FY2025 Governor's Recommended Budget, but was extended to March 1, 2025, in the FY2025 Budget as Enacted.

RIPTA failed to meet both deadlines and informed the Governor, Speaker of the House, and the President of the Senate, that the RFP was not issued until February 11, 2025. The Authority's former CEO resigned in CY2024 and the Board of Directors conducted a nationwide search to find a replacement. The Board of Directors, which the Director of the Department of Transportation serves as the Chairman of, voted to suspend the procurement process for the efficiency study until the CEO search was being complete. The former CFO, Chris Durand, was selected and appointed in November of 2024. The Authority started the Efficiency Study on April 1, 2025, and delivered the report on August 1, 2025.

The Efficiency Study reviewed RIPTA's operating costs, recommended initiatives to address the budget shortfall, and provided priorities for future investment. The study selected six transit agencies with similar sizes, areas covered, and services offered to compare with RIPTA and indicates that "Across multiple measures RIPTA's operating costs are in line with or just above the average of peer agencies."

To address the current shortfall, the study recommends RIPTA take the following steps: (i) federalize positions linked to capital assets; (ii) increase use of federal funds to reimburse rural, low-income, and reverse commute services; (iii) evaluate the current flex service structure; and (iv) reduce service. Additionally, the study indicates RIPTA should prioritize investing in high-performing routes, expanding commuter resources, and continuing to implement the transit master plan.

Analyst Note: RIPTA's Budget resolution is currently ongoing and has not been finalized as of August 2025.

Motor Fuel Tax Transfers (other funds)**\$10.0 million**

The Budget includes \$75.2 million in motor fuel revenue transfers, reflecting an increase of \$10.0 million when compared to the FY2025 enacted level. The increase in receipts is largely related to a \$0.03 increase to the tax rate, from \$0.0375 /gallon in FY2025 to \$0.0405 /gallon in FY2026, pursuant to Article 11. The May 2024 projection by the ORA, which was adopted in the FY2025 Budget as Enacted, estimated the FY2025 per penny yield to be \$4.3 million, whereas the recent May 2025 projection assumes a per penny yield of \$4.4 million in FY2026, reflecting an \$85,533 increase. The following table illustrates the adjustment.

Motor Fuel Tax Transfers	FY2025 Enacted	FY2026 Enacted	Change
RIPTA*	\$41,668,389	\$51,220,753	\$9,552,364
RITBA	14,957,880	15,257,246	299,366
GARVEE Bonds	8,547,360	8,718,426	171,066
Total	\$65,173,629	\$75,196,425	\$10,022,796

*Includes RIPTA's \$0.005 share of the Environmental Protection Fee

Toll Revenue (other funds)

\$10.0 million

The Budget includes \$10.0 million in toll receipts in FY2026, all of which represent an increase, as the tolling program has been paused since September of 2022. The Court ruling struck down certain components of the law related to daily caps on tolls, but otherwise the law is legal and implementable. The Budget does not include any legislation amending the tolling program.

The \$10.0 million of revenue included in the Budget represents approximately one quarter of a year of toll funding in the program. RIDOT needs to re-bid the operations contract for the toll gantries and expects to have to make significant investments in the gantry hardware and software that has been unmaintained since the initial Court ruling that halted the program.

ARPA SFRF: Municipal Roads Grant Program (federal funds)

(\$7.0 million)

The Budget does not include the \$7.0 million of American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2026 that were provided in the FY2025 Budget as Enacted to support the Municipal Roads Grant Program. The funds remain in the FY2025 Final Budget and are to be distributed equally amongst municipalities that provide the 67.0 percent match.

Originally funded with \$20.0 million of ARPA SFRF in the FY2024 Budget as Enacted, The Municipal Roads Grant Program provides municipalities with funding to serve as a 33.0 percent match to support road, bridge, and sidewalk projects on locally maintained, municipal roads, while the cities and towns provide the remaining 67.0 percent. The Department divided \$5.0 million of ARPA SFRF equally amongst all municipalities and appropriated the remaining \$15.0 million to municipalities based on the non-federal land miles of roads they contain. The FY2025 Budget as Enacted provided a subsequent smaller funding tranche of \$7.0 million in ARPA SFRF which was distributed evenly across municipalities, for a total state investment of \$27.0 million. The program requires all projects to be completed by the end of 2026. Additionally, the program includes accountability and transparency measures, such as a quarterly reporting requirement. Cities and towns utilizing the program will report on the progress of each project and its anticipated completion date, as well as the values of any contracts and the dates they were awarded. In a separate but related initiative, the Department is to establish a Municipal Roadway Database. The Municipal Roadway Database will be funded through gas tax revenue and updated annually by municipalities with information concerning the name, condition, length, roadway infrastructure, and pedestrian features of each municipal roadway. As of June 30, 2025, the Pandemic Recovery Office's website indicates that they have paid \$14.8 million of the \$27.0 million appropriated.

RhodeRestore (other funds)

\$6.5 million

The Budget includes \$6.5 million in gas tax revenue to fund the RhodeRestore initiative, which will provide financial support for municipal infrastructure projects. Similar in function to the Municipal Roads Grant Program, RhodeRestore requires municipalities to contribute 67.0 percent of the overall cost for a road, bridge, and sidewalk maintenance project, and the State will match the remaining 33.0 percent. While the funding provided in the Municipal Roads and Grant Program is SFRF, RhodeRestore is funded entirely with State revenue collected through the gas tax. Furthermore, the Budget requires 25.0 percent (\$1.6 million) of state provided funding to be distributed equally amongst cities and towns, while the remaining 75.0 percent (\$4.9 million) is allocated proportionally based on each municipality's share of municipally maintained road miles.

INFRASTRUCTURE-MAINTENANCE

The Infrastructure Maintenance program is comprised of multiple divisions that are responsible for keeping all state roads and bridges well-maintained and functional. In recent years, the Department has worked to bring tasks performed by the Infrastructure Maintenance program in-house rather than contracting services from outside vendors.

Infrastructure-Maintenance	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Federal Funds	\$4.1	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Funds	122.1	162.4	310.8	148.4	91.4%	160.3	(2.1)	-1.3%
Total	\$126.1	\$162.4	\$310.8	\$148.4	91.4%	\$160.3	(\$2.1)	-1.3%

\$ in millions. Totals may vary due to rounding

- The Highway and Bridge Maintenance Section includes Administration, Transportation Management Center, Automotive and Fleet Operations, Final Review, Engineering and Support and Field Operations.
- The Automotive section is responsible for the upkeep and repair of the program's fleet of heavy trucks and equipment.
- The Engineering and Support office is a multi-faceted section responsible for the resolution of drainage problems, inspection of work permits, coordination of requests for pavement projects, maintenance of guardrails, fences, and highway-related equipment along the state highway, highway illumination, and state-wide beautification projects.
- The Field Operations section, which is comprised of staff who operate from multiple field offices across the State, is responsible for sweeping, litter collection, and snow plowing, as well as bridge, pothole, and guardrail repairs.

Infrastructure-Maintenance	All Fund Changes
FY2025 Enacted	\$162,390,449
<i>Target and Other Adjustments</i>	<i>2,119,168</i>
Maintenance Shift to Capital (other funds)	(8,399,227)
RIHMA Expenditures (other funds)	(5,032,879)
Vehicle Maintenance (other funds)	3,699,277
Personnel: Salary and Benefit Adjustment (statewide) (other funds)	3,134,125
Winter Maintenance (other funds)	1,983,134
RICAP Project Adjustment (other funds)	384,171
RIPTA Program Updates	Informational
FY2026 Enacted	\$160,278,218

Maintenance Shift to Capital (other funds) (\$8.4 million)

The Budget includes an \$8.4 million decrease in gas tax receipts for maintenance in FY2026, excluding personnel costs. The Department indicates they have shifted these expenses to the capital budget in order to better utilize the state match for federal funds.

RIHMA Expenditures (\$5.0 million)

The Budget includes \$114.0 million of Rhode Island Highway Maintenance Account (RIHMA) funds in FY2026, representing a \$5.0 million decrease from the FY2025 enacted level. Pursuant to RIGL 39-18.1-5 and the revisions included in Article 11, the Budget transfers \$16.2 million of RIHMA receipts to RIPTA, which includes a flat \$5.0 million transfer as well as the Authority's 10.0 percent share of \$11.2 million. The following table summarizes the RIHMA funds included in the Department's Budget and the adjustments between FY2025 and FY2026.

RIHMA Expenditures	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Road And Bridge	\$84,575,541	\$229,295,620	\$144,720,079	\$78,704,687	(\$5,870,854)
RIPTA Transfer	10,343,900	10,332,295	(11,605)	16,181,589	5,837,689
Mixed Projects	5,350,804	4,586,774	(764,030)	-	(5,350,804)
EV	-	-	-	829,484	829,484
Highway Drainage	6,000,000	6,000,000	-	5,521,606	(478,394)
State Match	12,800,000	12,800,000	-	12,800,000	-
Total	\$119,070,245	\$263,014,689	\$143,944,444	\$114,037,366	(\$5,032,879)

Vehicle Maintenance (other funds)**\$3.7 million**

The Budget includes \$14.5 million of gas tax receipts, to fund vehicle maintenance in FY2026 excluding personnel costs, representing a \$3.7 million increase from the FY2025 enacted level. The adjustment is entirely capital purchases and equipment and includes increases of \$3.9 million for heavy equipment and \$134,290 for motor vehicles, offset by a \$300,723 decrease for furniture and equipment.

Winter Maintenance (other funds)**\$2.0 million**

The Budget includes \$13.9 million of gas tax receipts to fund winter maintenance in FY2026, excluding personnel costs, representing a \$2.0 million increase from the FY2025 enacted level. The adjustment includes increases of \$500,000 for the state fleet overhead and \$2.0 million for the road maintenance and repairs, offset by a \$516,866 reduction in snowplowing and sanding expenditures. Winter maintenance costs, excluding personnel totaled \$9.7 million in FY2023 and \$16.0 million in FY2024. The Budget provides \$12.8 million in the FY2025 Final Budget and \$13.9 in FY2026.

RICAP Project Adjustment (other funds)**\$384,171**

The Budget includes \$4.5 million of RICAP funds in the Infrastructure-Maintenance program for FY2026, reflecting an increase of \$384,171 when compared to the FY2025 enacted level. The adjustment primarily represents a \$359,756 increase for improvements at the Department's Maintenance Facilities throughout the State. The following table illustrates the program's RICAP funds in the FY2025 Enacted, FY2025 Final, and FY2026 Enacted Budgets.

RICAP Adjustment	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Maintenance Facility	\$500,000	\$645,246	\$145,246	\$859,756	\$359,756
Train Station Maintenance	475,585	1,129,962	654,377	500,000	24,415
Salt Storage Facilities	1,150,000	1,468,759	318,759	1,150,000	-
Capital Equipment Replacement	1,800,000	3,809,769	2,009,769	1,800,000	-
Welcome Center	150,000	450,028	300,028	150,000	-
Total	\$4,075,585	\$7,503,764	\$3,428,179	\$4,459,756	\$384,171

RIPTA Program Updates**Informational**

Ride Anywhere Program Update: The Ride Anywhere pilot was scheduled to conclude on December 31, 2024, but was extended indefinitely. The Budget includes language to preserve the Ride Anywhere program and paratransit service, which reads, "Sufficient funds from the Rhode Island public transit authority's share of gasoline tax proceeds shall be allocated to the state paratransit program, including the expansion pilot program known as ride anywhere to ensure statewide paratransit services are maintained."

- **Background:** To further expand upon the conclusions of the Paratransit Study, which was completed in January of 2023, the FY2024 Budget as Enacted directed RIPTA to operate a voucher pilot program. The pilot program, titled Ride Anywhere, soft launched on January 1, 2024, to study the feasibility and implementation of expanding the Authority's paratransit service to underserved communities throughout the State. Individuals enrolled in the Ride program can request trips that go beyond the current service area and pay the same fare as a standard paratransit trip. The Authority will prioritize rides within the federally required $\frac{3}{4}$ of a mile service area. Individuals must request rides 24 hours in

advance and the Authority will confirm their ability to accommodate. Following the pilot's conclusion, the Budget required the Authority to deliver an evaluation report to the Speaker of the House and the President of the Senate by June 1, 2025, which was completed and submitted on time.

Reduced Fare Bus Pass Program: RIPTA provides free and reduced fare rides to qualifying low-income seniors and people with disabilities through the Reduced Fare Bus Pass Program. RIPTA estimates that nearly 15,000 individuals have free-fare bus passes, of which, 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 \$42,300 for a family of two, as of 2025. To qualify as a disabled person, the applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center. 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 (7:00 AM-9:00 AM and 3:00 PM-6:00 PM on weekdays). The program does not provide rides for individuals who meet the income threshold but are neither seniors nor disabled, however, they may qualify for the Low-Income program.

Low Income Pilot Program Update: At the RIPTA Board of Directors Meeting on December 19, 2024, the Board received a memorandum from the CEO, Christopher Durand, indicating that the low-income pilot program will be extended indefinitely. The memorandum notes, "In its current iteration, partner organizations are granted 50.0 percent discounts on fare products purchased on behalf of low-income individuals experiencing housing insecurity; this model has proven to be both sustainable and effective, based on RIPTA's direct experience as well as that of peer agencies. Furthermore, it has been determined that a Title VI SAFE analysis is not required as a precursor to permanent implementation of this fare benefit program."

CAPITAL FUNDS

The Department's Capital Budget is supported by a combination of both federal and state funds. State funds, such as revenue collected through vehicle registration fees, gas tax, tolls, and RICAP funds are pledged to projects in order to receive matched federal funds. Federal funds include GARVEE bonds, discretionary grants, and funding provided by the Federal Highway Administration. The Infrastructure-Maintenance and Infrastructure-Engineering programs include both the Department's RICAP fund appropriation as well as RIPTA's.

The FY2025 Final Budget provides \$137.2 million in RICAP funds for the Department of Transportation, reflecting an \$8.4 million decrease from the FY2025 Budget as Enacted. The Highway Improvement Program is the Department's largest RICAP expenditure and includes \$129.3 million, reflecting an \$11.8 million decrease from the previous year's enacted level, related to a \$20.0 million shift of RICAP funds from FY2025 to FY2026 for the Washington Bridge project. The FY2026 Budget as Enacted includes \$120.5 million in RICAP funds, reflecting a \$25.1 million decrease from the FY2025 Budget as Enacted. The Highway Improvement Program includes \$115.6 million, representing a \$25.5 million decrease from the previous year's enacted level.

RIDOT: RICAP Projects	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Highway Improvement Program	\$141,102,060	\$129,302,060	(\$11,800,000)	\$115,617,814	(\$25,484,246)
Maintenance Facility Improvements	500,000	645,246	145,246	859,756	359,756
Train Station Maintenance and Repairs	475,585	1,129,962	654,377	500,000	24,415
Capital Equipment Replacement	1,800,000	3,809,769	2,009,769	1,800,000	-
Salt Storage Facilities	1,150,000	1,468,759	318,759	1,150,000	-
Bike Path Maintenance	400,000	400,000	-	400,000	-
Welcome Center	150,000	450,028	300,028	150,000	-
Total	\$145,577,645	\$137,205,824	(\$8,371,821)	\$120,477,570	(\$25,100,075)

The Budget includes \$8.5 million of RICAP funds to support RIPTA's capital projects in FY2026, reflecting a \$6.1 million decrease from the FY2025 Budget as Enacted. The adjustment includes reductions of \$4.3 million for Land and Buildings and \$1.9 million for the Pawtucket Bus Hub Passenger Facility, offset by a \$90,000 increase for the High-Capacity Transit Corridor Study in Providence. The FY2025 Final Budget also includes \$1.1 million of RICAP funds for the Kingston Station Hub project, which was formerly titled the URI Mobility Hub. The following table illustrates the RICAP funding appropriated to RIPTA in the FY2025 Budget as Enacted, the FY2025 Final Budget and the FY2026 Budget as Enacted.

RIPTA: RICAP Projects	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Land and Buildings	\$11,214,401	\$5,779,498	(\$5,434,903)	\$6,905,927	(\$4,308,474)
Pawtucket Bus Hub Passenger Facility	3,424,529	3,500,000	75,471	1,500,000	1,500,000
Kingston Station Hub	-	1,140,000	1,140,000	-	-
High-Capacity Transit Corridor Study	-	250,000	250,000	90,000	90,000
Total	\$14,638,930	\$10,669,498	(\$3,969,432)	\$8,495,927	(\$2,718,474)

Rhode Island Public Transit Authority

Revenues By Source	FY2023 Actual	FY2024 Actual	FY2025 Revised	Change from FY2024		FY2026 Proposed	Change from FY2024	
Passenger Revenue	\$20.6	\$22.5	\$23.6	\$1.1	5.0%	\$23.8	\$1.3	6.0%
Special Revenue (1)	-	-	1.1	1.1	-	1.6	1.6	-
Special Project - Local/Fed	1.2	0.9	1.4	0.5	51.6%	1.4	0.5	51.6%
Other Revenue	14.5	9.7	10.1	0.4	3.9%	10.1	0.4	3.9%
Federal Funds	33.0	29.2	41.0	11.9	40.7%	42.9	13.7	47.1%
Federal Emergency Relief (CARES)	25.4	24.1	13.4	(10.7)	-44.5%	0.0	(24.1)	-100.0%
RI Gasoline Tax (2)	41.9	43.9	41.7	(2.2)	-5.0%	40.6	(3.3)	-7.5%
RI Department of Human Services (3)	0.8	0.8	0.9	0.1	10.2%	0.8	(0.0)	-3.0%
State Fiscal Recovery Funds (4)	-	-	15.0	15.0	-	0.0	\$0.0	-
RI Highway Maintenance Account	6.9	5.4	5.3	(0.0)	-0.6%	5.4	0.0	0.4%
Contributed Capital (5)	40.0	43.8	0.0	(43.8)	-100.0%	0.0	(43.8)	-100.0%
Total Revenue	\$184.3	\$180.2	\$153.4	(\$26.7)	-14.8%	\$126.6	(\$53.6)	-29.8%
Expenditures By Category								
Salaries & Benefits (6)	\$100.1	\$107.7	\$108.0	\$0.3	0.3%	\$111.8	\$4.1	3.8%
Contract Services	6.9	6.8	13.5	6.7	98.3%	15.7	8.9	130.9%
Operating Expenses	23.9	21.3	26.4	5.1	23.9%	26.0	4.7	22.1%
Utilities	2.0	2.0	1.9	(0.1)	-3.1%	2.0	0.0	1.7%
Special Project - Local/Fed	0.0	0.0	1.4	1.4	-	1.4	1.4	-
Capital Match	0.4	0.0	1.1	1.1	32678.2%	1.1	1.1	33497.6%
Debt Service (7)	0.3	0.3	1.1	0.8	248.8%	1.1	0.8	244.2%
Depreciation (8)	15.4	16.5	0.0	(16.5)	-100.0%	0.0	(16.5)	-100.0%
Total Expenses (9)	\$149.1	\$154.6	\$153.4	(\$1.2)	-0.8%	\$159.2	\$4.5	2.9%
Net Income/(Loss)	\$35.2	\$25.5	\$0.0	-	-	(\$32.6)	-	-

\$ in millions. Totals may vary due to rounding

Budget shown reflects the FY2026 Governor's Recommended Budget, released in January 2025.

(1) RICAP used for Planning projects.

(2) Gas Tax amount estimated by Department of Revenue in November 2024.

(3) Gas Tax funding provided through the Department of Human Services for the RIDE Program.

(4) One-time State budget relief funding.

(5) Contributed Capital (state and federal funds received for capital expenditures) are not budgeted, but are reflected in FY2024 results.

(6) The Authority only has the resources to pay retiree health claims as they arise and as a result there is no fund for unfunded liability of other post-employment benefits (OPEB). Retiree health costs in FY24 were \$1.1 million. The total unfunded OPEB liability as of June 30, 2024 is \$72.9 million.

(7) In addition to interest expense, RIPTA budgets the repayment of bond principal. Actual results only reflect the interest expense.

(8) Depreciation expense is not budgeted, only operating funds to be used for capital expenditures. Capital Expenditures were \$12,623,045 in FY 2023 and \$14,710,493 in FY 2024 and are not reflected in the table above.

(9) Actual results reflect changes in liabilities that are not budgeted and do not reflect cash outflows (legal, pension, and OPEB).

The Rhode Island Public Transit Authority (RIPTA) was established in 1964 and is currently governed by a nine (9) member Board of Directors. As defined under RIGL 39-18-3, RIPTA is responsible for:

- Providing public transit services to meet the mobility needs of the people of the State
- Increasing access to employment opportunities
- Connecting different modes of public transportation, including rail, air, and water services
- Promoting community design that features public transit services
- Facilitating energy conservation and efficient energy use through public transit services

- Mitigating traffic congestion and enhancing air quality

RIPTA operates and maintains two facilities in Providence and one in Newport.

MAJOR ISSUES AND TRENDS

FY2025: The FY2025 Governor’s Revised Budget for the Rhode Island Public Transit Authority included \$153.4 million in both revenues and expenditures, representing a balanced budget for the fiscal year. Included in the revenue is a \$15.0 million deposit of American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) that was provided in the FY2025 Budget as Enacted to reduce the Authority’s projected deficit. The Authority’s preliminary FY2025 year-end financials, presented at the Board of Directors’ Meeting on August 25, 2025, indicate total expenditures of \$136.5 million and revenues of \$134.5 million, representing a \$2.0 million deficit. The Authority notes that they are expecting state subsidies and third-party fares to increase at the year-end closing adjustment and that federal subsidies are under budget due to fewer preventative maintenance expenses than anticipated, as well as updated timelines on large grant-funded projects. The following table illustrates the Authority’s preliminary year-end budget for FY2025.

RIPTA Preliminary Year-End Budget

Revenues	FY2025 Actual
Federal Subsidies	\$32,221,646
Federal Subsidies- CARES Act	13,378,776
State Subsidies	57,266,560
Other Revenue	10,299,102
Passenger Fares	11,070,986
Third Party Fares	10,297,474
Special Project Revenue	-
Total Revenues	\$134,534,544
Expenses	
Salaries & Fringe Benefits	\$107,409,969
Contract Services	8,995,720
Operating Expense	17,790,029
Utilities	2,354,185
Capital Match & Repayment	-
Debt Service	-
Special Projects	-
Total Expenses	\$136,549,903
Operating Surplus /(Deficit)	(\$2,015,359)

Source: RIPTA Board August 2025

FY2026: The Rhode Island Public Transit Authority’s FY2026 Governor’s Recommended Budget included \$159.2 million of expenditures supported by \$126.6 million of revenue, representing a deficit of \$32.6 million. The FY2025 Budget as Enacted directed RIPTA to conduct an efficiency review of its transit operations and submit a report to the Governor, Speaker of the House of Representatives, and the President of the Senate by March 1, 2025. Due to extenuating circumstances related to the search for a permanent CEO, the Board voted to delay the efficiency study, and it was not completed prior to the closing of the

legislative session. To reduce the deficit, Article 11 of the FY2026 Budget as Enacted increases RIPTA’s percentage share of the Highway Maintenance Account from 5.0 percent to 10.0 percent in addition to increasing the Authority’s share of motor fuel tax revenue from \$0.0975 to \$0.1175 per gallon (Includes RIPTA’s \$0.005 per gallon share of Environmental Protection Fee). The Authority estimates that the increased state revenues will reduce the deficit by \$14.8 million. The efficiency study commenced on April 1, 2025, and was delivered on August 1, 2025.

At the August Board of Directors Meeting, the Board received a budget framework that was signed by the Governor and RIPTA CEO, Chris Durand. The framework included initiatives that were recommended by the efficiency study to preserve funding and reduce costs without eliminating routes. The Authority’s administration indicates that with the additional \$14.2 million provided by the State and the adoption of the framework, the FY2026 deficit will be resolved. The Board voted to adopt the framework, with the adjustment categories and fiscal impact presented in the following table.

	Amount Reduced	Remaining Deficit
FY2026 Operating Deficit	-	(\$32.6)
Additional State Revenues	14.8	(17.8)
Efficiency Actions (RIPTA)	3.6	(14.2)
New Revenue (RIPTA)	4.8	(9.3)
New Savings Identified	9.4	0.0
RIPTA Operating Balance		\$0.02

\$ in millions, totals may vary due to rounding.

BUDGET FRAMEWORK

The Board approved the budget framework recommended by the Governor and RIPTA CEO at the August 2025 Board meeting. The framework resolved the Authority’s \$32.6 million deficit and includes the following:

- **Additional State Revenue:** The framework’s largest category is state revenue, which is estimated to reduce the deficit by \$14.8 million and includes funding provided by Article 11 of the FY2026 Budget as Enacted. The Budget provides RIPTA with an additional \$14.0 million by increasing RIPTA’s percentage share of receipts collected by the Highway Maintenance account from 5.0% to 10.0% and increasing their share of gas tax revenue, from \$0.0975 per gallon to \$0.1175 per gallon (Including the Authority’s share of the \$0.01 Environmental Protection Fee). Additionally, the Office of Revenue Analysis’ (ORA) June 2025 projections include upward revisions to the gas tax, which provides further support. The following table illustrates the state revenue included in the framework.

State Revenue	
Increase to Gas Tax Share	\$8.72
Highway Maintenance Account Increase	5.27
May Revenue Estimating Revision	0.83
Total	\$14.82

\$ in millions, totals may vary due to rounding.

- **New Savings:** The framework’s second largest category is new savings, which reduces the deficit by \$9.4 million. Included in the savings is \$4.4 million in targeted adjustments to fixed routes, which the framework notes, “The scaled-back service reductions generally focus on the highest-cost, lowest-performing routes and frequencies to achieve necessary savings while minimizing rider impact and avoiding layoffs.” The framework also includes a \$3.0 million advance of federal Congestion Mitigation and Air Quality Improvement (CMAQ) program funds. The CMAQ funds are currently used to support a project in the State Transportation Improvement Plan (STIP) and the FY2026 Governor’s

Revised Budget will reduce RIPTA’s capital funds to ensure the capital project remains funded. The framework also realizes savings by eliminating administrative and management positions and streamlining operations. Additionally, the RIde Anywhere program will not be impacted, and the framework specifically includes a \$2.3 million increase to support the paratransit program. Furthermore, the framework eliminates all private taxi services, which have been utilized for the paratransit program. The following table illustrates the funds categorized as “New Savings” in the budget framework.

New Savings	
Targeted Fixed Route Adjustments	\$4.40
CMAQ Operating Advance from State	3.05
Eliminating Administration/Management Budget Vacancies	2.42
Elimination of Private Taxi Service	1.80
Paratransit Driver Increase	(2.31)
Total	\$9.36

\$ in millions, totals may vary due to rounding.

- **New Revenue:** The framework includes \$4.8 million categorized as “New Revenue” which was identified in the efficiency study. The framework includes \$2.4 million of recurring federal funding reimbursements as well as a one-time federal reimbursement of \$2.0 million. Furthermore, the framework includes additional advertising revenue. The following table illustrates the funds categorized as “New Revenue” in the budget framework.

New Revenue	
Additional Federal Funding Reimbursements	\$2.36
Additional One-Time Federal Funding Reimbursements	2.00
Advertising Revenue Increase	0.45
Total	\$4.81

\$ in millions, totals may vary due to rounding.

- **Efficiency Actions:** The framework reduces expenditures by \$3.6 million through efficiency actions including a \$2.0 million of legal and claim reductions. The following table illustrates the funds categorized as “Efficiency Actions” in the budget framework.

Efficiency Actions	
Legal/Claim Reduction	\$2.00
Fuel Savings	0.95
Pension Savings	0.68
Total	\$3.63

\$ in millions, totals may vary due to rounding.

- **Future Plans:** In addition to resolving the deficit, the framework details future plans and initiatives for the Authority, which include adjusting fares, expanding partnerships, streamlining licensing and training, and building a new multimodal transit center. The framework indicates that there will be a comprehensive, multi-year fare adjustment plan as fares have not kept pace with inflation, nor have they been increased in nine years. RIPTA plans to expand partnerships with businesses, universities, and organizations, as well as build on the recently established relationships with Omni Hotel, Miriam Hospital, Amazon, Electric Boat, and the Rhode Island Football Club. Furthermore, RIPTA has partnered with the Rhode Island Institute for Labor Studies and Research to offer a compensated test training program for individuals pursuing a commercial driver’s license (CDL). The framework also

confirms the State’s commitment to a new multi-modal transit center and notes that the center will directly connect to the Providence Train Station and will provide a secure, climate-controlled environment for passengers in addition to bolstering public transit throughout the State.

EFFICIENCY STUDY

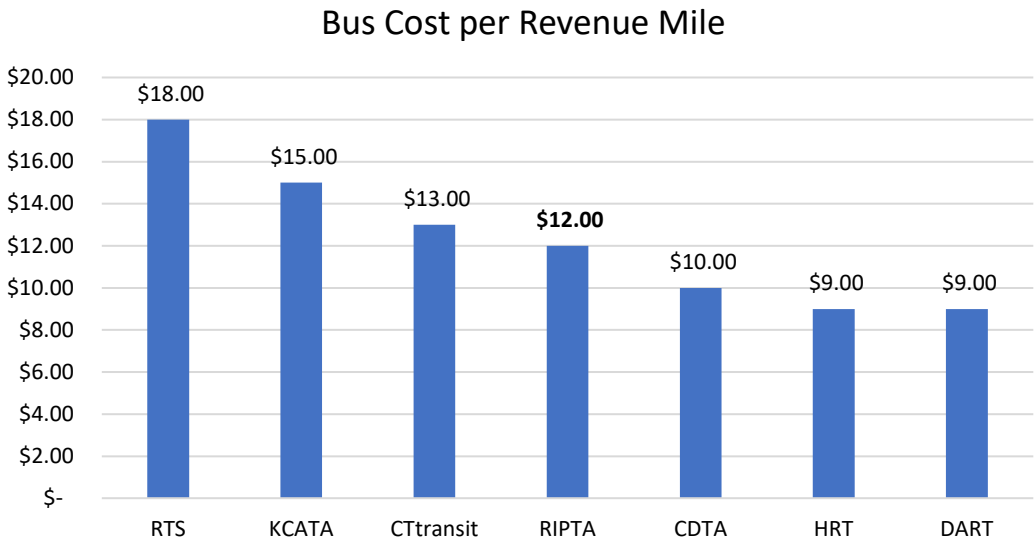
The FY2025 Budget as Enacted directed RIPTA to conduct an efficiency review of its transit operations and submit a report to the Governor, Speaker of the House of Representatives, and the President of the Senate. The FY2025 Governor’s Recommended Budget proposed the report to be delivered by January 1, 2025, but the Authority requested an extension due to turnover of the CEO position and the General Assembly postponed the delivery date to March 1, 2025. The study commenced on April 1, 2025, and was delivered on August 1, 2025.

The study selected six transit agencies of similar size, area covered, and service offered, to compare with RIPTA and concluded that “Across multiple measures RIPTA’s operating costs are in line with or just above the average of peer agencies.” The following table illustrates the agencies selected and the area of service.

Agency	City/Metro Area	Abbreviation
Hampton Roads Transit	Norfolk, VA	HRT
Capital District Transportation Authority	Albany, NY	CDTA
Delaware Transit Corporation	Delaware	DART
Kansas City Area Transportation Authority	Kansas City, MO/KS	KCATA
Regional Transit Service	Rochester, NY	RTS
Connecticut Transit*	Hartford, CT	CTtransit

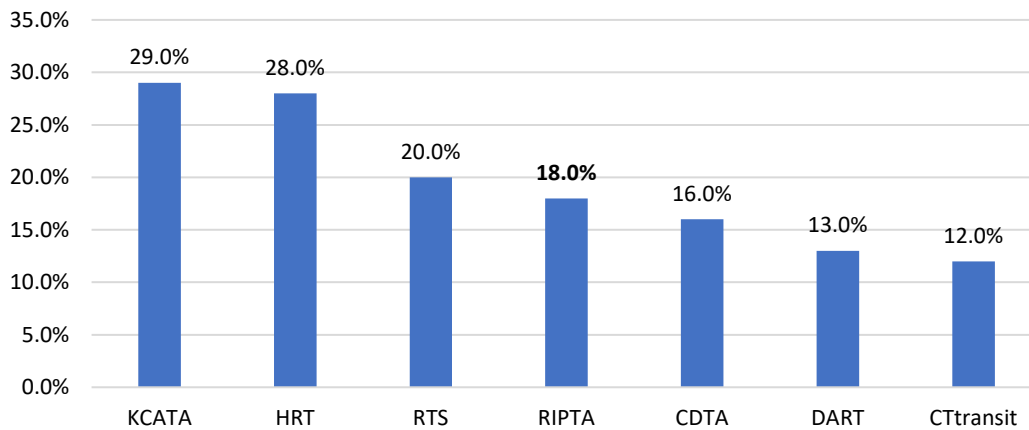
*CTtransit reflects Hartford division

The study compared the “Bus Cost per Revenue Hour and Mile”, “Administrative Costs”, and “Overall per Capita Spending on Transit” amongst the 7 agencies and indicates RIPTA is at or below the average across the metrics. The following tables illustrate the rankings of each agency within the study’s metrics.



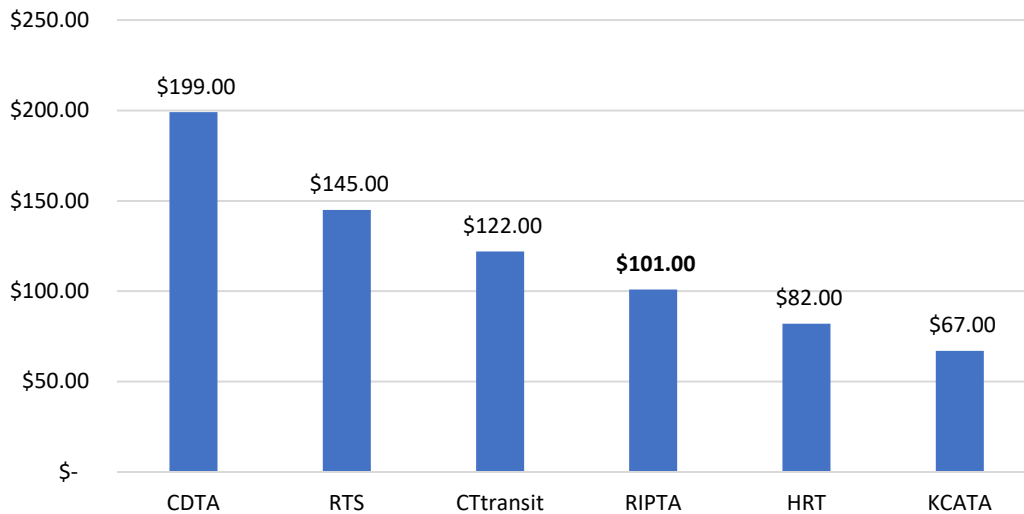
Source: RIPTA Efficiency Study, 2025

General Administrative Expenses of Total Operating Expenses (percent)



Source: RIPTA Efficiency Study, 2025

Overall Spending on Transit (per capita)



Source: RIPTA Efficiency Study, 2025

Analyst Note: Delaware is not included in the Overall Spending on Transit due to its proximity to Philadelphia. The study indicates that the presence of a large metropolitan area skewed the data.

The study also addressed the current shortfall and recommends RIPTA take the following steps: (i) federalize positions linked to capital assets; (ii) increase use of federal funds to reimburse rural, low-income, and reverse commute services; (iii) evaluate the current flex service structure; and (iv) reduce service. Additionally, the study indicates RIPTA should prioritize investing in high-performing routes, expanding commuter resources, and continuing to implement the transit master plan.

STATE FUNDING

RIPTA is projected to receive \$57.0 million in FY2025 and \$70.8 million in FY2026 from its two primary state funding sources, which include receipts collected by the Rhode Island Highway Maintenance Account

(RIHMA) and receipts collected through taxes on the sale of motor fuel (gas tax). The RIHMA is projected to transfer \$10.3 million to the Authority in FY2025 and \$16.2 million in FY2026. Additionally, RIPTA is projected to receive \$46.7 million of gas tax revenue in FY2025 and \$54.7 million in FY2026. The following table illustrates the revenue sources and estimated collection totals for the HMA and gas tax that are included in the FY2025 Final and FY2026 Enacted Budget.

Highway Maintenance Account	FY2025 Final	FY2026 Enacted
Percentage Share*	\$5,332,295	\$11,181,588
\$5.0 Million Fixed Transfer	5,000,000	5,000,000
Subtotal	\$10,332,295	\$16,181,588
Motor Fuel Tax Revenue		
Statutory Share†	\$40,998,350	\$49,041,146
Share of Office Healthy Aging (Paratransit Services)	3,501,481	3,443,778
Environmental Protection Fee Share	2,216,127	2,179,607
Subtotal	\$46,715,957	\$54,664,531
Total	\$57,048,252	\$70,846,119

Source: ORA FY2026 Motor Fuel Tax Projections and HMA Forecast

*RIPTA's percentage share of HMA funds increased from 5.0 percent to 10.0 percent in FY2026.

†RIPTA's statutory share of motor fuel tax revenue increased from \$0.0925 per gallon to \$0.1125 per gallon in FY2026.

Highway Maintenance Account

Projected Revenue: The FY2026 estimate from the Office of Revenue Analysis (ORA) indicates that the Authority will collect \$10.3 million in FY2025 and \$16.2 million in FY2026 from the Rhode Island Highway Maintenance Account (HMA). Pursuant to RIGL 39-18.1-5, the Authority receives an annual appropriation of \$5.0 million from the HMA, as well as a percentage of available proceeds. Article 11 of the FY2026 Budget as Enacted increased RIPTA's percentage share from 5.0 percent to 10.0 percent, which effective in FY2026. The flat \$5.0 million appropriation supports the reduced fare program and debt service, which the Authority classifies as third-party revenue and other funds respectively. The revenue collected by the percentage transfer is classified as state subsidies by the Authority. The following table illustrates the ORA's estimate for the Authority's share of HMA funding through FY2028.

HMA Funds to RIPTA	FY2024 Audited	FY2025 Final	FY2026 Enacted	FY2027 Projected	FY2028 Projected
Percentage Share*	\$5,309,814	\$5,332,295	\$11,181,588	\$12,060,010	\$12,483,065
Flat \$5.0 million Share	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total	\$10,309,814	\$10,332,295	\$16,181,588	\$17,060,010	\$17,483,065

Source: ORA FY2026 HMA Estimate

*In FY2026, RIPTA's percentage share increased from 5.0% to 10.0%

Background: The FY2015 Budget as Enacted included a provision that RIPTA would receive 5.0 percent of available proceeds from revenue deposited into the Rhode Island Highway Maintenance Account (RIHMA) beginning in FY2016. Article 4 of the FY2018 Enacted Budget provided RIPTA with \$5.0 million in both FY2018 and FY2019, to fund the free-fare program for low-income senior and disabled persons. The legislation required the creation of a Coordinating Council to develop recommendations for the sustainable funding of the program while maximizing the use of federal funds available to support the transportation needs of this population. Within a submitted report, the main recommendation for sustainable funding was to divert an additional penny of the gas tax to RIPTA for this program, which was not provided.

Article 8 of the FY2020 Budget as Enacted extended the \$5.0 million in HMA funding to RIPTA indefinitely to fund the Reduced-Fare Program and debt service.

Motor Fuel Tax

Projected Revenue: The FY2026 estimate from the Office of Revenue Analysis (ORA) indicates RIPTA will receive \$46.7 million of motor fuel tax revenue in FY2025 and \$54.7 million in FY2026. Article 11 of the FY2026 Budget as Enacted increased RIPTA's share of gas tax revenue from \$0.0975 to \$0.1175 per gallon and the overall gas tax rate from \$0.375 to \$0.405 per gallon, which includes RIPTA's share of the environmental protection fee. The following table illustrates RIPTA's audited share of motor fuel tax revenue in FY2024 and projected revenue for FY2025-FY2028.

Motor Fuel Revenue	FY2024 Audited	FY2025 Final	FY2026 Enacted	FY2027 Projected	FY2028 Projected
Statutory Share*	\$40,228,873	\$40,998,350	\$49,041,146	\$48,040,166	\$46,991,081
Share of Healthy Aging	3,435,762	3,501,481	3,443,778	3,373,487	3,299,818
Environmental Protection Fee	2,041,100	2,216,127	2,179,607	2,135,119	2,088,493
Total	\$45,705,735	\$46,715,958	\$54,664,531	\$53,548,772	\$52,379,392

Source: ORA FY2026 Motor Fuel Tax Revenue Forecast

**In FY2026, RIPTA's statutory share increased from \$0.0925 to \$0.1125*

Background: RIPTA's share of the motor vehicle fuel revenue totals \$0.1054 per gallon and is comprised of RIPTA's statutory portion of \$0.0925 per gallon and a \$0.0079 per gallon transfer from the Office of Healthy Aging (OHA). \$2.5 million of the OHA transfer directly supports the Reduced Fare program and is budgeted as Third-Party Fares, with the remainder serving as operating funds. RIPTA also receives \$0.005 or 50.0 percent of the \$0.01 per gallon Environmental Protection Fee.

Beginning in FY2016, the tax rate is adjusted biennially on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest 1.0 cent increment. 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. Furthermore, ORA determined a 3.0 cent increase to the gas tax was warranted at the start of FY2024, based upon inflation and the increasing CPI-U. The gas tax was therefore raised from 34.5 cents to 37.5 cents. Pursuant to RIGL 31-36-20, the additional gas tax revenue is directed to the Department of Transportation (RIDOT).

COVID Funding

Since the start of the COVID-19 pandemic, the Authority received a total of \$143.7 million in federal emergency relief funds, including \$92.2 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act; \$769,136 from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; and, \$50.7 million from the American Rescue Plan (ARPA) Act, which includes the \$15.0 million provided by the General Assembly in FY2025. The Authority depleted the federal relief funding in April of 2025.

Fare Changes

The budget framework, adopted at the August 2025 Board of Directors' Meeting, indicates that there will be a comprehensive, multi-year fare adjustment plan. The framework further notes that standard bus fares have not been increased in 15 years and that fares for monthly passes have remained unchanged for 9 years.

Background: In 2015, RIPTA conducted a comprehensive study of the fare products offered to customers, as well as the rates charged. The goals of the fare study were to simplify fare products; improve the reliability of fare media; introduce needed products; make boarding a bus fast, convenient, and reliable; implement new fare technologies; and, maximize revenue and ridership. RIPTA's Board adopted a new fare structure in December 2016 that eliminated the 15-ride pass and RIPTIKs (packages of 10 one-way

tickets including free transfers that did not expire), created a 10-ride pass, increased the price of a 7-day pass and bus transfers, and recommended charging seniors and people with disabilities \$0.50 per trip.

While other changes were implemented, the charge to seniors and people with disabilities caused concern among advocacy groups and was never executed. Since FY2017, the General Assembly has included additional funds to continue the reduced fare program.

In September 2020, RIPTA launched the WAVE program, a smart fare collection system. The WAVE program operates on an earn-as-you-go model. The system tracks rider's trips allowing them to pay for individual rides or days while never exceeding the price of a day pass or month pass. Once a user spends the equivalent to a day or month pass they are not charged for any additional rides that day or month.

The WAVE program is fully implemented allowing RIPTA to move away from paper products. As of January 2022, RIPTA is no longer accepting paper fare products and bus drivers will not make change for cash payments. Passengers must pay via the WAVE smart card or app, exact change, photo ID pass, or a U-Pass ID. The Authority stopped accepting the paper monthly passes as of June 2022. The following table illustrates current fares.

RIPTA Fares	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Cash Fare	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Wave Full Fare	2.00	2.00	2.00	2.00	2.00	2.00
Wave Day Pass	6.00	6.00	6.00	6.00	6.00	6.00
Wave Monthly Pass	70.00	70.00	70.00	70.00	70.00	70.00
Senior/Disabled Off-Peak*	1.00	1.00	1.00	1.00	1.00	1.00
Ride/Paratransit Trip	4.00	4.00	4.00	4.00	4.00	4.00

* \$10 is the cost to renew pass, must be done biennially.

Reduced Fare Bus Pass Program

RIPTA provides free and reduced fare bus rides to qualifying low-income seniors and people with disabilities through the Reduced Fare Bus Pass Program. Passes issued through the program are good for two years and require a \$10 processing fee to renew. To qualify as a low-income senior, applicants must be over age 65 and provide proof of income through either an SSI award letter, a Medicaid eligibility notice letter, or a Supplemental Income Verification Notice. The applicant's total household income may not be more than 200.0 percent of the Federal Poverty Level, or \$42,300 for a family of two, as of 2025. To qualify as a disabled person, the applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center. The program does not currently provide rides for individuals who meet the income threshold but are neither seniors nor disabled, however, those individuals may qualify for the Low-Income program.

RIPTA also offers half-fare (currently \$1) boarding to seniors and people with disabilities, regardless of income, during off-peak hours. Participants must enroll in the program and will be issued a valid identification card. Participants are required to pay full fare during peak service hours (7 am-9 am and 3 pm-6 pm on weekdays).

Reduced Fare Bus Pass Program Background: The Reduced Fare program, also titled the Free Fare program, was originally scheduled to begin in July 2016. Previously, eligible low-income seniors and disabled individuals had their rides fully subsidized under RIPTA's Reduced Fare program; however, the program contributed significantly to RIPTA's operating deficits. The Reduced Fare model was expected to help alleviate the deficit. Due to outcry from local advocacy groups, transitioning from the Free Fare program to the Reduced Fare model was effectively delayed for seven months when the General Assembly appropriated \$900,000 to RIPTA for the program in the FY2017 Budget as Enacted. Article 4 of the FY2018 Budget as Enacted, provided the Rhode Island Public Transit Authority (RIPTA) with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019: \$3.4 million to fund the free-fare program for low-income senior and disabled persons, and the remaining \$1.6 million for debt service

payments that were shifted back to the Authority. Article 8 of the FY2020 Budget extended the \$5.0 million in HMA funding to RIPTA indefinitely.

Low-Income Pilot Program

Program Update: At the RIPTA Board of Directors Meeting on December 19, 2024, the Board received a memorandum from the CEO, Christopher Durand, indicating that the low-income pilot program will be extended indefinitely. The memorandum notes, “In its current iteration, partner organizations are granted 50.0 percent discounts on fare products purchased on behalf of low-income individuals experiencing housing insecurity; this model has proven to be both sustainable and effective, based on RIPTA’s direct experience as well as that of peer agencies. Furthermore, it has been determined that a Title VI SAFE analysis is not required as a precursor to permanent implementation of this fare benefit program.”

Program Background: At the October 2022 RIPTA Board of Directors Meeting, the Board authorized a pilot program that distributed 600 bus passes to organizations who assist unhoused and low-income communities, as well as to individuals directly. The pilot’s population were individuals whose income qualifies for the current free-fare program, but are not elderly or disabled. Distribution of the bus passes granted RIPTA the ability to study the total number of trips taken and the routes most frequently ridden. The bus passes were distributed to over 12 community agencies and intended to be valid for a six-month period. Upon the pilot’s conclusion, RIPTA is to deliver a report to the Board of Directors. As of August 2023, the pilot program has expanded and RIPTA has issued 775 bus passes, 175 more than originally allotted. The preliminary data from March 2023 through July indicates RIPTA has provided 91,012 total trips and forgone \$182,024 in fare revenue (calculated at \$2.00 per trip). Additionally, RIPTA noted that the number of individuals who regularly use their use their passes have declined, but, of the individuals using their passes, average use per pass increased.

At the October 2023 RIPTA Board of Directors Meeting, the Board received a report from RIPTA concerning the results of the low-income pilot program and a recommendation to create a Phase 2 Pilot program. As of September 30, 2023, the pilot had provided 128,347 rides and forgone approximately \$257,000 in total revenue, or \$40,000 per month. Additionally, RIPTA recommended extending the pilot program for an additional six months while also providing clear guidance to partner organizations and individuals enrolled.

During the first half of Phase Two, November 2023 – January 2024, partner organizations were trained to manage accounts on the Authority’s Wave portal. During the second half of Phase 2, February 2024 – April 2024, RIPTA continued to cover the cost of fare products but the partner organizations will manage the participant passes directly. The Board approved the recommendation and authorized the Pilot’s extension.

At the May 23, 2024, RIPTA Board of Directors Meeting, the Board received a report from the RIPTA Administration concerning the results of the Phase Two Low Income Pilot program and authorized a third low income pilot program, per the Authority’s recommendation. Phase Two concluded on April 30, 2024, and provided free transportation to 174 individuals throughout seven different partner organizations. Mathewson Street Church partnered with 82 riders, representing the largest population, consisting of 85.0 percent of all pilot trips during the month of April. The third low income pilot program built on RIPTA’s prior research and provided a population highly-dependent on public transportation, access to basic necessities. Supported with \$150,000 of previously allocated funds, the pilot provided select partner organizations with a 50.0 percent subsidy on fare products for individuals experiencing housing insecurity and/or homelessness. The third pilot commenced on July 1, 2024, and was scheduled to conclude on December 31, 2024, until it was extended indefinitely.

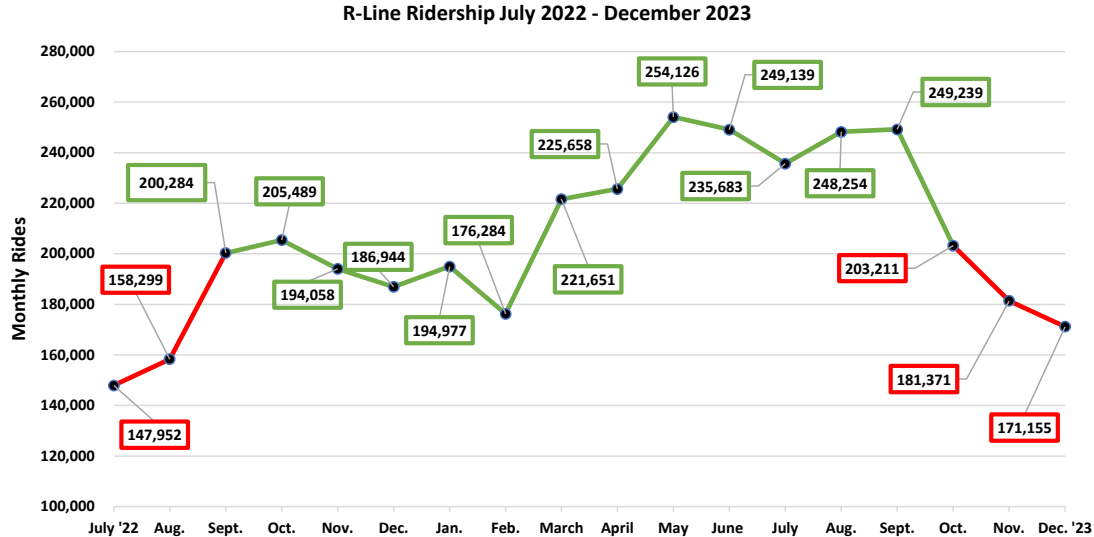
R-Line Free-Fare Pilot Program

In the 2022 session, the General Assembly enacted a pilot program to offer free fares on the R-Line, RIPTA’s most frequent and highest-ridership route, which connects Providence and Pawtucket. The program began on September 1, 2022, and concluded on October 1, 2023.

The program was originally funded with \$2.5 million of ARPA SFRF funds in FY2023 and intended to be a one-year pilot. The funding was provided to replace lost fare revenue, purchase automatic passenger counters, perform a required Federal Transit Administration Title VI Analysis, and prepare an evaluation report to the General Assembly. The pilot program presented a unique opportunity to study the benefits and potential drawbacks of a fare-free transit service in Rhode Island. RIPTA analyzed a variety of factors, including ridership impacts on the R-Line, other RIPTA routes, and paratransit service; service reliability; financial impacts to RIPTA and transit riders; and environmental impacts.

The Authority indicated that the program increased ridership but also led to a reduction in the Authority’s Third-Party fare revenue. Third-Party fares are provided by colleges and other institutions on behalf of their students or employees. RIPTA indicated that institutions have expended less than the Authority originally anticipated, resulting in a decline in revenue. Therefore, the FY2024 Budget appropriated an additional \$750,000 for the initiative, reflecting a total of \$3.3 million in SFRF for the pilot. Additionally, RIPTA announced a one-month extension to the pilot in August of 2023, which concluded on October 1, 2023. The Authority submitted a report concerning the pilot’s ridership data to the Speaker of the House, President of the Senate, and the Governor by March 1, 2024. The report was received 21 days late on March 21, 2024.

The following graph illustrates the R-Line ridership data from July 2022 through December 2023. The variance between July of 2022 and June of 2023 represents a 68.4 percent increase.



Note: A green border indicates the month offered fare-free service.

Transportation Coordinating Council

Pursuant to Article 4 of the FY2018 Enacted Budget, RIPTA established a coordinating council to develop recommendations for the sustainable funding of the Free Fare Bus Pass Program while maximizing the use of federal funds available to support the transportation needs of the State’s elderly and disabled populations. The Council was due to report its recommendations to the Governor, Speaker of the House, and Senate President by November 1, 2018; however, RIPTA did not present its findings until December 31, 2018.

The Council consisted of members from multiple State agencies including RIPTA; the Department of Human Services; the Executive Office of Human Services; the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals; the Office of Veteran’s Affairs; and, the Division of Elderly Affairs. The Council broke into two “working groups”, the Communications Working Group and the Bus Pass Program Funding Working Group. Although the legislation was passed in June 2017 the Council did not begin meeting until January 2018. The entire Council met a total of six times from January through December of 2018.

RIPTA estimated that the total funding gap within the Free-Fare Program was about \$4.4 million in FY2020. Within the submitted report the main recommendation for sustainable funding was to divert an additional penny of the gas tax, or an equal amount of funding from another source, to RIPTA.

The No-Fare Bus Pass Coalition, an advocacy group that was also a member of the Council, made the following recommendations:

- A dedicated stream of state lottery or gambling revenues, such as a scratch ticket to promote public transit or earmarking a percentage of anticipated gaming revenues for RIPTA.
- Establishing a tax on ride-sharing companies, such as Uber and Lyft, with funds collected allocated to RIPTA.
- Establishing a tax on parking lots, or increasing the cost of parking, and allocating additional funds collected to RIPTA.

Although the Council was aware of these recommendations, there was no follow-up with relative Departments such as the Lottery or the Department of Revenue. The Reduced Fare Program continues to be funded through the \$5.0 million appropriation to RIPTA from the HMA.

Article 11 of the FY2026 Budget as Enacted eliminates the requirement for the coordinating council due to the submittal of the report. As of September 2025, the council continues to meet.

Statewide Paratransit

Ride Anywhere: The FY2026 Budget as Enacted includes language to preserve the Ride Anywhere paratransit program and ensures that services continue. Additionally, the budget framework, which was approved by the Board of Directors at the August 2025 Meeting, confirms the program will continue and notes that there will be no reductions to service.

Paratransit Study: The Authority expended \$75,000 of gas tax revenue to conduct a study of their current operations and paratransit bus services, which resulted in the design of a statewide program that addresses the transportation needs of seniors and individuals with disabilities. The Authority currently offers the Ride program, which is a paratransit service for individuals whose disabilities prevent either the independent use of the fixed route system or travel to and from bus stops. The study specifically focused on the needs of elderly and disabled individuals who use the fixed route system but do not live within three-quarters of a mile from a fixed route, as required by ADA paratransit services.

The study began in June 2022 and the completed analysis was delivered to the General Assembly in January 2023. The analysis detailed two options for statewide paratransit service, both a base and extended service, and concluded that operating costs would range from \$5.4 million for the base service to \$6.4 million for the extended service. Additionally, the study estimated that startup and capital costs range from \$3.9 million for the base service to \$4.2 million for the extended service.

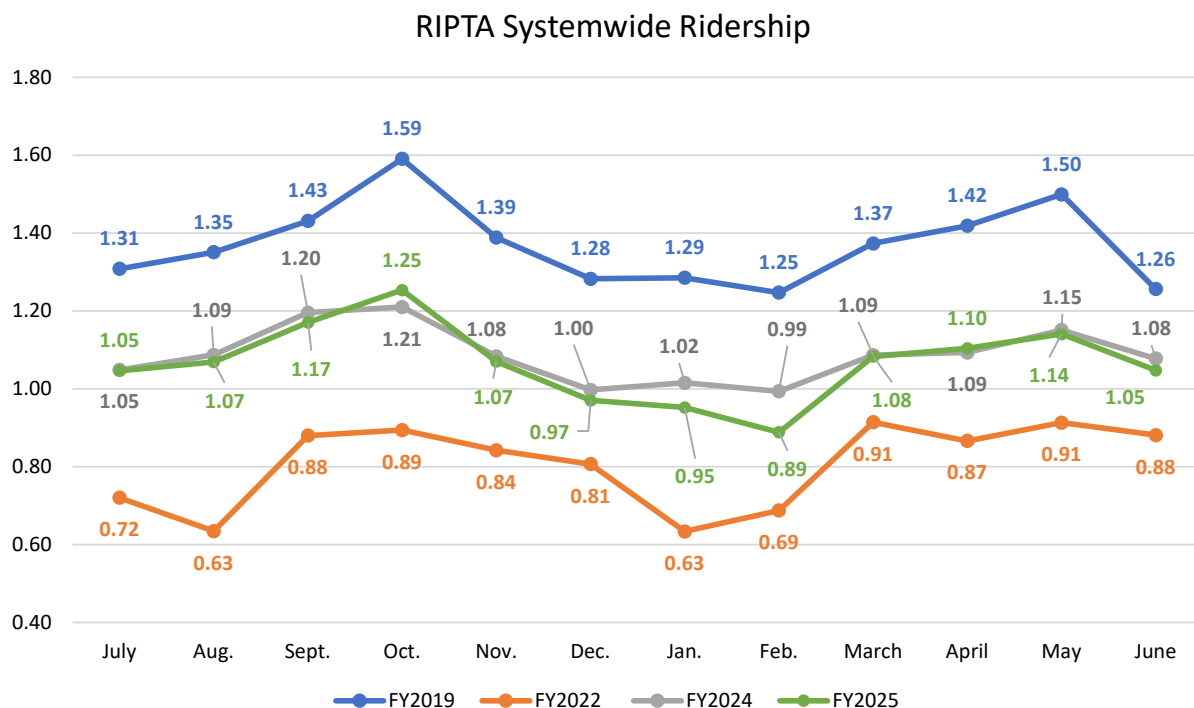
Ride Anywhere Paratransit Pilot: To further expand upon the paratransit study's conclusions, the FY2024 Budget as Enacted directed RIPTA to operate a voucher pilot program. The pilot program, titled Ride Anywhere, soft launched on January 1, 2024, and studied the feasibility and implementation of expanding the Authority's paratransit service to underserved communities throughout the State. The pilot was limited by RIPTA's resources as the Authority was not provided additional funds. Individuals enrolled in the Ride program were able to request trips that go beyond the current service area and for the same \$4 fare as a standard paratransit trip. The Authority prioritized rides within the federally required $\frac{3}{4}$ of a mile service area and required a 24-hour notice for ride requests. Following the pilot's conclusion, the Budget required the Authority to deliver an evaluation report to the General Assembly, which was submitted in May 2025.

Ridership

RIPTA offers four types of transit services: fixed route, flex service, the Ride Program, and vanpool services. Fixed route service consists primarily of regular bus service on established routes. Flex service

provides van transportation within a limited geographic area. The Ride program provides transportation to eligible senior citizens and individuals with disabilities. Vanpool services, which started in FY2018, allow a group of commuters to lease a shared vehicle through Enterprise and use the vehicle daily while commuting to work. The vanpool program is mainly used by Electric Boat in Quonset Business Park; however, RIPTA hopes to expand this program into other areas of the State.

RIPTA's ridership has steadily increased in the years following the pandemic and the 8.0 million passenger trips provided in FY2021. RIPTA provided 9.7 million passenger trips in FY2022, 11.1 million trips in FY2023 and 13.0 million in FY2024. Preliminary data indicates that the Authority provided 12.8 million rides in FY2025, reflecting a 1.9 percent decrease from the previous year and a 32.3 percent increase from FY2022. Ridership has yet to return to pre-pandemic levels as annual ridership in FY2025 is 22.1 percent below the 16.4 million trips provided in FY2019. The following graph compares ridership data from FY2019, the fiscal year before the pandemic identified in blue, to FY2022, FY2024, and FY2025, which are represented as orange, grey, and green respectively.



Source: RIPTA Board Meeting Packets.

Figures represent nonaudited riders in millions.

TRANSIT MASTER PLAN

RIPTA released a Transit Master Plan (TMP) titled Transit Forward, that was adopted by the State Planning Council on December 10, 2020. The Transit Master Plan identifies five key indicatives to transform transit in RI:

- Improve Existing Services
- Expand Service to New Areas
- Develop High Capacity Transit
- Improve Access to Transit
- Make Service Easier to Use

Each initiative includes several projects designed to accomplish the goal, some of which are already included in the Authority's capital plan. The Authority indicates that full implementation of the Transit Master Plan will increase the Authority's operating cost to an annual average of \$217.0 million in addition to increased annual capital costs of \$104.0 million - \$160.0 million. The Transit Master Plan includes the following transportation services: light rail, bus rapid transit (BRT), rapid bus, regional rapid bus, commuter rail, local routes, flex services, and paratransit.

Downtown Transit Center: The Budget includes \$20.5 million in general obligation bond proceeds authorized in 2014 for the creation of an intermodal facility in Providence that will allow all passengers to transfer routes in a safe and streamlined location. The Authority was provided the \$22.0 million balance of the 2014 Transit Bond, of which, \$1.5 million has been spent on the project prior to FY2025. The Dorrance Street Transit Center, the project's original title, was initially planned to be located on the blocks bounded by Dorrance Street, Friendship Street, Clifford Street, and Dyer Street, to provide a single location for bus service. RIPTA has since abandoned this site and a new location has yet to be determined. Additionally, the Transit Center is expected to be a mixed-use development area with the expansion of nearby retail and housing locations. An RFP was issued on January 17, 2023, and the project will be a Public Private Partnership (P3).

At the August 23, 2023, Board of Directors Meeting, RIPTA reported receiving one response from the RFP and the Authority's Evaluation Team scored the proposal from Next Wave Partners, a 95 out of 100. Next Wave Partners is a consortium comprised of Gilbane Development Company, Plenary Americas, Marsella Development, Gilbane Building Company, CUBE 3, and Jacobs. The Board accepted the bid at the August 2023 Board of Directors Meeting.

At the Special Board of Directors Meeting on January 30, 2024, RIPTA approved the Preliminary Services Agreement for the Joint Business Development Project, funded by the \$21.4 million balance of the 2014 Transit Bond. The preliminary services include: site assessment and acquisition, public engagement, progressive design, construction, financing, operation, and maintenance of the Transit Center Joint Development. The contract identifies six tasks that Next Wave Partners will complete in 651 days, or approximately one year and nine months, for a projected cost of \$16.9 million. The contract also includes fees for additional services, if necessary. The Authority entered into the contract on February 16, 2024, and it is projected to be completed on November 28, 2025. The following table illustrates the projected costs and completion dates for each task as well as the project overall.

Task	Duration of Task (days)	Projected Cost	Projected Completion Date
Task 1: Kick-Off/ Visioning	72	\$1,415,433	4/28/2024
Task 2: Due Dilligence & Conceptual Options Package	105	2,028,476	8/11/2024
Task 3: Basis of Design Report (BODR) Submittal	104	2,155,837	11/23/2024
Task 4: 30% Design Package Submittal	126	3,418,748	3/29/2025
Task 5: 60% Design Package Submittal	116	4,276,291	7/23/2025
Task 6: Definitive Submittal	128	3,579,589	11/28/2025
Total	651	\$16,874,374	11/28/2025

At the July 25, 2024, Board of Directors Meeting, RIPTA indicated that the project is on schedule and currently completing Task 2. Workshop meetings for Communications, Site Analysis, Design/Build, Commercial & Financial, and Operations & Management working groups are continuing as are biweekly project meetings with Next Wave managers. Additionally, RIPTA is conducting a second round of stakeholder meetings to address concerns that were raised at the initial meetings.

As of March 6, 2025, The Authority indicates that they are currently working on Task 2, which was expected to be complete on August 11, 2024. The Authority notes that they are performing additional

diligence on proposed locations, which have involved discussions with the Board during Executive Sessions.

At the March 27, 2025, Board of Directors Meeting, the Board received Task 2, Part 1, of the project, which includes site evaluations and commercial feasibility. The report indicates that sites with the nearest proximity to the Providence Train Station received the most favorable public responses and therefore recommend two parcels of land for the location. Additionally, the report indicates that the project is “Highly subject to political factors that may be outside of the Project’s control, namely the successful negotiation of a property tax deal with the City of Providence; obtaining committed financing under the USDOT’s RRIF program, which up to this point has not yet been authorized to finance a residential project.”

The budget framework, approved by the Board of Directors’ at the August 2025 Meeting, confirmed the Authority’s commitment to the Downtown Transit Center and its location alongside the Providence Train Station.

CAPITAL PROJECTS

The Budget provides RIPTA with \$10.7 million of Rhode Island Capital Plan (RICAP) funds in the FY2025 Final Budget, reflecting a \$4.0 million decrease from the previous year’s enacted level. The reduction is primarily due to a \$3.1 million shift from FY2025 to FY2027 for the Land and Buildings line, due to updated timelines and uncertainty with federal grants. The FY2026 Budget as Enacted includes \$8.5 million of RICAP funds, representing a \$2.7 million decrease from the FY2025 Budget as Enacted, primarily due to the completion of the College Hill Tunnel project in FY2025 within the Land and Buildings line. The following table illustrates the RICAP funding included in the FY2026 Budget as Enacted for the Authority.

RIPTA: RICAP Projects	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Land and Buildings	\$11,214,401	\$5,779,498	(\$5,434,903)	\$6,905,927	(\$4,308,474)
Pawtucket Bus Hub Passenger Facility	3,424,529	3,500,000	75,471	1,500,000	1,500,000
Kingston Station Hub	-	1,140,000	1,140,000	-	-
Metro Connector Study	-	250,000	250,000	90,000	90,000
Total	\$14,638,930	\$10,669,498	(\$3,969,432)	\$8,495,927	(\$2,718,474)

RIPTA’s Capital Budget includes \$80.3 million in all funds for FY2025 and \$83.6 million for FY2026. The Authority’s capital funding is primarily sourced from the Federal Transit Administration (FTA), which provides \$327.3 million or 79.9 percent of the Authority’s funding through FY2030. The following tables illustrate the Authority’s capital funding sources and significant projects. The balance on the 2014 Transit Bond (P.L. 2014, Ch. 145- Issued) also appears in the Department of Transportation’s budget, resulting in the inclusion of the “Offset to Avoid Double Counting Line” below.

RIPTA Capital Funding Sources										
Funding Source Name	Pre- FY2025	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Post FY2030	Total FY2025-FY2030	Grand Total
Agency Funds	\$4.5	-	-	-	-	-	-	-	-	\$4.5
Federal Highway Administration	-	3.3	1.7	-	-	-	-	-	5.0	5.0
Federal Stimulus Funding	21.8	-	-	-	-	-	-	-	-	21.8
Federal Transit Administration	204.9	59.0	66.1	73.9	49.5	38.1	40.7	11.0	327.3	543.2
Offset to Avoid Double Counting	(1.5)	(11.1)	(9.3)	-	-	-	-	-	(20.5)	(22.0)
Paratransit Revolving Fund	3.7	1.7	0.9	0.7	0.8	0.8	0.9	-	5.7	9.4
P.L. 2014, Ch. 145 - Issued	1.5	11.1	9.3	-	-	-	-	-	20.5	22.0
RI Capital Plan Fund	3.3	10.7	8.5	7.6	3.2	3.2	0.8	-	33.9	37.1
RIPTA Capital Funds	0.5	-	-	-	-	-	-	-	-	0.5
RIPTA Operating Funds	10.1	0.8	6.4	6.9	6.4	5.9	6.5	-	33.0	43.1
State Fleet Replacement Fund	4.2	-	-	-	-	-	-	-	-	4.2
Vehicle Registration Fees	7.6	4.8	-	-	-	-	-	-	4.8	12.5
Total:	\$260.6	\$80.3	\$83.6	\$89.1	\$59.8	\$48.0	\$48.9	\$11.0	\$409.7	\$681.3

\$ in millions, totals may vary due to rounding

Capital Project	Pre-								Total	Grand
	FY2025	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Post- FY2030	FY2025 - FY2030	Total
Bus Purchases	\$151.8	\$29.1	\$31.9	\$34.7	\$32.1	\$29.5	\$32.6	-	\$190.1	\$341.9
College Hill Bus Tunnel	7.6	14.8	-	-	-	-	-	-	14.8	22.5
Kingston Station Hub	-	2.3	3.4	-	-	-	-	-	5.7	5.7
Land and Buildings	82.8	20.9	42.0	50.7	23.8	14.4	12.1	11.0	163.8	257.6
Paratransit Vehicles	18.3	8.3	4.4	3.7	3.9	4.1	4.3	-	28.6	46.9
Pawtucket Bus Hub Passenger Facility	-	3.5	1.5	-	-	-	-	-	5.0	5.0
Metro Connector Study	-	1.2	0.5	-	-	-	-	-	1.7	1.7
Total	\$260.6	\$80.3	\$83.6	\$89.1	\$59.8	\$48.0	\$48.9	\$11.0	\$409.7	\$681.3

\$ in millions, totals may vary due to rounding

Bus Purchases: The Budget includes \$190.1 million in all funds from FY2025 through FY2030, including \$29.1 million in FY2025 and \$31.9 million in FY2026, for the financing and purchasing of fixed-route buses. The FY2025 Final Budget includes \$4.8 million of State revenue received from vehicle registration fees, as a match for \$24.3 million of funding from the Federal Transit Administration (FTA). For FY2026 and future years, the Budget directs the Authority use operating funds as a match to collect federal funds.

RIPTA has a fixed route fleet size of 238 vehicles and 15 Flex vehicles. FTA guidelines recommend that fixed route vehicles are replaced at the end of their 12-year useful life. The Authority often uses buses past their 12-year recommended lifespan due to funding constraints. RIPTA indicates the possibility of a 2 to 1 replacement plan moving forward, where upon retirement, each diesel bus will be replaced with 2 electric buses.

Analyst Note: The Authority's FY2027 Capital Budget Request notes, "In light of current operating budget shortfalls, RIPTA will not be able to purchase new buses without the reappropriation of Vehicle Registration Fees, or other state funding source, as match."

College Hill Tunnel: The Budget includes \$14.8 million in FY2025 and no future funding for the College Hill Tunnel project. The \$14.8 million encompasses \$14.0 million in federal funds from the FTA and \$818,000 in RIPTA operating funds as the state match. The Authority commenced construction in the Spring of 2024 and completed the project in the Fall of 2024.

The East Side Tunnel, also known as the College Hill Tunnel, required passenger amenity improvements, structural repairs, and safety improvements. The College Hill tunnel is designated as a "fixed guideway". This designation increases the amount of funding that the State receives from the Federal Transit Administration. If repairs were not made to the tunnel, the Authority may have had to discontinue its use. This would not only have had a severe impact on the Authority's Section 5307 funds but would also have increased RIPTA's operating costs, as routes would have to be reconfigured. At the July 2024 Board of Directors Meeting, the Board authorized an additional \$7.5 million, or 47.5 percent of the original project cost, for the East Side Tunnel project. The Authority determined that shotcrete, the material used inside the tunnel, had concealed extensive cracks and water damage that were not included in the project's original scope.

Kingston Station Hub: The Budget includes \$5.7 million in all funds, of which, \$1.1 million are RICAP funds, to construct a comprehensive transit hub at the Kingston Station, located on Railroad Avenue in the West Kingston Village of the Town of South Kingstown. The transit hub will have improved bus facilities and passenger amenities while providing connections to RIPTA and Amtrak as well as the William C. O'Neill Bike Path. Originally, the plan involved constructing the transit hub at the University of Rhode Island Kingston Campus, but the current plan shifts the hub's location to the Kingston Station. A feasibility study and conceptual design are underway.

Land and Buildings: The Budget includes \$163.8 million in all funds from FY2025 through FY2030, including \$20.9 million in FY2025 and \$42.0 million in FY2026, for the Land and Buildings Enhancement project. The Land and Buildings Enhancement project allows the Authority's to maintain and improve their assets as well as secure federal discretionary grants to support the Transit Master Plan. The project is supported by federal funds, awarded through the Federal Highway Administration and FTA, as well as State funds such as RICAP funds and the Authority's capital and operating funds. The FY2025 Final Budget includes \$5.8 million of RICAP funds for the Land and Buildings project and \$6.9 million in the FY2026 Budget as Enacted. Significant sub-projects within Land and Buildings include replacing the fuel tank at the Elmwood Facility, constructing bathrooms at the Kennedy Plaza facility, and various security enhancements.

Paratransit Vehicles: The Budget includes \$28.6 million in all funds from FY2025 through FY2030, including \$8.3 million in FY2025 and \$4.4 million in FY2026, for the financing and purchasing of paratransit vehicles. The Authority maintains a fleet of about 100 vehicles for the paratransit program, also known as RIdE. Federal Transit Administration (FTA) guidelines recommend that Paratransit vehicles be retired at the end of their 5-year useful life. Despite uncertainties within the paratransit program, the age of the Paratransit fleet requires the continued replacement of vehicles. The Authority indicates that they did not receive any new paratransit vans in FY2024, placed an order for 50 vans in FY2025, and plan to order an additional 25 in FY2026.

Paratransit vehicles are funded via a fee charged for all trips provided through the paratransit program. The proceeds from this fee are put into the Paratransit Revolving Loan Fund, an internal RIPTA mechanism that funds the match for paratransit vehicles. Proceeds from this fee have fallen as the trip volume under the program has reduced. RIPTA continues to review this funding mechanism to determine the long-term impact on paratransit fleet replacement. The FTA pays 80.0 percent of each vehicle replacement cost and RIPTA pays a 20.0 percent local match from its revolving loan fund. For FY2025, the \$8.3 million total encompasses \$6.7 million from the FTA and \$1.7 million from the revolving fund. In FY2026, the \$4.4 million total includes \$3.5 million from the FTA and \$875,000 from the revolving fund.

Pawtucket Bus Hub Passenger Facility: The Budget includes \$5.0 million in all funds for the construction of the RIPTA Bus Hub Passenger Facility located at the MBTA Pawtucket/Central Falls Train Station. The recommendation is entirely RICAP funds and includes \$3.5 million in FY2025 and \$1.5 million in FY2026. RIPTA currently operates a bus hub at the train station, but it lacks passenger amenities such as restrooms, a ticket/pass sale kiosk, and covered waiting area. This project will address those concerns as well as providing an enhanced level of security.

Metro Connector Study: The Budget includes \$1.7 million in all funds, of which, \$340,000, are RICAP funds, to conduct the Providence High-Capacity Transit Corridor Study, also titled the Metro Connector Study. In the Spring of 2024, the Authority launched the Metro Connector Study, which explores the options for light-rail and bus rapid transit to connect downtown Providence and other areas with high activity to low-income neighborhoods in the state. The Authority indicates that "The purpose of the study is to consider options for providing fast, frequent, and reliable transit that connects regional activity centers, residential neighborhoods, business districts, and major transportation hubs across metropolitan Providence." RIPTA is directing the study and working closely with the Department of Transportation and the Department of Administration's Division of Statewide Planning, with leadership and input from the municipalities of Cumberland, Central Falls, Pawtucket, Providence, and Cranston.

The Summer 2025 update concerning the project indicates that it is halfway through the evaluation phase and identified a short list of four alternatives to further explore. The alternatives chosen focus on two general corridors and include options for both light rail transit and bus rapid transit. The Authority is expecting to present their work to the public in the Fall of 2025 and request feedback concerning public opinion.



SPECIAL REPORTS

Personnel

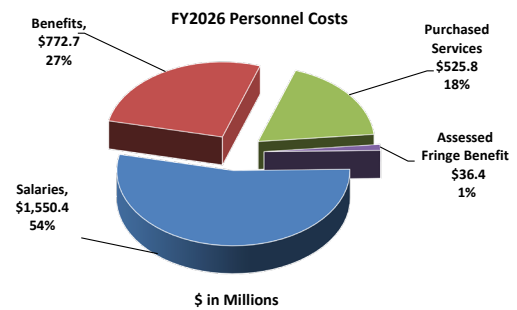
The FY2026 Budget as Enacted includes a total of \$2,885.3 million for personnel expenditures, an increase of \$62.0 million compared to the FY2025 Budget as Enacted, and \$46.6 million more than the FY2025 Final Budget. Salaries and benefits total \$2,323.1 million and comprise 80.5 percent of FY2026 personnel expenditures (56.6 percent of the salaries and benefits costs are supported by general revenue).

The FY2025 Final Budget includes \$2,838.7 million for personnel expenditures, an increase of \$15.4 million compared to the FY2025 Budget as Enacted. Salaries and benefits total \$2,204.5 million and comprise 77.7 percent of FY2025 final personnel expenditures (56.1 percent of the salaries and benefits costs are supported by general revenue). Purchased services decrease by \$21.6 million.

PERSONNEL EXPENDITURE TRENDS

Expenditures for salaries in FY2026 total \$1,550.4 million, comprising 53.7 percent of total personnel costs, an increase of \$127.4 million (9.0 percent) from the FY2025 Budget as Enacted. Total benefit costs, excluding assessed fringe benefits costs, amount to \$772.7 million and comprise 26.8 percent of total personnel costs. Benefits increase by \$38.2 million or 5.2 percent, from the FY2025 Budget as Enacted.

Purchased services costs are \$525.8 million, 18.2 percent, of the total personnel costs. Purchased services decrease by \$94.2 million, 15.2 percent, from the FY2025 Budget as Enacted.



Expenses by Description	FY2023 Actual	% of Total	FY2024 Actual	% of Total	FY2025 Enacted	% of Total	FY2025 Final	% of Total	FY2026 Enacted	% of Total
Salaries	\$1,274.0	52.9%	\$1,343.2	52.4%	\$1,423.0	50.4%	\$1,474.8	52.0%	\$1,550.4	53.7%
Benefits	616.2	25.6%	635.3	24.8%	734.5	26.0%	729.7	25.7%	772.7	26.8%
Purchased Services	486.5	20.2%	552.6	21.5%	620.0	22.0%	598.4	21.1%	525.8	18.2%
Assessed Fringe Benefits	33.4	1.4%	34.3	1.3%	45.7	1.6%	35.8	1.3%	36.4	1.3%
Total	\$2,410.1	100.0%	\$2,565.5	100.0%	\$2,823.3	100.0%	\$2,838.7	100.0%	\$2,885.2	100.0%

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

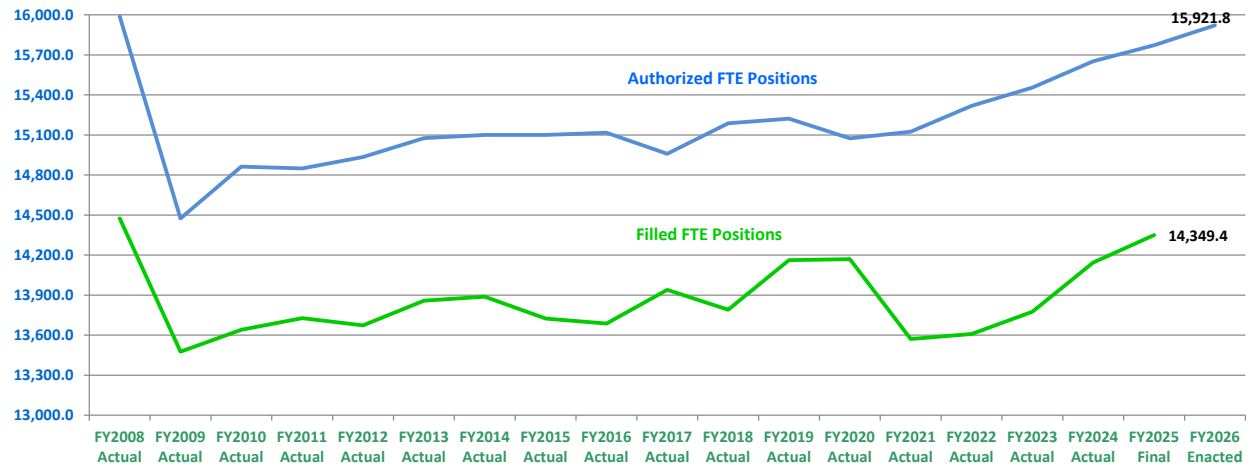
Expenses by Function	FY2023 Actual	FY2024 Actual	FY2025 Enacted	FY2025 Final	FY2026 Enacted	% of Pers. Budget	FY2026 General Revenue	FY2026 General Revenue %
General Government	\$290.5	\$306.2	\$367.9	\$355.3	\$373.4	12.9%	\$212.6	56.9%
Human Services	665.5	729.5	801.7	784.4	762.7	26.4%	392.5	51.5%
Education	729.4	782.7	831.8	833.1	853.0	29.6%	251.3	29.5%
Natural Resources	69.6	72.7	82.5	88.2	90.0	3.1%	46.9	52.1%
Public Safety	514.9	525.8	557.8	593.5	616.2	21.4%	554.3	90.0%
Transportation	140.1	148.5	181.6	184.2	189.9	6.6%	-	-
Total	\$2,410.1	\$2,565.5	\$2,823.3	\$2,838.7	\$2,885.2	100.0%	\$1,457.6	

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

FTE POSITIONS

The FY2025 Budget as Enacted authorizes 15,772.8 FTE positions. At the start of the fiscal year, 14,145.2 FTE positions (89.7 percent of the enacted authorized amount) were filled, leaving 1,627.6 FTE positions vacant, a rate of 10.3 percent. As of June 28, 2025, the State has a net increase of 204.2 filled FTE positions. Over the past decade, the vacancy rate has averaged 9.0 percent, or 1,369.1 FTE positions.

The FY2026 Budget as Enacted authorizes 15,921.8 FTE positions in FY2026, 149.0 FTE positions more than the previous fiscal year.



The following table illustrates the number of FTE positions by government function.

Government Function	FY2025 Enacted	FY2025 Final	Change to Enacted	FY2026 Enacted	% of Total	Change to Enacted
General Government	2,570.3	2,570.3	-	2,595.3	16.3%	25.0
Human Services	3,848.5	3,848.5	-	3,859.5	24.2%	11.0
Education	4,269.8	4,269.8	-	4,348.8	27.3%	79.0
Public Safety	3,338.4	3,338.4	-	3,347.4	21.0%	9.0
Natural Resources	471.0	471.0	-	471.0	3.0%	-
Transportation	755.0	755.0	-	755.0	4.7%	-
Subtotal	15,253.0	15,253.0	-	15,377.0	96.6%	124.0
Sponsored Research	519.8	519.8	-	544.8	3.4%	25.0
Total FTE Positions	15,772.8	15,772.8	-	15,921.8	100.0%	149.0

FY2025: The FY2025 Final Budget includes 15,772.8 FTE positions, consistent with the enacted level.

- **A decrease of 16.0 FTE positions in the Department of Administration:** The FY2025 Revised Budget decreases 16.0 FTE positions from the authorized level in the FY2025 Budget as Enacted. The decrease reflects the shift of 16.0 FTE positions from the Department to the proposed stand-alone Office of Energy Resources.
- **An increase of 16.0 FTE positions in the Office of Energy Resources:** The Budget shifts 16.0 FTE positions from the Department of Administration to the proposed stand-alone Office of Energy Resources.

FY2026: The FY2026 Budget as Enacted includes 15,921.8 FTE positions, a net increase of 149.0 FTE positions from the FY2025 Budget as Enacted and an increase of 149.0 FTE positions from the FY2025 Final Budget. The following are changes in the FY2026 Budget as Enacted:

- **An increase of 100.0 position in Public Higher Education:** The Budget provides 2,671 FTE positions, including 378.8 positions that are third party funded, reflecting a total increase of 100.0 FTE positions from the FY2025 Enacted Budget. In 2025, the University indicated that it had exceeded its general FTE cap by 20.0 FTEs, as the previous authorization failed to keep up with enrollment and growth over the years. To address the fact that the University exceeded its FTE cap, the General Assembly added an additional 100.0 FTE positions, 25.0 of which are third party funded.
- **An increase of 28.0 FTE positions in the Rhode Island Cannabis Control Commission:** The Budget includes an increase of 28.0 FTE positions within the Rhode Island Cannabis Control Commission, reflecting the FY2026 recommendation to establish the Commission as a stand-alone agency. The Budget shifts 26.0 FTE positions from the Department of Business Regulation's Office of Cannabis Regulation to the Rhode Island Cannabis Control Commission, and includes an additional 2.0 FTE positions.
- **A decrease of 26.0 FTE positions in the Department of Business Regulation:** The Budget includes a decrease of 26.0 FTE positions within the Department of Business Regulation reflecting the transition of the Rhode Island Cannabis Control Commission into its own stand-alone agency.
- **An increase of 17.0 FTE positions in the Office of Energy Resources:** The Budget reflects the shift of 16.0 FTE positions from the Department of Administration to the new stand-alone Office of Energy Resources that occurred as part of the FY2025 Revised Budget and the addition of 1.0 FTE Programing Services Officer to administer the State Facilities Benchmarking and Performance Standards Program.
- **An increase of 10.0 FTE positions in the Executive Office of Health and Human Services:** The increase includes 4.0 new FTE positions to evaluate and implement cost containment strategies in the Medicaid pharmacy program; 4.0 new FTE positions to enhance program integrity and compliance functions for Medicaid by proactively training providers to prevent fraud, waste, and abuse in the Medicaid program; and, 2.0 new FTE positions to create an integrated data system that is less reliant on contract employees.
- **An increase of 6.0 FTE positions in the Department of Revenue:** The Budget includes 6.0 new FTE positions within the Division of Taxation to assist with the implementation of several revenue initiatives proposed in Article 5 of the Governor's FY2026 Budget, including new digital advertising and whole-home short-term rental taxes. The Budget also includes an expansion of the sales tax to include parking services, an expansion of the Other Tobacco Products tax to nicotine pouches, and several housing related funding streams. The positions include 2.0 Taxpayer Service Specialist FTEs, 1.0 Tax Aide I FTE, 1.0 Tax Aide II FTE, 1.0 Tax Auditor I FTE, and a 1.0 FTE to assist in the implementation of new revenue initiatives such as the increase in the real estate conveyance tax.
- **An increase of 4.0 FTE positions in the Office of the Attorney General:** The Budget authorizes 4.0 new FTE positions for the Office of the Attorney General, funded entirely by restricted receipts.
- **An increase of 4.0 FTE positions in the Judiciary:** The increase includes 1.0 new Court Interpreter I position, 1.0 new Deputy Clerk, 1.0 new Deputy Clerk position in the Traffic Tribunal, and 1.0 new Administrative Clerk of Office Services position in the Workers' Compensation Court.
- **An increase of 2.0 FTE positions in the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals:** The Budget transfers 2.0 FTEs related to group home maintenance from the Department of Administration to the Services for the Developmentally Disabled program within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.
- **An increase of 2.0 FTE positions at Davies Career and Technical Center:** The Budget provides 2.0 new FTE positions needed to meet the new graduation requirements passed by the Board of Education in November 2022 that begin with the graduating class of 2028

- **A decrease of 1.0 FTE position in the Department of Children, Youth, and Families:** The Budget shifts 1.0 Early Childhood System Coordinator out of the Department of Children, Youth, and Families to the Department of Human Services to facilitate interagency coordination.
- **A net increase of 1.0 FTE position in the Department of Administration:** A net increase of 1.0 FTE positions to the Department, including the shift of 16.0 FTE positions to the stand-alone Office of Energy Resources, adds 15.0 FTE positions for new technical positions in state service under the purview of the Division of Enterprise Technology Strategy and Services (ETSS), a transfer of 2.0 FTE positions to BHDDH, an increase of 2.0 FTE positions to staff the Office of Internal Audit and Program Integrity, and, an increase of 2.0 FTE positions to staff the Integrated Data Systems initiative.
- **An increase of 1.0 FTE position in the Office of the General Treasurer:** The Budget includes an increase of 1.0 FTE within the Office of the General Treasurer for a new Cybersecurity Manager in Treasury. Treasury requested the Cybersecurity Manager to ensure the safekeeping of the personal identifiable information of state employees, ESRI participants, Unclaimed Property Data and Crime Victim Compensation Program details.
- **An increase of 1.0 FTE position in the Department of Public Safety:** The Budget adds a 1.0 increase to the FTE authorization for the Department of Public Safety in FY2026. The recommendation includes \$89,972 to support the salary and benefits of 1.0 FTE Capitol Police Screener position. The funding is allocated to internal service funds.

STATE EMPLOYEE CONTRACT AGREEMENT

The current state employee collective bargaining agreements (CBAs) between the State and the state employee bargaining units included a 3-year contract. Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed contract, the Budget includes the following cost-of-living adjustments (COLAs): 5.0 percent effective July 1, 2024, 4.0 percent effective July 1, 2025, and 3.0 percent effective on July 1, 2026. The COLAs were extended to non-union employees as well. The Budget includes statewide personnel COLA adjustments in the FY2026 Budget (4.0 percent COLA) and in the FY2025 Final Budget (5.0 percent COLA).

In the State Budget report dated October 24, 2024, the Budget Office provided a cost estimate on the impact of the COLA over the next three years:

State Employee COLA Cost Estimates

COLA Percentage	5.0%	4.0%	3.0%
General Revenue	\$45.9	\$84.5	\$114.6
All fund	\$72.1	\$131.8	\$180.0

\$ in millions

Effective Date	Percentage Increase
30-Jun-02	4.5%
27-Jun-04	1.5%
25-Jun-05	2.5%*
26-Jun-05	4.0%
25-Jun-06	3.0%
24-Jun-07	3.0%
21-Jun-09	2.5%
2-Jan-11	3.0%
19-Jun-11	3.0%
6-Apr-14	2.0%
5-Oct-14	2.0%
4-Oct-15	2.0%
1-Jan-18	2.0%**
1-Jan-19	2.5%
1-Jul-19	2.0%
1-Jan-20	1.0%
1-Jul-20	2.5%***
2-Jul-21	2.5%***
1-Jul-22	2.5%
1-Jul-23	2.5%
1-Jul-24	5.0%
1-Jul-25	4.0%
1-Jul-26	3.0%

*Not compounded on 1.5%

** Retroactive payment to January 1, 2018

*** Retroactive payments paid April 1 and April 29, 2022

In addition, the FY2026 Budget as Enacted includes a COLA Reserve for the collective bargaining units at RIDE, the Department of Corrections, and the Department of Public Safety, that ratified their contracts after the Governor submitted the FY2026 Budget. This includes an appropriation of \$19.0 million in FY2026 Budget as enacted and \$11.2 million in the FY2025 Final Budget. The COLA Reserve is based on the negotiated statewide cost-of-living adjustments.

Other adjustments to personnel expenses include turnover reductions and employee health benefit rate changes, as well as other benefit increases in assessed fringe benefit FICA, Medicare, and retirement, that reflect wage changes.

Contract Reserve Distribution

(\$19.0 million)

Subsequent to enactment of the FY2025 Budget, the Administration reached agreements with a majority of state employee unions that included cost-of-living adjustments of 5.0 percent for FY2025, 4.0 percent for FY2026, and 3.0 percent for FY2027, for a total of 12.0 percent.

The Governor included \$19.0 million in general revenue in FY2026 as a statewide contract reserve for the COLA adjustment in unions within the Department of Corrections, Department of Public Safety, and the Department of Elementary and Secondary Education that have yet to ratify their new contracts.

The FY2026 Budget as Enacted shifts \$19.0 million in general revenue to the Department of Corrections, Department of Public Safety, and the Department of Elementary and Secondary Education, where the outstanding collective bargaining units have ratified the new contracts. In addition, there are additional COLA reserve shifts of \$1.0 million in federal funds, \$389,706 in other funds, and \$243,816 in restricted receipts.

There is a corresponding shift of \$11.2 million in general revenue as part of the FY2025 Final Budget, based on a calculation using the same 12.0 percent COLA disbursement as agreed to by other contract bargaining units.

TURNOVER

The FY2026 Budget lists turnover as a natural account under the personnel category. This practice started with the Governor's recommendation for the FY2020 Budget. As illustrated in the table, the FY2025 Budget as Enacted contained \$71.8 million in turnover savings, of which \$56.3 million or 78.4 percent consisted of general revenue funds. The FY2025 Final Budget increases total turnover to \$79.9 million, reflecting increased savings of \$8.2 million in the final budget. For FY2026, the Budget includes turnover savings of \$79.8 million, of which \$63.2 million, or 79.2 percent, reflects general revenue.

Turnover by Funding Source

Funding Source	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Federal Funds	(\$7,565,348)	(\$7,417,579)	\$147,769	(\$9,345,871)	(\$1,780,523)
General Revenue	(56,312,440)	(63,415,393)	(7,102,953)	(63,173,204)	(6,860,764)
Other Funds	(7,209,548)	(7,830,637)	(621,089)	(6,199,388)	1,010,160
Restricted Receipts	(697,922)	(1,277,084)	(579,162)	(1,036,866)	(338,944)
Total	(\$71,785,258)	(\$79,940,693)	(\$8,155,435)	(\$79,755,329)	(\$7,970,071)

In FY2026, turnover is stated in 31 agency budgets. The following table illustrates the top agencies with all fund turnover savings exceeding \$1.0 million.

Turnover by Agency	FY2025 Final FTEs	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted FTEs	FY2026 Enacted	Change
BHDDH	1,221.4	(\$17,816,421)	(\$19,699,000)	(\$1,882,579)	1,223.4	(\$20,162,039)	(\$2,345,618)
Department of Corrections	1,461.0	(9,482,021)	(14,683,633)	(5,201,612)	1,461.0	(14,115,122)	(4,633,101)
Department of Human Services	1,079.0	(6,234,938)	(8,000,245)	(1,765,307)	1,079.0	(8,271,096)	(2,036,158)
Community College of Rhode Island	760.1	(6,528,425)	(6,899,461)	(371,036)	760.1	(6,870,702)	(342,277)
Department of Revenue	599.5	(5,053,266)	(5,282,523)	(229,257)	605.5	(5,379,507)	(326,241)
Department of Children, Youth, and Families	714.5	(3,870,905)	(3,238,376)	632,529	713.5	(3,317,857)	553,048
Executive Office of Health and Human Services	233.0	(2,538,769)	(2,803,315)	(264,546)	243.0	(3,126,927)	(588,158)
Department of Labor and Training	461.7	(2,653,526)	(3,274,452)	(620,926)	461.7	(3,109,224)	(455,698)
Department of Health	572.6	(1,331,987)	(1,361,436)	(29,449)	572.6	(2,112,188)	(780,201)
Judiciary	745.3	(1,822,424)	(1,729,201)	93,223	749.3	(1,976,468)	(154,044)
Department of Transportation	755.0	(2,118,698)	(2,900,978)	(782,280)	755.0	(1,882,370)	236,328
Office of Attorney General	264.1	(1,248,916)	(1,446,975)	(198,059)	268.1	(1,668,513)	(419,597)
Elementary and Secondary Education	340.1	(1,875,784)	(1,432,823)	442,961	342.1	(1,441,964)	433,820
Department of Public Safety	633.0	(1,382,491)	(1,616,298)	(233,807)	634.0	(1,262,650)	119,841
All Other Agencies	5,412.7	(7,826,687)	(7,397,150)	(6,128,709)	4,824.1	(5,058,702)	(3,790,261)
Total	15,253.0	(\$71,785,258)	(\$81,765,866)	(\$9,980,608)	14,692.4	(\$79,755,329)	(\$14,528,317)

FTE Total excludes third-party sponsored research employees in Higher Education

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 13 categories of purchased services: eight of the 13 categories: Management and Consultant Services, Information Technology, Training and Educational Services, Design and Engineering, Other Contracts, Medical Services, Clerical and Temporary Services, and University and College Services, comprise 95.4 percent of the total FY2026 purchased service expenditures in the Budget.

Purchased Services	FY2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Management & Consultant Services	\$181,284,726	\$133,726,649	(\$47,558,077)	\$115,514,427	(\$65,770,299)
Information Technology	123,245,601	113,817,134	(9,428,467)	103,039,558	(20,206,043)
Training and Educational Services	100,399,675	98,776,434	(1,623,241)	87,068,236	(13,331,439)
Design and Engineering Services	76,784,620	80,579,763	3,795,143	79,431,474	2,646,854
Other Contracts	37,310,332	53,226,846	15,916,514	38,076,303	765,971
Medical Services	27,663,519	31,509,577	3,846,058	29,627,848	1,964,329
University and College Services	24,273,066	30,272,239	5,999,173	25,999,859	1,726,793
Clerical and Temporary Services	24,353,742	31,720,867	7,367,125	22,893,175	(1,460,567)
Buildings and Ground Maintenance	13,514,880	12,854,394	(660,486)	12,958,038	(556,842)
Legal Services	11,212,791	11,850,063	637,272	11,047,351	(165,440)
Other	-	(452,455)	(452,455)	376,000	376,000
Other Contracted Professional Services	-	17,461	17,461	(200,000)	(200,000)
Financial Services	-	550,000	550,000	-	-
Total	\$620,042,952	\$598,448,972	(\$21,593,980)	\$525,832,269	(\$94,210,683)

The FY2026 Budget as Enacted includes \$525.8 million for purchased service expenses, of which \$249.2 million is federal funds (47.4 percent) and \$121.6 million (23.1 percent) is general revenue, \$104.6 is restricted receipts (19.9 percent), and \$50.5 million (9.6 percent) is other funds. The FY2026 Budget as Enacted reflects a decrease of \$94.2 million from the FY2025 Budget as Enacted and a decrease of \$72.6 million from the FY2025 Final Budget. Eleven state departments account for \$458.5 million (87.2 percent) of the appropriation for purchased services, of which two departments have significant changes; Executive Office of Health and Human Services with a decrease of \$65.4 million; and, Department of Human Services with a decrease of \$17.0 million.

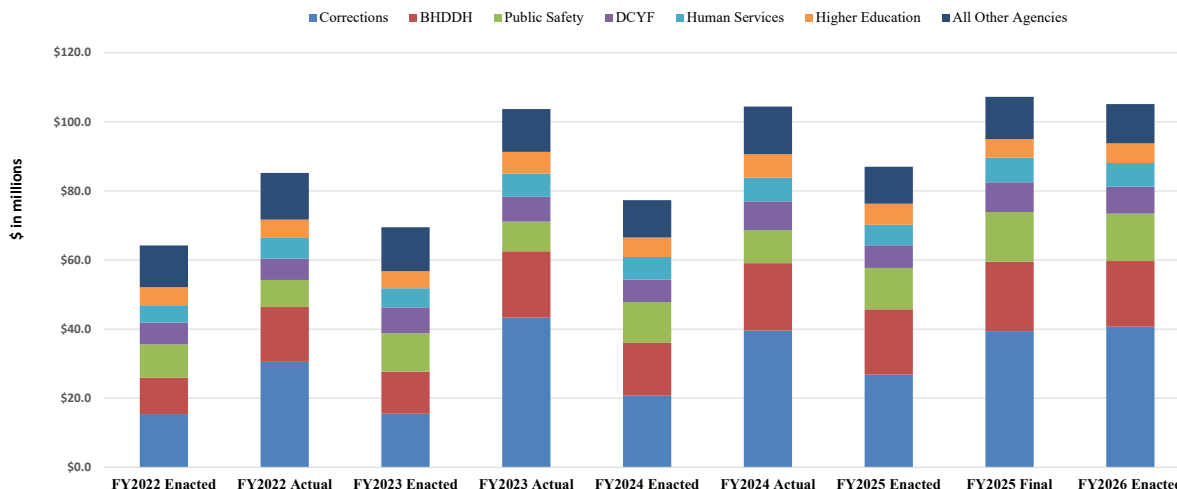
Purchased Services	2025 Enacted	FY2025 Final	Change	FY2026 Enacted	Change
Executive Office of Health and Human Services	\$219,989,536	\$154,308,516	(\$65,681,020)	\$154,630,445	(\$65,359,091)
Elementary and Secondary Education	86,928,478	81,306,037	(5,622,441)	72,016,144	(14,912,334)
Department of Transportation	70,732,699	73,352,751	2,620,052	71,547,071	814,372
University of Rhode Island	30,380,328	31,916,591	1,536,263	31,718,918	1,338,590
Department of Human Services	45,448,267	51,571,262	6,122,995	28,406,095	(17,042,172)
Department of Health	30,245,574	43,416,767	13,171,193	24,301,836	(5,943,738)
Department of Corrections	18,354,969	18,754,651	399,682	18,775,887	420,918
Department of Environmental Management	13,748,385	17,270,365	3,521,980	15,951,925	2,203,540
Department of Administration	18,394,380	16,795,463	(1,598,917)	15,058,574	(3,335,806)
Department of Revenue	11,675,089	12,072,625	397,536	13,463,275	1,788,186
BHDDH	11,462,541	15,073,528	3,610,987	12,595,358	1,132,817
Department of Children, Youth, and Families	8,442,280	10,973,740	2,531,460	8,823,632	381,352
Department of Labor and Training	8,978,104	9,335,399	357,295	8,813,634	(164,470)
Office of the General Treasurer	5,134,752	5,313,252	178,500	6,543,252	1,408,500
All Other Agencies	40,127,570	56,988,025	16,860,455	43,186,223	3,058,653
Total	\$620,042,952	\$598,448,972	(\$21,593,980)	\$525,832,269	(\$94,210,683)

OVERTIME

The adjusted overtime costs in the FY2026 Budget as Enacted total \$105.2 million, \$18.2 million more than the FY2025 Budget as Enacted and \$2.0 million less than proposed in the FY2025 Final Budget.

General revenue supports 75.6 percent of overtime expenses in FY2026 and comprises 75.7 percent of the expenses in the FY2025 Final Budget. 38.7 percent of the total FY2026 projected overtime expenditures for the State occur with the Department of Corrections. As shown in the following chart, actual overtime expenses often exceed budgeted amounts.

Overtime Costs

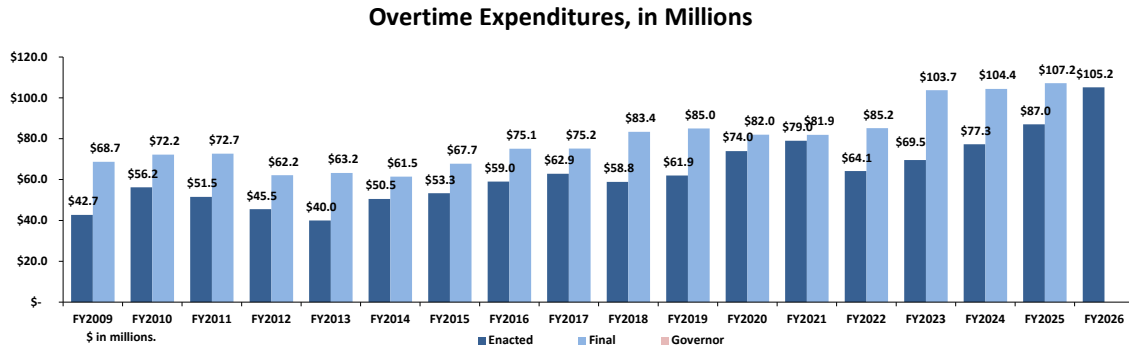


Overtime costs often result from staffing shortages, due either to high turnover rates or insufficient FTE authorizations in the enacted budget. Where there are state or federally mandated minimum staffing levels (such as at Eleanor Slater Hospital in BHDDH), or caseload-driven personnel requirements (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 FY2026 Budget as Enacted includes \$40.7 million of general revenue to support overtime expenditures for the Department, reflecting a net increase of \$13.9 million from the FY2025 enacted level. The Custody and Security program includes \$35.0 million of general revenue to support overtime expenditures, representing an increase of \$12.3 million from the FY2025 enacted level. The increase reflects provisions within the recently ratified agreement with the Rhode Island Brotherhood of Correctional Officers (RIBCO) as well as the Department's ongoing recruitment challenges and staffing shortage within both the custody ranks and medical staff.
- **BHDDH:** The FY2026 Budget as Enacted includes \$19.0 million in all funds (\$18.9 million of general revenue), reflecting an increase of \$121,127. This is a direct reflection of the Agency request and represents their estimate for what overtime will actually be, driven primarily by hiring challenges at Eleanor Slater Hospital leading to a higher need for overtime by current staff to cover vacancies. Although the value is quite high, the agency cut expenses elsewhere in the budget to fund the high level so the value was considered acceptable.
- **Department of Public Safety:** The FY2026 Budget as Enacted includes \$13.7 million in all funds (\$7.4 million of general revenue) to support overtime expenditures in the Department, reflecting a net increase of \$1.7 million in all funds (\$358,718 general revenue increase) from the FY2025 enacted level. The Budget includes a net increase of \$146,298 for contractual overtime, reflecting a \$459,805 increase in restricted receipts, offset by a general revenue reduction of \$328,535. Standard overtime increased by \$1.6 million (\$687,253) in general revenue, primarily due to provisions included in the recently ratified agreement with the Rhode Island Troopers Association (RITA), as well as recruitment concerns within the State Police and Security Services programs.
- **DCYF:** The FY2025 Enacted level of \$6.6 million in overtime was budgeted significantly low as compared to historical expenditures. The FY2026 value of \$7.8 million is an increase as compared to that enacted level, but actually reflects an anticipated decrease as compared to historical actuals (\$8.4 million in FY2024) and the FY2025 Final Budget (\$8.6 million). Essentially, the \$7.8 million value

reflects both a correction to bring anticipated overtime levels more in line with historical actuals as well as an anticipated reduction in overtime due to an increase in hiring across the Department.

The following chart illustrates the variances between the enacted and actual expenditures for overtime costs. The average variance is \$18.5 million over the FY2015 to FY2025 term of the chart.



Revenue Changes

The Budget includes \$5,766.6 million in revenues in FY2026, \$299.5 million above the November 2025 revenue estimate. The net increase is related to adjusted estimates made at the May 2025 Revenue Estimating Conference (REC), the reauthorization of the hospital licensing fee, an increase in the real estate conveyance tax, and the expansion of the other tobacco tax to include nicotine pouches, along with several other initiatives. These revenue initiatives are summarized below.

Initiative	Fiscal Impact
Healthcare and Medicaid Initiatives	\$253.5
May 2025 REC	19.2
Real Estate Conveyance Tax Changes	8.4
OTP Changes	7.5
Financial Institutions Data Matching	5.3
Indirect Cost Recovery	3.4
Tax Expenditure Changes	(3.0)
Reserve Transfer - RISLA	2.9
Sales Tax on Parking	1.6
Miscellaneous Revenue Initiatives	0.7
Total	\$299.4
<i>\$ in millions</i>	

Healthcare and Medicaid Initiatives

\$253.5 million

The Budget includes a net increase of \$253.5 million in general revenues associated with healthcare and other Medicaid-related initiatives. These initiatives and their impact are summarized in the table below. Details of these proposals are elaborated on in the agency expenditure and article sections of this report.

Initiative	Impact
Hospital Licensing Fee	\$232,549,633
Health Services Assessment	15,000,000
DSH Payment	5,900,000
Nursing Facilities Changes	270,185
Medicaid HCBS	(168,093)
Dental Loss Ratio	(24,000)
e-Consults Program	(20,054)
Vital Records	(8,475)
Total	\$253,499,196

Hospital Licensing Fee: The Budget adjusts the base year revenues on which the annual hospital licensing fee (HLF) required of private hospitals is determined from 2022 to 2023. This would make it consistent with government-owned hospitals, and hospitals are required to pay the tax prior to June 25 of the fiscal year, instead of June 30. In addition, the Budget changes which hospitals are required to pay the HLF to those licensed on or before July 1, 2024, instead of July 1, 2022. The HLF is estimated to generate \$215.7 million in FY2025, consistent with the enacted budget, and \$232.5 million in FY2026, an increase of \$16.8 million.

Healthcare Services Funding Contribution: Article 10 of the Budget establishes an assessment on insurance policies that will be used to support the growth of primary healthcare services in the state. The State charges a similar levy that is used to the State's immunization programs and the new assessment will be

administered likewise. It is projected to be about \$4.00 per month per covered life beginning January 1, 2026. The assessment is estimated to generate \$30.0 million annually to support primary care and other critical healthcare programs; however, due to the effective date, \$15.0 million is estimated for FY2026.

DSH Payment: Article 8 of the Budget requires the Eleanor Slater Hospital to make an increased disproportionate share hospital (DSH) payment within the Medical Assistance program. The article increases the payment from \$7.0 million to \$12.9 million. The DSH payments are required under federal statute and intended to offset uncompensated care costs for hospitals in order to improve access for Medicaid and uninsured patients, as well as improving the financial stability of safety-net hospitals. Article 8 adds a base year to allow payments in FY2026 and amends payments for FY2025 and FY2026. In FY2025, the article provides an aggregate limit of \$27.7 million in DSH payments, while capping the allowable payment to government-owned hospitals at \$12.9 million. The cap represents an increase of \$5.9 relative to the FY2025 Budget as Enacted and the November 2024 Caseload Estimating Conference (CEC).

Nursing Facilities Changes: Article 8 of the FY2026 Budget caps the annual inflationary increases on rates paid to hospitals and nursing homes to 2.3 percent to match state revenue growth. Current law, which requires rate changes based on national price indices, would have increased payments to hospitals by 3.4 percent for fee-for-services and 2.9 percent for managed care, while nursing facility payments were set to increase by 4.2 percent. This change reduces general revenue expenditures by \$4.9 million (\$13.0 million in all funds), relative to the adopted November Caseload Estimating Conference (CEC) estimates, and provides an increase of \$67.8 million in all funds, relative to the FY2025 revised recommendation. The reduction in expenditures, however, lowers the taxable receipts of the facilities under the state's 5.5 percent health care provider tax. This results in a \$365,750 reduction in revenue in FY2026.

The article also provides a base rate staffing adjustment of 3.0 percent effective October 1, 2025. The budget includes \$5.0 million in general revenue (\$12.0 million in all funds) for this purpose. The entire staffing adjustment must be expended to increase compensation and related employer costs, including hiring, for eligible direct-care staff. The article expands direct care staff to include social workers and nursing aids with a valid license, including probationary licenses. Due to the 5.5 percent assessment on nursing facilities provided pursuant to RIGL 44-51-3, the staffing adjustment results in an additional \$660,000 in revenue to the State. The combined changes to the nursing facilities increase revenue by a net \$270,185.

Home and Community Based Services (HCBS): Because home-care providers are now included in the biennial rate review process conducted by the Office of the Health Insurance Commissioner (OHIC), Article 8 of the Budget eliminates the previous annual rate increase that was provided for in statute. Home care was the only provider type included in the rate review that was also receiving a secondary rate adjustment. The changes are estimated to reduce provider tax revenue by \$168,093.

Dental Loss Ratio: The Budget includes a negative revenue adjustment of \$126,000 related to the Office of the Health Insurance Commissioner (OHIC) ongoing review of dental health plans and dental premium dollars spent on patient care. OHIC is authorized to spend a maximum of \$150,000 in both FY2025 and FY2026 for contractors to produce the report. Based on actual activity through the third quarter of FY2025, the Budget allots \$24,000 for FY 2025 and \$126,000 for FY 2026.

e-Consults Program: The Budget creates an e-Consults program in the Medicaid Fee for Service program to help direct more patients to more internet-based specialist consultations. This \$152,283 general revenue savings initiative, however, results in a \$20,054 revenue loss under the State's insurance premium tax on health maintenance organizations.

Vital Records: The Budget reduces general revenue by \$8,475 to account for a new fee exemption being enacted in 2025. The General Assembly is exempting incarcerated individuals from having to pay the \$20 fee charged by the Department of Health for a vital record or certified record requests.

May 2025 REC**\$19.2 million**

The Budget assumes \$19.2 million in additional revenue as compared to the November 2025 Revenue Estimating Conference (REC) estimates based on adjustments made at the May 2025 REC. The latter increased its business taxes revenue estimate from November by \$4.1 million and its personal income tax estimate by \$10.1 million. These gains are offset by a reduction in sales tax receipts of \$37.1 million. These adjustments, along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.), net the overall \$19.2 million indicated above. The adjustments are summarized below.

FY2026	Nov 2024 REC FY2026 Adopted	May 2025 REC FY2026 Adopted	Change	% Change
Personal Income Tax	\$1,989.1	\$1,999.2	\$10.1	0.5%
General Business Taxes	\$713.0	717.7	4.7	0.7%
Sales and Excise Taxes	\$1,891.7	1,856.8	(34.9)	-1.8%
Other Taxes	\$81.6	101.7	20.1	24.6%
Other Revenues	\$791.7	810.9	19.2	2.4%
Total	\$5,467.1	\$5,486.3	\$19.2	0.4%

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

Real Estate Conveyance Tax Changes**\$8.4 million**

The Budget includes an additional \$8.4 million in general revenue based on changes it makes to the State's real estate conveyance tax (RECT). Article 5 of the Budget increases the first tier of the state's real estate transfer tax (assessed on the value of the property below \$800,000) from 0.46 percent to 0.75 percent and increases the second-tier rate (portion above \$800,000) from 0.92 percent to 1.50 Percent. The rate and distribution changes for the RECT are summarized in the following table:

Fund	Real Estate Conveyance Tax Distribution		Article 5			
	Current					
	Portion < \$800K	Portion > \$800K	Portion < \$800K	Change	Portion > \$800K	Change
	Per \$500	Per \$500	Per \$500		Per \$500	
State	\$1.20	\$3.50	\$1.95	\$0.75	\$5.70	\$2.20
General Revenue	0.60	0.60	0.95	0.35	0.95	0.35
Distressed Communities	0.30	0.30	0.50	0.20	0.50	0.20
Housing Resources and Homelessness Fund	0.30	0.30	0.50	0.20	1.75	1.45
Housing Production Fund	-	2.30	-	-	2.50	0.20
Local Government	1.10	1.10	1.80	0.70	1.80	0.70
Total	\$2.30	\$4.60	\$3.75	\$1.45	\$7.50	\$2.90
Tax Rate	0.46%	0.92%	0.75%		1.50%	

Based on an October 1, 2026, implementation date, the changes to the RECT are estimated to generate an additional \$24.2 million across all fund sources in FY2026 (\$8.4 million in general revenue). The estimated fiscal impact of the changes are summarized below:

Recipient	FY2026			FY2027		
	Tier 1	Tier 2	Total	Tier 1	Tier 2	Total
General Revenue*	\$8,364,646	-	\$8,364,646	\$11,519,780	-	\$11,519,780
Housing Resources and Homelessness Fund	3,093,556	1,757,117	4,850,673	4,189,011	2,570,665	6,759,676
Housing Production Fund	-	281,139	281,139	-	411,306	411,306
Cities and Towns	10,732,358	-	10,732,358	14,661,538	-	14,661,538
Total	\$22,190,560	\$2,038,256	\$24,228,816	\$30,370,329	\$2,981,971	\$33,352,300

* The Distressed Community State Aid program portion of the RECT is included in the General Revenue amount.

OTP Changes**\$7.5 million**

The Budget includes an additional \$7.5 million in FY2026 related to an expansion of the state's other tobacco products tax include nicotine pouches. Sections 8 and 9 of Article 5 amends the definition of Other Tobacco Products (OTP) to include nicotine pouches and similar products. The current definition of OTP under RIGL 44-20-1.8 includes "Any other articles or products made of or containing tobacco, in whole or in part, or any tobacco substitute, except cigarettes." Nicotine pouches and similar products are small

pouches that contain synthetic or natural nicotine which are placed inside the mouth between the lip and gum to deliver nicotine through absorption. The Budget includes language to clarify that these products are OTP and subject to the same 80.0 percent tax rate as chewing tobacco and snuff. The Office of Revenue Analysis estimates that with an assessment of current inventory and an effective date of October 1, 2025, the State will collect \$7.5 million in FY2026 and \$12.0 million in FY2027.

Financial Institutions Data Matching

\$5.3 million

The Budget includes an additional \$5.3 million in general revenue associated with a newly authorized initiative within the Division of Taxation. Article 5 of the Budget authorizes a new compliance tool that matches data on non-compliant taxpayers with an outstanding Rhode Island tax liability with data from financial institution around the country. According to Taxation, prior to a levy being assessed or a tax debt being collected, currently each financial institution is contacted manually, and the banks are not required to cooperate. According to Taxation, the change would improve tax collection for the many debtors who live out of state.

The ORA estimates that the data matching program will yield an additional \$5.3 million in general revenue in FY2026, and \$8.0 million in FY2027, based on an October 15, 2026, program start date. The estimate is further broken down by tax type:

Tax	FY2026	FY2027
Personal Income	\$2,216,590	\$3,377,660
Corporate Tax	1,073,532	1635858
Sales Tax	1,550,607	2,362,830
Other	409,271	623,651
Total	\$5,250,000	\$8,000,000

Indirect Cost Recovery

\$3.4 million

The Budget includes an additional \$3.4 million in available general revenue related to a change in the percentage amount State assesses on most state restricted receipt accounts. The assessment is used to offset 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. Article 2 of the Budget increases the indirect cost recovery charge provisions on restricted receipt accounts from 10.0 percent to 15.0 percent, matching the new federal rate that went into effect on October 1, 2024. All existing exempt accounts will remain exempt. This change is projected to increase general revenue receipts by \$3.4 million in FY2026 based on a July 1, 2025, implementation date.

Tax Expenditure Changes

(\$3.0 million)

The Budget assumes \$3.0 million less in available revenue in FY2026 based on the net impact of several changes to various state tax expenditure programs. The fiscal impact of each initiative is summarized below.

Tax Incentive	FY2025	FY2026	FY2027
Motion Picture Tax Credit Increase	(\$3,239,365)	(\$3,239,365)	-
New R&D Facilities Deduction/Property Tax Credit - Sunset	-	\$211,835	\$423,667
New R&D Facilities Deduction/Property Tax Credit - Carryforward	-	-	-
Small Business Investment Deduction/Modification - Sunset	-	6,551	13,102
Jobs Growth Act Tax - Sunset	-	1,489	2,979
Specialized Mill Building Investment Tax Credit - Sunset	-	-	-
Welfare Bonus Tax Credit - Sunset	-	-	-
Small Business Capital Investment Wage Credit - Sunset	-	-	-
Total	(\$3,239,365)	(\$3,019,490)	\$439,748

MPPTC Increase: Section 12 of Article 5 adjusts the total program cap for the state’s motion picture production tax credit (MPPTC) program for tax years 2022 and 2023. Section 12 adjusts the total program cap for the state’s motion picture production tax credit program for tax years 2022 and 2023 as shown in the table.

MPPTC Program Cap			
Tax Year	Current Law	Article 5	Change
2022	\$30.0	\$35.0	\$5.0
2023	40.0	35.0	(\$5.0)
2024	40.0	40.0	-

According to the Office of Management and Budget (OMB), these changes need to be made based on information provided to it by the Rhode Island Film and Television Office and the Division of Taxation post the May 2025 REC. According to these offices, the MPPTC program had issued \$33.2 million in tax credits in 2022, \$3.2 million over the \$30.0 million cap. The increase to the cap for 2022 allows the State to legally accept the oversubscribed tax credits. Because the program allows credits to be carried over for three years after the first year, all credits awarded in 2022 must be claimed in 2026, with the revenue impact taking place in FY2026. The changes in Article 5 therefore produce a revenue reduction of \$3.2 million in FY2026 as compared to the May 2025 REC. The reduction of the cap in 2023 is not anticipated to impact the program since the estimated tax credit amount of \$22.3 million is well below the proposed \$35.0 million cap.

Research and Development Tax Expenditures Changes: Article 5 of the Budget also makes several changes to the State’s research and development (R&D) tax expenditures. These include:

- **R&D Credit for Qualified Research Expenses - Carryforward:** Extending the period of time that R&D expense tax credits may be carried forward by a taxpayer from seven years to fifteen. The State allows a taxpayer to claim a credit against certain business taxes for certain research expenses. Unused amounts of the credit earned in a taxable year may be carried forward up to seven succeeding tax years. The Budget requires extending this carryforward period to fifteen, bringing Rhode Island in line with Massachusetts and Connecticut. ORA indicates that there is no fiscal impact.
- **New R&D Facilities Deduction/Property Credit - Sunset:** Sunsetting the New R&D Facilities Deduction and Property Credit as of January 1, 2026. It also permits deductions and credit allowed for tax years ending on or before December 31, 2025 to be carried forward three taxable years. The State has allowed eligible taxpayers to deduct expenditures related to the development of any new tangible property related to research and development, including construction and acquisition costs. Eligible taxpayers may also claim a 10.0 percent credit against certain business taxes for tangible property primarily used for R&D. Taxpayers must choose either the deduction or the credit. According to the ORA, these tax expenditures are underutilized, as fewer than 30 taxpayers were projected to claim the deduction in 2024. The fiscal impact of repealing them is shown below.

Tax Expenditure	FY2026	FY2027
Deduction	\$136,993	\$273,984
Property Credit	74,842	149,683
Total	\$211,835	\$423,667

- **Small Business Investment Deduction/Modification - Sunset:** Sunsetting the Small Business Investment Deduction and Modification as of January 1, 2026. Taxpayers may take a deduction or modification to offset their business or income tax liability if they have made a qualifying investment in a certified venture capital partnership. According to the Office of Revenue Analysis (ORA) this is an underutilized tax

expenditure. The revenue impact of repealing this tax expenditure is \$6,551 in FY2026 and \$13,102 in FY2027.

- **Jobs Growth Act - Sunset:** Sunsetting the Job Growth Act (JGA) tax incentive as of January 1, 2026. The JGA incentive allows eligible employees of qualified companies lower their adjusted gross income for tax purposes by up to 50.0 percent of their income earned from bonuses. According to ORA, the modification is taken by fewer than 10 taxpayers annually. The revenue impact of eliminating this underutilized tax expenditure for FY2026 is \$1,489 and \$2,979 in FY2027.
- **Specialized Mill Building Investment Tax Credit – Sunset:** Sunsetting the obsolete Specialized Mill Building Investment Tax Credit as of January 1, 2026. It does, however, permit credits allowed for tax years ending on or before December 31, 2025, to be carried forward seven taxable years. The State has provided a credit of 10.0 percent of the rehabilitation and reconstruction costs of a certified rehabilitated mill building. The credit was associated with the Mill Building and Economic Revitalization Act, which sunset in 2009. ORA indicates the credit has not been used since tax year 2019. There is no revenue impact.
- **Welfare Bonus Tax Credit - Sunset:** Sunsetting the Welfare Bonus Tax Credit as of January 1, 2026. The State has provided employers participating in the Welfare Bonus Program (WBP) a credit equal to \$250 per eligible employee. The WBP was created to provide payments to individuals who came off welfare (Aid to Families with Dependent Children, or AFDC). The credit was designed to incentivize employers to hire previous welfare recipients. AFDC was replaced in 1997 by Temporary Assistance for Needy Families (TANF) through federal legislation making the tax credit statutorily obsolete. ORA indicates that there have been no credits issued since at least TY2019. There is not a fiscal impact.
- **Small Business Capital Investment Wage Credit/Deduction/Modification - Sunset:** Sunsetting the Small Business Capital Investment Wage Credit as of January 1, 2026. The State has provided eligible entrepreneurs of qualifying businesses a tax credit for 3.0 percent of employee wages in excess of the \$50,000. It has also provided an elective deduction or modification equal to the taxpayers' qualifying investment in a certified capital partnership or an entrepreneur's investment in a qualifying business entity. According to the ORA, these tax expenditures are statutorily obsolete. There has been no activity related to this tax expenditure since at least TY2019. There is no fiscal impact.

Reserve Transfer – RISLA

\$2.9 million

Article 13 of the requires that the Rhode Island Student Loan Authority transfer \$2.9 million in both FY2025 and FY2026 from their unrestricted fund balance to the General Fund.

Sales Tax on Parking

\$1.6 million

The Budget includes an additional \$1.6 million in general revenue associated with a new initiative that expands the sales tax to include short-term parking services. Section 6 of Article 5 extends the state's 7.0 percent sales and use tax to include short-term parking. It does this by expanding the definition of services for sales tax purposes to include parking services. These include parking spaces in or on a parking facility that are occupied by a patron in exchange for a fee for less than a month. The new sales tax collections are estimated to increase general revenue by \$1.6 million based on an October 1, 2025, start date.

Miscellaneous Revenue Initiatives

\$748,514

The Budget includes a net \$748,514 in available general revenue in FY2026 that results from miscellaneous revenue initiatives. These are summarized below.

Miscellaneous Revenue Initiative	Impact
Traffic Fine Rebase	\$511,492
EV-HMA	337,022
Dredge Fee	(100,000)
Total	\$748,514

Traffic Fine Rebase: The Budget increases available general revenues by \$511,492 in FY2026 based on a rebase of traffic fines within the Judiciary, starting January 1, 2026. Article 11 of the Budget amends the traffic violation fee schedule, increasing most fines from \$85 to \$100. Traffic violation fines were last addressed in 2008, when the General Assembly increased them from \$75 to the current \$85. The new amount represents an 18.0 percent increase.

EV-HMA: Article 11 of the Budget establishes a new \$150 annual fee for battery electric vehicles and a new \$75 annual fee for plug-in hybrid vehicles. The new assessments are intended to offset losses in the gas tax collections as the number of electric vehicles increase. The proposal is estimated to generate \$1.7 million in state Highway Maintenance Funds and \$90,497 in general revenue in FY2026. These estimates grow to \$5.1 million and \$267,166, respectively, in FY2027. According to the Office of Management and Budget (OMB), these new Highway Maintenance Funds will be used to support the State’s municipal road program.

Dredge Fee: The Budget decreases available general revenue by \$100,000 resulting from an increase in the minimum disposal fee for dredging material from \$11.65 to \$35.00 per cubic yard of material. This budget initiative also eliminates the requirement to deposit \$11.65 of the total fee into the general fund. Under current law, the dredge fee revenue above \$11.65 per cubic yard is deposited into a restricted receipt account that must be used to create additional dredging and disposal options. Pursuant to the Budget, the entire dredge fee will be deposited into the restricted receipt account and “the management of said disposal options” is added to the allowable uses. The CRMC may use the funds without appropriation by the General Assembly.

FY2025 SUPPLEMENTAL CHANGES

The Budget includes \$5,624.3 million in available general revenue in FY2025, \$67.4 million above the November 2024 REC estimate. The increase reflects adjustments made at the May 2025 REC, several reserve transfers, and other funding coming available in the fiscal year. The initiatives are outlined below.

Initiative	Fiscal Impact
May 2025 REC	\$61.0
Reserve Transfers	8.3
Low Income Housing Tax Credit Accounting	(4.0)
Judiciary Escrow	1.1
Health Insurer Penalties	1.0
Dental Insurance Loss Ratio	(0.0)
Eleanor Slater DSH Payment	-
Total	\$67.4
<i>\$ in millions</i>	

May 2025 REC

\$61.0 million

The Budget assumes \$61.0 million in additional revenue as compared to the November 2025 Revenue Estimating Conference (REC) estimates based on adjustments made at the May 2025 REC. The latter increased the personal income taxes revenue estimate from November by \$37.1 million and its personal other taxes revenue estimate by \$35.2 million. These gains are offset by a reduction in sales tax receipts of \$19.0 million. These adjustments, along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.), net the overall \$61.0 million indicated above. The adjustments are summarized below.

	Nov 2024 REC	May 2025 REC		
FY2025	FY2025 Adopted	FY2025 Adopted	Change	% Change
Personal Income Tax	\$1,913.5	\$1,950.6	\$37.1	1.9%
General Business Taxes	705.0	698.2	(6.8)	-1.0%
Sales and Excise Taxes	1,840.5	1,821.5	(19.0)	-1.0%
Other Taxes	83.4	97.9	14.5	17.4%
Other Revenues	1,014.2	1,049.4	35.2	3.5%
Total	\$5,556.6	\$5,617.6	\$61.0	1.1%

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

Reserve Transfers

\$8.3 million

The Budget transfers \$8.3 million from the reserves of quasi-public agencies and other sources to the general fund in FY2025.

Source	Transfer
Underground Storage Tank Fund	\$3,000,000
RI Student Loan Authority	2,700,000
RI Infrastructure Bank	2,000,000
Marijuana Trust Fund	579,788
Total	\$8,279,788

- **Underground Storage Tank Trust Fund:** The Budget requires Department of Environmental Management transfer \$3.0 million from the Underground Storage Tank Trust Fund to the State Controller by June 30, 2025. The Fund is used in the event of a leakage in one of the 1,822 registered and active underground fuel storage tanks. This fund is capitalized from a \$0.005 per gallon surcharge on motor fuel to owners/operators of underground storage tanks (however, the surcharge will be suspended once the balance of the fund reaches \$8.0 million).

	Current Balance (1.27.2025)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (as of 1.27.2025)	AVERAGE FY2019 to FY2024
UST	\$6,054,088								
Expenditures		\$1,034,157	\$913,690	\$756,260	\$804,406	\$882,077	\$640,177	\$887,609	\$838,461
Receipts		2,108,431	1,830,778	1,767,545	1,838,247	1,331,015	1,318,699	731,433	1,699,119
<i>difference</i>		<i>\$1,074,275</i>	<i>\$917,088</i>	<i>\$1,011,285</i>	<i>\$1,033,842</i>	<i>\$448,938</i>	<i>\$678,522</i>	<i>(\$156,177)</i>	<i>\$860,658</i>
Transfers to the State							(\$2,000,000)		

Source: RIDEM

- **Rhode Island Student Loan Authority:** The Budget requires that RISLA transfer \$2.7 million in FY2025 from their unrestricted fund balance to the General Fund to fund Rhode Island's Dual and Concurrent Enrollment.
- **Rhode Island Infrastructure Bank (RIIB):** The Budget requires that the Rhode Island Infrastructure Bank (RIIB) transfer \$2.0 million to the General Fund by June 30, 2025. RIIB is a quasi-public agency that assists municipalities, businesses, and homeowners with financing infrastructure improvements through a revolving fund. It supports water and wastewater projects, roads and bridges, energy efficiency and renewable energy projects, and brownfield remediation.

According to the Office of Management and Budget, the \$2.0 million represents 6.1 percent of RIIB's unrestricted fund balance of \$32.6 million at the end of FY2024. RIIB indicates that \$16.4 million of that amount consists of long-term loans receivable and capital assets which are not readily available for operations. Moreover, \$11.2 million in reserves are restricted to specific programs at the Bank and are similarly unavailable. RIIB further indicates that only \$8.6 million is in unrestricted cash.

- **Department of Revenue – Marijuana Trust Fund:** The Budget requires that the Department of Revenue transfers \$579,788 from the Marijuana Trust Fund restricted receipt account to the State Controller by June 30, 2025. Pursuant to RIGL 23-28-11.13, restricted receipt accounts were established in the Office

of the Attorney General and the Judiciary, appropriating a total of \$1.4 million in restricted receipts. These funds facilitated the implementation of the automatic expungement provision of the Rhode Island Cannabis Act, which authorized the automatic expungement of any convictions for cannabis possession, use, or purchase. Rhode Island expunged more than 23,000 cannabis convictions under the Cannabis Act. All cannabis expungements were completed by July 1, 2024.

Low Income Housing Tax Credit

(\$4.0 million)

The Budget shifts \$4.0 million in general revenues into the Low-Income Housing Tax Credit (LIHTC) Fund restricted receipt account in FY2025. The FY2024 allocation of LIHTC funds was reclassified as a fund transfer rather than a general revenue expenditure as authorized in FY2023. This shift corrects this. There is no change to the funding commitment amount.

Judiciary Escrow Transfer

\$1.1 million

The Budget includes a \$1.1 million adjustment to general revenues related to the transfer of unclaimed funds held in escrow by the Judiciary. The Department is required to transfer any funds it holds in escrow that remain unclaimed after five or more years to the general fund. At fiscal year-end, the Judiciary indicates there is \$1.1 million subject to this requirement.

Health Insurer Penalties

\$1.0 million

The Budget includes \$1.0 million in additional general revenue in FY2025 from fines levied against several health insurers within the State. Three insurers – UnitedHealthcare, Blue Cross & Blue Shield of Rhode Island, and Aetna – were cited for charging out-of-pocket costs for covid-pandemic care, that should have been covered under a 2021 rule issued by the Office of Health Insurance Commissioner (OHIC). OHIC successfully collected the penalties in June 2025, after the May 205 REC had occurred.

Dental Loss Ratio

\$24,000

The Budget includes a negative revenue adjustment of \$126,00 related to the Office of the Health Insurance Commissioner (OHIC) ongoing review of dental health plans and dental premium dollars spent on patient care. OHIC is authorized to spend a maximum of \$150,000 in both FY2025 and FY2026 for contractors to produce the report. Based on actual activity through the third quarter of FY2025, the Budget allots \$24,000 for FY 2025 and \$126,000 for FY 2026.

Eleanor Slater Hospital DSH Payment Increase

Informational

The Budget requires the Eleanor Slater Hospital to make an increased disproportionate share hospital (DSH) payment within the Medical Assistance program. The payment increases from \$7.0 million to 12.9 million. The payment is split between general revenue and federal funds, with \$5.9 million going to the general fund. According to the Office of Management and Budget (OMB), the increase represents current best estimates for the hospital's uncompensated care. This is offset by an equal \$5.9 million expenditure. The \$5.9 million revenue, however, is included in the FY2025 estimates from the May 2025 REC.

General Revenues		
Source	FY2025 Final	FY2026 Enacted
Personal Income Tax	\$1,950.6	\$2,000.9
General Business Taxes		
Business Corporations	345.6	350.4
Public Utilities Gross Earnings	115.0	112.5
Financial Institutions	12.3	21.2
Insurance Companies	175.9	180.2
Bank Deposits	5.0	5.2
Health Care Provider Assessment	44.4	47.2
Sales and Use Taxes		
Sales and Use	1,682.0	1,726.6
Cigarettes	117.6	119.1
Alcohol	21.9	21.9
Other Taxes		
Inheritance and Gift	80.5	83.6
Racing and Athletics	0.7	0.7
Realty Transfer	16.7	25.8
Total Taxes	\$4,568.2	\$4,695.2
Total Departmental Receipts	\$557.0	\$574.3
Taxes and Departmentals	\$5,125.2	\$5,269.4
Other Sources		
Other Miscellaneous	34.4	27.3
Lottery	431.1	441.0
Unclaimed Property	33.6	28.8
Other Sources	\$499.1	\$497.1
Total General Revenues	\$5,624.3	\$5,766.6
<i>\$ in millions</i>		

Municipal Aid

The Budget recommends \$423.5 million in state aid to municipalities in FY2026. This is \$14.7 million more than the FY2025 enacted level. The increase is primarily related to increased estimated hotel tax revenue and an increase in the Motor Vehicle Excise Tax reimbursement state aid program related to a new initiative in Article 5 that provides an amended sales tax escalator of 2.0 percent growth.

Funding for the Distressed Community Relief program is increased by \$2.5 million to mitigate the addition of a seventh eligible municipality on existing aid recipients. The Payment in Lieu of Taxes program receives an additional \$2.1 million for a total of \$51.3 million, representing the full 27.0 percent cap.

Meal and Beverage Tax revenue is projected to increase by a total of \$1.9 million for FY2026 and the Hotel Tax is projected to increase by \$5.0 million over the FY2025 enacted level. Tables showing impacts by community are included at the end of this analysis.

Program	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
Payment in Lieu of Taxes	\$49.2	\$49.2	-	-	\$51.3	2.1	4.3%
Distressed Communities	12.4	12.4	-	-	14.9	2.5	20.2%
Motor Vehicle Excise Tax	234.7	234.7	-	-	239.6	4.9	2.1%
Tangible Tax Reimbursement	28.0	25.9	(2.1)	-7.5%	25.9	(2.1)	-7.5%
State Aid to Libraries							
Grant-in-Aid	11.9	11.9	-	-	12.1	0.2	0.0
Library Construction	2.1	2.2	0.1	0.0	2.1	-	-
Total Direct Aid	\$338.3	\$336.3	(\$2.0)	-0.59%	\$345.9	\$7.6	2.2%
Public Service Corporations Tax	\$15.5	\$15.5	-	0.0%	\$15.7	0.2	0.0
Meals & Beverage Tax	40.1	43.4	3.3	8.2%	42.0	1.9	4.7%
Hotel Tax	14.0	15.0	1.0	7.1%	19.0	5.0	35.7%
Airport Impact Aid	1.0	1.0	-	0.0%	1.0	-	0.0%
Total Indirect Aid*	\$70.7	\$74.9	\$4.3	6.1%	\$77.6	\$7.1	10.0%
Total Aid	\$409.0	\$411.2	\$2.3	0.6%	\$423.5	\$14.7	3.6%

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

*Values are based on estimates made at the time of the Budget's passage and are subject to revision.

DIRECT AID TO LOCAL GOVERNMENT

Payment in Lieu of Taxes (PILOT)

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

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

The Budget includes \$51.3 million in general revenue for the State's PILOT program in FY2026, \$2.1 million more than the FY2025 enacted level.

Current law requires reimbursement at 27.0 percent of for gone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The Budget's appropriates to 27.0 percent.

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 Budget includes \$14.9 million in general revenue for the Distressed Community Relief Fund in FY2026, up \$2.5 million from the FY2025 enacted level.

The increase is to mitigate the addition of Coventry to the program. Seven communities are now eligible to receive funds under the program in FY2026, up from six in FY2025. Without additional funds the other communities would receive less than they did in FY2025. 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.

The Budget requires that any community classified as "distressed" be mandated to participate in the Division of Taxation's income tax refund offset program, allowing the Division to recover unpaid State and local taxes and/or fines through an intercept of an individual's income tax refund. The program assists

communities with maximizing their collection of revenue thereby reducing or eliminating their distressed condition. All seven communities are currently participating.

Motor Vehicle Excise Tax

In FY2023, the General Assembly phased-out the local motor vehicle excise tax, one year earlier than originally planned in a phase-out process that began in FY2018.

With the phase-out complete, the General Assembly enacted legislation in FY2023 that repealed the now obsolete statutory provisions related to the original phase-out halted in FY2008 and the subsequent provisions resulting in the complete phase-out. The legislation also repeals the formula for the reimbursement amounts over the course of the phase-out period and replaces it with the specific amounts each municipality will receive in FY2024 (the amounts total \$234.7 million). The legislation advancing the phase-out preserved the formula for reimbursements in FY2025 and beyond, specifically retaining a sales tax adjustment, that would modify reimbursements based on growth in the state's 7.0 percent sales tax. The legislation also repealed the statutory sections establishing a permanent vehicle valuation oversight commission, since it is no longer needed.

Article 11 of the Budget further amends the by changing the sales tax escalator provision. This adjustment was originally enacted to mitigate potential foregone revenue loss subsequent to the elimination of the car tax due to changes in the economy. The Governor's FY2026 Budget proposed to eliminate this adjustment, which would have produced an estimated expenditure savings of \$9.7 million. The Budget does not include this proposal. Article 11 instead caps the escalator at 2.0 percent growth. This results in an increase of \$4.9 million in expenditures as compared to the Governor's recommendation.

Tangible Tax Changes

In FY2024, the General Assembly provided for a state aid program that reimburses municipalities the foregone revenue associated with a statewide tangible property tax exemption. Tangible personal property (TPP) comprises property that can be moved or touched, and commonly includes items such as business equipment and furniture. It is one of four classifications of property that typically are taxed by municipalities, the others being residential real estate, commercial/industrial, and motor vehicles. The latter has been completely phased out in Rhode Island as of FY2023.

The program provides an exemption on the first \$50,000 in tangible property value from the TPP statewide, as of the assessment date of December 31, 2023. The exemption does not apply to public service corporations or certain renewable energy resources and associated equipment. All ratable tangible personal property valued above \$50,000 remains taxable. The change is estimated to positively impact all taxpayers (except those noted above) and eliminate the TPP tax liability altogether for 30,152 business, or 75.0 percent of taxpayers.

To offset the revenue loss to municipalities associated with the exemption, the state provides aid through a program within the Department of Revenue's Division of Municipal Finance (DMF). DMF reimburses municipalities at 100.0 percent of the revenue foregone due to the exemption that would have been collected for FY2025. Municipalities had until August 15, 2024 to document, certify, and file their tangible property tax assessments with the DMF in order for reimbursement. No adjustments are made to this baseline in future fiscal years. Reimbursement payments are to be made by September 30th of each year. Reimbursements are not be made until a municipality or fire district has provided DMF with its certified tax roll and any other required information.

The Analyst Note: As noted above, municipalities had until August 15, 2024, to document, certify, and file the assessment with the Division of Municipal Finance. Based on this schedule, actual reimbursement amounts would not be known until the FY2025 Supplemental Budget.

The FY2024 Budget as Enacted included \$28.0 million in general revenue within the Department of Revenue for the new state aid program with the provision that any unused funds be subject to automatic reappropriation to the

following fiscal year. These funds were appropriated as a placeholder with the understanding that implementation and reimbursements do not take place until FY2025. The FY2025 Supplemental Budget and FY2026 Budgets include \$25.9 million for the program based on the actual documentation submitted by municipalities and certified by DMF.

State Aid to Libraries

Grant-in-Aid: State aid to libraries is distributed based on the city or town's expenditure level as a percentage of the total expenditures by all communities statewide. In order to be eligible for these funds, cities and towns must maintain their level of support for public library services at 100.0 percent of the previous year's funding from the local tax base. The Budget provides cities and towns with \$14.2 million in total direct library aid in FY2026. This includes a \$1.2 million in funding for the Statewide Reference Library Resource Grant that supports interlibrary services for all municipal libraries. Distribution of direct library aid is based on qualifying data from the statutory reference year. Current law requires reimbursement of 25.0 percent of second prior year expenses, but allows for a ratable reduction if the appropriation is less than this amount. The FY2026 appropriation is funded at 25.0 percent.

Fiscal Year	Grant in Aid*	Library Aid		Total Aid	% Change
		Construction			
2022	\$9.6	\$2.1		\$11.7	-4.9%
2023	11.0	1.9		12.9	9.8%
2024	11.5	2.1		13.6	5.8%
2025	11.9	2.2		14.1	3.7%
2026	12.1	2.1		14.2	0.7%

\$ 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 FY2026, the Budget includes \$2.1 million for Library Construction Aid, \$117,191 less than the FY2025 Enacted level. According to OLIS, the decrease 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.

In 2009, the General Assembly passed legislation freezing the tax rate on telecommunications tangible personal property at a rate equal to or greater than the rate that applied in FY2008. For each year thereafter, the tax rate applied to telecommunications tangible property can be no less than the rate that applied in FY2008.

The Budget includes the estimated amount of \$15.7 million to be distributed to municipalities on July 30, 2026.

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 FY2025, the Office of Revenue Analysis anticipates \$43.4 million in collections, decreasing to \$42.0 million in FY2026.

Hotel Tax

The State levies a 5.0 percent gross receipts tax on charges for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised, or held out to the public to be a space where living quarters are supplied for pay for transient use (30 days or less). This tax is collected by the hotel and remitted to the Division of Taxation on a monthly basis.

This tax is in addition to all other taxes and fees currently imposed. The Division of Taxation collects the tax and is responsible for distribution, except for the City of Newport, which is authorized to collect and disburse taxes from all hotels physically located in the City. 25.0 percent of the revenue from the 5.0 percent hotel tax is distributed to the city or town where the hotel which generated the tax is physically located.

The FY2016 Budget as Enacted expanded the hotel tax to include vacation home rentals, small bed and breakfasts, hotel room resellers, and unlicensed lodging rentals (such as those listed on the Airbnb.com website).

The Budget includes \$15.0 million in estimated hotel tax distribution in FY2025 and \$19.0 million in FY2026. The significant increase in hotel tax collections from FY2020 is related to the impact of ending pandemic restrictions on travel.

Article 5 of the Budget as Passed by House Finance increases the 1.0 percent local occupancy tax to 2.0 percent.

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 \$995,120 in CSC payments to the City in both FY2025 and FY2026. Article 2 of the Budget as Passed by House Finance exempts these funds from the 15.0 percent indirect cost recovery charge the state levies on

Airport Impact Aid

The Budget provides \$1.0 million in funding for the Airport Impact Aid program in FY2026. 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 estimated distribution of Airport Impact Aid for FY2025 and FY2026:

Airport	FY2025*	FY2026^	Change
Warwick T.F. Green	\$742,618	\$768,857	\$26,239
Block Island	47,267	44,623	(2,643)
Middletown - Newport Airport	35,601	33,437	(2,164)
North Central - Smithfield	25,000	25,000	-
North Central - Lincoln	25,000	25,000	-
North Kingstown - Quonset	64,642	56,255	(8,386)
Westerly	59,974	55,492	(4,482)
Grand Total	\$1,000,100	\$1,008,664	\$8,564

*FY2025 Airport Impact Aid is based on Calendar Year 2024 landing data that is made available in May 2025.

^FY2026 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in May 2026.

Property Revaluation Reimbursement

In 1997, the General Assembly enacted legislation requiring municipalities to conduct full property revaluations every nine years and statistical updates at year 3 and year 6. Communities are responsible for appropriating funds to cover the costs of full property revaluations; however, the State reimbursed municipalities for 100.0 percent of the first statistical update. Reimbursements for subsequent updates were set at 80.0 percent (up to \$16 per parcel) for the second statistical update and 60.0 percent (up to \$12 per parcel) for the third and subsequent statistical revaluations. The Budget includes \$712,390 in general revenue for the Property Revaluation program in FY2026, reflecting a decrease of \$1.2 million relative to the FY2025 enacted level. The change is based on a decrease in anticipated reimbursements. The following communities will be reimbursed for statistical updates in 2026: Barrington, Cranston, East Greenwich, Exeter, Narragansett, Newport, and Tiverton. Foster, Middletown, Pawtucket, and Woonsocket are scheduled for a full revaluation.

Property Revaluation Program		
Fiscal Year	Total Distribution	Change
2022	\$1.5	36.4%
2023	0.4	-62.3%
2024	0.9	-39.6%
2025	1.9	108.3%
2026	0.7	-62.3%
<i>\$ in millions</i>		

**FY2026 - Direct Municipal Aid to Cities and Towns
Distressed**

Municipality	FY2025 Enacted⁴	Payment in Lieu of Taxes	Communities Relief Fund	Library Aid	Motor Vehicle Excise Tax	Tangible Property	FY2026 Enacted	Change from FY2025
Barrington	\$6,371,907	\$18,467	-	\$363,559	\$6,013,312	\$83,638	\$6,478,976	\$107,069
Bristol	4,596,713	1,388,333	-	228,644	2,970,720	147,284	4,734,981	138,268
Burrillville	5,424,751	64,050	-	226,290	5,150,845	72,656	5,513,841	89,090
Central Falls	2,735,313	-	305,400	37,420	2,132,210	351,907	2,826,937	91,624
Charlestown	1,107,383	-	-	70,183	1,030,171	18,324	1,118,678	11,295
Coventry	6,507,745	-	804,459	270,579	5,989,355	365,715	7,430,108	922,363
Cranston	28,889,700	3,525,471	-	845,964	22,783,506	1,738,596	28,893,537	3,836
Cumberland	6,940,855	-	-	379,507	6,204,972	505,178	7,089,657	148,801
East Greenwich	3,936,750	961,042	-	151,498	2,467,614	546,636	4,126,790	190,040
East Providence	14,071,455	312,444	-	514,759	11,667,263	1,883,783	14,378,249	306,794
Exeter	2,360,044	-	-	69,192	2,275,955	53,418	2,398,565	38,522
Foster	1,795,928	-	-	44,961	1,677,019	100,687	1,822,667	26,739
Glocester	2,684,522	-	-	99,782	2,419,699	203,566	2,723,047	38,524
Hopkinton	1,863,296	-	-	45,698	1,653,062	189,737	1,888,497	25,201
Jamestown	767,799	-	-	121,905	646,850	23,473	792,228	24,429
Johnston	11,904,200	-	-	137,708	10,589,179	1,391,119	12,118,006	213,805
Lincoln	6,440,032	-	-	272,688	5,797,695	483,036	6,553,419	113,388
Little Compton	447,331	-	-	48,338	383,319	35,997	467,654	20,323
Middletown	2,457,372	-	-	180,903	2,012,423	300,020	2,493,346	35,975
Narragansett	2,154,632	-	-	213,764	1,868,679	77,223	2,159,666	5,034
Newport	4,419,882	1,483,160	-	112,867	2,275,955	304,205	4,176,187	(243,695)
New Shoreham	677,845	-	-	516,192	167,702	14,181	698,075	20,230
North Kingstown	6,034,422	51	-	365,865	5,486,249	329,980	6,182,145	147,722
North Providence	11,910,456	-	1,275,820	246,816	9,822,542	907,238	12,252,416	341,960
North Smithfield	4,946,190	-	-	98,311	4,480,037	449,370	5,027,718	81,528
Pawtucket	20,197,901	2,622	2,021,793	526,294	16,842,066	1,377,212	20,769,987	572,087
Portsmouth	2,722,357	-	-	144,364	2,467,614	168,858	2,780,836	58,479
Providence	86,142,245	39,807,256	8,185,589	1,501,739	34,834,087	6,101,330	90,430,001	4,287,756
Richmond	1,586,007	-	-	30,114	1,485,360	104,948	1,620,422	34,415
Scituate	2,261,709	-	-	145,945	2,012,423	146,895	2,305,263	43,553
Smithfield	10,022,892	1,298,117	-	382,758	7,235,141	1,331,050	10,247,066	224,174
South Kingstown	4,590,615	188,759	-	280,456	4,000,889	211,379	4,681,483	90,867
Tiverton	2,051,926	-	-	153,750	1,772,849	153,001	2,079,600	27,674
Warren	2,349,062	-	-	79,754	2,132,210	179,960	2,391,924	42,862
Warwick	30,943,692	1,746,777	-	927,993	25,778,183	3,080,934	31,533,887	590,195
Westerly	6,473,128	156,006	-	74,315	5,893,525	485,171	6,609,017	135,889
West Greenwich	1,706,126	-	-	231,839	1,365,573	163,578	1,760,990	54,864
West Warwick	8,114,297	-	1,295,536	463,542	5,797,695	829,938	8,386,711	272,414
Woonsocket	11,644,406	365,090	995,860	237,964	9,511,095	834,588	11,944,597	300,191
SRL ¹	1,145,585	-	-	1,169,541	-	-	1,169,541	23,956
ILG ²	79,671	-	-	81,264	-	-	81,264	1,593
LCA ³	2,232,819	-	-	2,115,628	-	-	2,115,628	(117,191)
Fire Districts	421,271	-	-	-	455,191	162,660	617,851	196,580
Total	\$336,132,233	\$51,317,647	14,884,458	\$14,210,650	\$239,550,236	\$25,908,469	\$345,871,460	\$9,739,223

¹SRL: Statewide Reference Library Resources Grant²ILG: Grant-in-Aid to Institutional Libraries³LCA: Library Construction Aid

FY2026 - Indirect Municipal Aid to Cities and Towns

Municipality	FY2025 Enacted	Public Service Corp. Tax	Hotel Tax ²	Meals and Beverage Tax	Airport Impact Fees ¹	FY2026 Enacted	Change from FY2025 Enacted
Barrington	\$443,580	\$244,996	\$6,902	\$178,485	\$0	\$430,383	(\$13,197)
Bristol	1,124,216	319,498	125,102	756,508	-	1,201,108	76,892
Burrillville	509,179	232,541	1,011	280,710	-	514,262	5,083
Central Falls	549,085	321,846	1,408	293,862	-	617,116	68,031
Charlestown	442,097	114,774	169,288	242,419	-	526,481	84,384
Coventry	1,258,218	511,910	148,653	624,993	-	1,285,556	27,338
Cranston	4,084,890	1,182,989	57,606	2,944,173	-	4,184,768	99,878
Cumberland	1,254,096	520,972	1,078	757,476	-	1,279,526	25,430
East Greenwich	1,245,529	206,256	7,643	1,169,261	-	1,383,160	137,631
East Providence	2,232,558	672,439	96,576	1,501,608	-	2,270,623	38,065
Exeter	265,783	101,646	1,230	171,263	-	274,139	8,356
Foster	92,948	64,152	1,628	25,112	-	90,892	(2,056)
Glocester	262,888	144,123	3,927	134,243	-	282,293	19,405
Hopkinton	194,185	120,558	3,612	64,319	-	188,489	(5,696)
Jamestown	269,916	79,384	76,271	151,734	-	307,389	37,473
Johnston	1,503,372	423,177	19,646	1,125,530	-	1,568,353	64,981
Lincoln	1,554,252	323,135	337,707	1,043,702	25,034	1,729,578	175,326
Little Compton	159,548	51,553	58,583	57,889	-	168,025	8,477
Middletown	2,903,992	242,233	1,984,717	1,169,905	33,482	3,430,337	526,345
Narragansett	1,591,633	208,160	586,609	1,022,842	-	1,817,611	225,978
Newport	7,707,451	358,324	5,065,156	3,790,711	-	9,214,191	1,506,740
New Shoreham	1,497,829	11,868	1,277,686	613,239	44,684	1,947,477	449,648
North Kingstown	1,504,552	397,079	197,367	961,913	56,332	1,612,691	108,139
North Providence	1,137,190	485,897	5,757	737,208	-	1,228,862	91,672
North Smithfield	654,160	180,143	8,130	488,498	-	676,771	22,611
Pawtucket	2,577,052	1,077,736	138,043	1,373,424	-	2,589,203	12,151
Portsmouth	718,822	253,972	54,610	476,032	-	784,614	65,792
Providence	13,146,755	2,723,172	3,701,502	8,672,635	-	15,097,309	1,950,554
Richmond	372,814	116,063	65,820	218,907	-	400,790	27,976
Scituate	258,566	149,134	12,172	111,608	-	272,914	14,348
Smithfield	1,793,630	316,034	309,346	1,265,306	25,034	1,915,720	122,090
South Kingstown	2,087,518	458,195	503,601	1,262,483	-	2,224,279	136,761
Tiverton	697,790	232,784	16,201	469,664	-	718,649	20,859
Warren	673,063	159,456	6,685	586,016	-	752,157	79,094
Warwick	7,557,900	1,186,411	1,807,228	4,213,753	769,903	7,977,295	419,395
Westerly	3,026,270	333,829	1,609,813	1,412,853	55,567	3,412,062	385,792
West Greenwich	428,449	94,459	175,267	184,664	-	454,390	25,941
West Warwick	1,196,404	444,165	222,659	576,966	-	1,243,790	47,386
Woonsocket	1,522,435	616,663	81,694	833,585	-	1,531,942	9,507
Total	\$70,500,615	\$15,681,726	\$18,947,935	\$41,965,502	\$1,010,036	\$77,605,199	\$7,104,580

¹ FY2026 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in May 2026.

Final FY2026 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2026. The state aid for each municipality is an estimate provided by the Senate Fiscal Office.

² FY2026 hotel tax consists of the 1.0 percent local occupancy tax and the 25.0 percent local share of the 5.0 percent tax on traditional hotel rentals as well as the rental of rooms or residential dwellings via roomsellers. The amounts also reflect the impact of Article 5's budget initiative that increases the local occupancy tax to 2.0 percent. It does not reflect the impact of the whole-home short term rental tax that is included in Article 5.

**FY2025 - Direct Municipal Aid to Cities and Towns
Distressed**

Municipality	FY2025 Enacted	Payment in Lieu of Taxes	Communities Relief Fund	Library Aid	Motor Vehicle Excise Tax	Tangible Property	FY2025 Enacted	Change from FY2025
Barrington	\$6,371,907	\$18,976	-	\$374,472	\$5,891,868	\$83,638	\$6,368,954	(\$2,954)
Bristol	4,596,713	1,324,937	-	218,673	2,910,724	147,284	4,601,618	4,906
Burrillville	5,424,751	60,737	-	237,425	5,046,819	72,656	5,417,637	(7,113)
Central Falls	2,735,313	-	268,136	37,296	2,089,148	351,907	2,746,487	11,174
Charlestown	1,107,383	-	-	68,182	1,009,366	18,324	1,095,872	(11,511)
Coventry	6,507,745	-	-	269,635	5,868,395	365,715	6,503,745	(4,001)
Cranston	28,889,700	4,037,181	-	801,676	22,323,373	1,738,596	28,900,826	11,126
Cumberland	6,940,855	-	-	362,208	6,079,657	505,178	6,947,043	6,188
East Greenwich	3,936,750	819,440	-	153,342	2,417,779	546,636	3,937,197	447
East Providence	14,071,455	296,967	-	457,226	11,431,633	1,883,783	14,069,609	(1,846)
Exeter	2,360,044	-	-	65,245	2,229,990	53,418	2,348,653	(11,391)
Foster	1,795,928	-	-	42,989	1,643,150	100,687	1,786,826	(9,101)
Glocester	2,684,522	-	-	99,016	2,370,831	203,566	2,673,413	(11,109)
Hopkinton	1,863,296	-	-	44,300	1,619,677	189,737	1,853,714	(9,582)
Jamestown	767,799	-	-	121,534	633,787	23,473	778,793	10,994
Johnston	11,904,200	-	-	130,296	10,375,322	1,391,119	11,896,737	(7,463)
Lincoln	6,440,032	-	-	273,980	5,680,606	483,036	6,437,622	(2,410)
Little Compton	447,331	-	-	44,558	375,577	35,997	456,133	8,802
Middletown	2,457,372	-	-	180,903	1,971,781	300,020	2,452,704	(4,668)
Narragansett	2,154,632	-	-	246,158	1,830,939	77,223	2,154,320	(311)
Newport	4,419,882	1,773,418	-	500,366	2,229,990	304,205	4,807,979	388,097
New Shoreham	677,845	-	-	118,589	164,315	14,181	297,085	(380,761)
North Kingstown	6,034,422	50	-	325,575	5,375,449	329,980	6,031,054	(3,369)
North Providence	11,910,456	-	1,140,776	243,155	9,624,167	907,238	11,915,337	4,881
North Smithfield	4,946,190	-	-	98,289	4,389,559	449,370	4,937,218	(8,972)
Pawtucket	20,197,901	3,087	1,808,532	513,563	16,501,926	1,377,212	20,204,320	6,419
Portsmouth	2,722,357	-	-	139,256	2,417,779	168,858	2,725,893	3,536
Providence	86,142,245	37,273,505	7,107,546	1,528,268	34,130,583	6,101,330	86,141,232	(1,014)
Richmond	1,586,007	-	-	32,604	1,455,362	104,948	1,592,914	6,907
Scituate	2,261,709	-	-	137,687	1,971,781	146,895	2,256,363	(5,347)
Smithfield	10,022,892	1,217,452	-	375,697	7,089,021	1,331,050	10,013,219	(9,673)
South Kingstown	4,590,615	186,342	-	262,439	3,920,088	211,379	4,580,247	(10,368)
Tiverton	2,051,926	-	-	150,750	1,737,045	153,001	2,040,796	(11,130)
Warren	2,349,062	-	-	78,191	2,089,148	179,960	2,347,299	(1,763)
Warwick	30,943,692	1,691,043	-	925,461	25,257,570	3,080,934	30,955,008	11,317
Westerly	6,473,128	151,026	-	453,238	5,774,500	485,171	6,863,935	390,808
West Greenwich	1,706,126	-	-	71,408	1,337,994	163,578	1,572,980	(133,146)
West Warwick	8,114,297	-	1,157,378	210,823	5,680,606	829,938	7,878,745	(235,552)
Woonsocket	11,644,406	347,251	902,090	235,701	9,319,011	834,588	11,638,641	(5,766)
SRL ¹	1,145,585	-	-	1,145,585	-	-	1,145,585	-
ILG ²	79,671	-	-	79,671	-	-	79,671	-
LCA ³	2,232,819	-	-	2,232,819	-	-	2,232,819	0
Fire Districts	421,271	-	-	-	445,998	162,660	608,658	187,387
Total	\$336,132,233	\$49,201,412	\$12,384,458	\$14,088,248	\$234,712,313	\$25,908,469	\$336,294,899	\$162,667

¹SRL: Statewide Reference Library Resources Grant²ILG: Grant-in-Aid to Institutional Libraries³LCA: Library Construction Aid

FY2025 - Indirect Municipal Aid to Cities and Towns

Municipality	FY2025 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	FY2025 Enacted	Change from FY2025 Enacted
Barrington	\$443,580	\$242,251	\$5,114	\$283,949	\$0	\$531,314	\$87,734
Bristol	1,124,216	317,229	100,010	743,870	-	1,161,109	36,893
Burrillville	509,179	229,290	842	266,431	-	496,563	(12,616)
Central Falls	549,085	316,365	1,051	298,409	-	615,825	66,740
Charlestown	442,097	113,167	101,651	239,938	-	454,756	12,659
Coventry	1,258,218	504,509	122,225	641,542	-	1,268,276	10,058
Cranston	4,084,890	1,170,024	47,240	3,141,602	-	4,358,866	273,976
Cumberland	1,254,096	513,282	688	753,138	-	1,267,108	13,012
East Greenwich	1,245,529	202,124	5,960	1,152,239	-	1,360,323	114,794
East Providence	2,232,558	665,190	78,653	1,630,994	-	2,374,837	142,279
Exeter	265,783	98,366	835	159,015	-	258,216	(7,567)
Foster	92,948	63,545	1,459	3,685	-	68,689	(24,259)
Glocester	262,888	142,045	3,266	141,220	-	286,531	23,643
Hopkinton	194,185	118,883	2,829	55,781	-	177,493	(16,692)
Jamestown	269,916	78,586	44,754	121,614	-	244,954	(24,962)
Johnston	1,503,372	418,043	15,192	1,149,785	-	1,583,020	79,648
Lincoln	1,554,252	318,021	270,465	1,053,741	25,034	1,667,261	113,009
Little Compton	159,548	51,249	39,015	49,169	-	139,433	(20,115)
Middletown	2,903,992	240,666	1,640,626	1,264,583	33,482	3,179,357	275,365
Narragansett	1,591,633	206,906	431,596	1,033,760	-	1,672,262	80,629
Newport	7,707,451	354,965	4,040,889	3,702,688	-	8,098,542	391,091
New Shoreham	1,497,829	13,612	911,638	610,746	44,684	1,580,680	82,851
North Kingstown	1,504,552	392,206	152,654	972,274	56,332	1,573,466	68,914
North Providence	1,137,190	480,300	4,173	842,962	-	1,327,435	190,245
North Smithfield	654,160	177,362	6,532	502,855	-	686,749	32,589
Pawtucket	2,577,052	1,063,692	110,954	1,449,304	-	2,623,950	46,898
Portsmouth	718,822	252,509	40,541	480,009	-	773,059	54,237
Providence	13,146,755	2,684,345	2,924,743	8,954,837	-	14,563,925	1,417,170
Richmond	372,814	114,284	45,876	245,105	-	405,265	32,451
Scituate	258,566	147,210	9,700	104,050	-	260,960	2,394
Smithfield	1,793,630	312,503	246,412	1,381,946	25,034	1,965,895	172,265
South Kingstown	2,087,518	451,761	389,745	1,335,211	-	2,176,717	89,199
Tiverton	697,790	230,974	12,112	467,074	-	710,160	12,370
Warren	673,063	157,298	4,692	589,146	-	751,136	78,073
Warwick	7,557,900	1,171,326	1,443,072	4,400,529	769,903	7,784,830	226,930
Westerly	3,026,270	330,204	1,341,586	1,480,890	55,567	3,208,247	181,977
West Greenwich	428,449	92,466	143,583	161,557	-	397,606	(30,843)
West Warwick	1,196,404	437,342	180,548	610,738	-	1,228,628	32,224
Woonsocket	1,522,435	608,833	65,749	884,163	-	1,558,745	36,310
Total	\$70,500,615	\$15,482,934	\$14,988,672	\$43,360,549	\$1,010,036	\$74,842,188	\$4,341,573

¹FY2025 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in March 2026.

Final FY2025 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2025. The state aid for each municipality is an estimate provided by the Senate Fiscal Office.

Education Aid

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, the distribution of state funds changes annually based on shifts in enrollment. This formula applies to all public schools, charter schools, the Davies Career and Technical School, and the Metropolitan Career and Technical Center. The Act does not change the funding methodology for the School for the Deaf, since it is an education program that already has a state, federal, and local share.

Beginning in FY2012, the formula established a per-pupil spending amount and allocated this funding based on student enrollment, adjusting for poverty (as measured by the number of families whose income is below 185.0 percent of the federal poverty guidelines). Beginning in FY2025, the formula was amended to provide additional support for English Learners. The formula also adjusts for local revenue generating capacity and overall poverty level, as well as the concentration of children living in poverty.

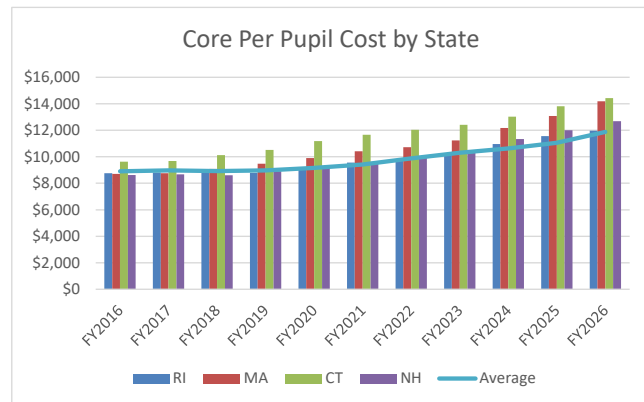
The Act included a multi-year transition plan to ease districts into the new formula, allowing time for school districts and municipal governments to adjust for gains or losses in education aid. The plan provided a transition period of ten years from the formula implementation in FY2012 for those districts projected to receive less school aid than they did in the previous year, and seven years for those districts projected to receive more. FY2021 was the final year of the transition plan. However, the FY2024 Budget as Enacted provided a Poverty Loss Stabilization Fund and a Transition Fund for enrollment loss.

In FY2026, the formula aid to the districts, charter schools, and state schools increases by \$46.1 million to fully fund the formula, partially offset by a decrease of \$9.2 million in Enrollment Transition funding and an increase of \$3.5 million in the Poverty Loss Stabilization Fund. An additional increase of \$2.3 million is provided through categorical aid, including stabilization funding for Central Falls, Davies, and the Met.

HOW THE FORMULA WORKS

Step 1 - Student Enrollment: Student enrollment is based on resident average daily membership (RADM), which refers to the average number of students who are residents of the community and were enrolled in the school district during the prior school year. The Budget is based on enrollment data as of October 2024, adjusted for projected charter and state school enrollments.

Step 2 - Core Instruction Amount: The core instruction amount provides a base level of funding per pupil derived from the average of northeast regional expenditure data from Rhode Island, Massachusetts, Connecticut and New Hampshire, as published by the National Center for Education Statistics (NCES). In the FY2026 Budget, the core-instructional amount is \$13,322, an increase of \$705 or 5.6 percent.



Step 3 - High Need Student Weight (40.0 percent): The Act includes a single factor to adjust the core instruction amount to address the effects of poverty and other factors influencing educational need. The weight provides an additional \$5,728 ($\$13,322 \times 0.40 = \$5,728$) for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines.

The statute requires that the weight be applied to each child whose family income is at or below 185.0 percent of the federal poverty guidelines. Traditionally, these students were tracked primarily through

eligibility for the federal free and reduced lunch program (FRLP); however, Article 10 of the FY2023 Budget as Enacted required the Department of Elementary and Secondary Education (Department) to submit, as part of its FY2024 budget request, a poverty measure that does not rely on the administration of the school lunch programs. The Governor recommended and the General Assembly agreed to using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF). The counts from the data source are then multiplied by a factor of 1.6, as recommended by the U.S. Department of Agriculture (USDA) and the U.S. Department of Education for the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010.

Step 4: Multilingual Learner Factor (20.0 percent): Article 8 of the FY2025 Budget as Enacted shifts English Learners (EL) categorical aid into the funding formula, changes the name to Multilingual Learner (MLL), and increases the weight from 15.0 percent to 20.0 percent. The weight still applies to the three lowest proficiency categories as identified through the World-class Instructional Design and Assessment (WIDA) assessments tool. Local education agencies (LEAs) are required to report annually by September 1 to the Department of Elementary and Secondary Education outlining the planned and prior use of the MLL funds to provide services to MLL students as required by the Commissioner of Elementary and Secondary Education. While the funds are no longer distributed on a reimbursement basis, the Department is required to ensure consistency with best practices.

Step 5 - Total Foundation Budget: The total foundation budget for each school district is calculated by adding the product of the total core instruction amount and the total student success factor weight.

$$\text{Total Foundation Budget} = (\$13,322 \times \text{RADM}) + (0.4 \times \$13,322 \times \text{students in poverty}) + (0.2 \times \$13,322 \times \text{MLL students})$$

Step 6 -

State

Share Ratio: The Education Adequacy Act creates a share ratio by adding a wealth measure, based on the concentration of children living in poverty, to the single State Share Ratio for the Community (SSRC) previously used to determine a district's ability to pay for the cost of education. Beginning in FY2024, the formula uses the direct certification data discussed under the SSF above to measure the percentage of Pre-Kindergarten through sixth grade students living in poverty, instead of the free and reduced-lunch data used traditionally.

The total foundation budget equals the student enrollment and the high-need student weight of the district multiplied by the core instruction amount. The State's share of the total foundation budget is the state share ratio calculated as follows:

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{\text{SSRC}^2 + \%PK - 6\text{poverty}^2}{2}}$$

Pursuant to the FY2024 Budget as Enacted, however, if a district has a PK through 6 poverty rate greater than 50.0 percent and the SSR calculation results in a ratio less than the SSRC, then the SSRC will be used. In FY2025, this adjustment impacts Pawtucket, Providence, West Warwick, Woonsocket, and Central Falls, as highlighted in the table.

By squaring each factor, the formula amplifies the greater of the two variables. Consequently, school districts with less capacity to raise revenue than the State as a whole and a higher concentration of child poverty look relatively poorer, while districts with a higher capacity to raise revenue and lower concentrations of poverty look relatively wealthier. Those poorer districts with the higher SSR will receive a greater portion of the calculated education costs as state aid than the wealthier districts.

The SSRC calculation is based on each community's total assessed property value and median family income, relative to districts across the State. The total community property value includes motor vehicles, personal property and State payments in lieu of taxes. These values are brought to full market value based on market experience and then adjusted by the median family income. The higher the EWAV share ratio, the less capacity the community has relative to the rest of the state for generating locally derived revenue to support schools and the more state aid the community will receive. While similar to the share ratio used in the school construction formula to determine the state's share of debt service obligations, the Education Adequacy Act adjusted the SSRC calculation to increase the State share of the total education budget.

Analyst Note: Beginning with the FY2027 education aid calculation, the community property values may no longer contain motor vehicle values since FY2023 is the last year vehicles can be taxed. It has yet to be determined if a motor vehicle value will be used in the assessed community property value. Another adjustment will occur for the FY2028 aid calculation due to the tangible property tax exemption enacted in the FY2024 Budget as Enacted.

The distribution includes an update to the median family income (MFI) component of the EWAV based on the socio-economic data from the American Community Survey (ACS) provided by the United States Census Bureau. The index used to adjust for MFI is the ratio of the median family income of the municipality relative to the median family income statewide as reported in the American Community Survey (ACS) provided by the United States Census Bureau.

Step 7 - State Share of Foundation Budget: The State's share of the total foundation budget equals the state share ratio, discussed above, times the total foundation budget. Unlike many foundation formulas, the statute neither requires a minimum nor sets a maximum local spending level beyond the limits in the maintenance of effort requirements found in RIGL 16-7-23 and 16-7-23.1. Nonetheless, a municipality is responsible, to some degree, for the difference between the state share and the total foundation amount.

Article 8 of the FY2024 Budget as Enacted promulgated RIGL 16-7.2-3(f)(3) requiring the Department to report and compare local contributions to education aid and to report compliance to each school committee and city or town council. Based on information provided by the Department, in FY2023 four districts did not fund the full local share: Central Falls, Pawtucket, Providence, and Woonsocket.

Poverty Loss Stabilization Fund: The FY2024 Budget as Enacted established funding to reduce the impact of a reduction in the community state share ratio. If the share ratio decreases by more than 2.0 percent, relative to the prior year, the formula provides 50.0 percent of the resulting reduction in funding formula aid.

Enrollment Transition Fund: To address the significant enrollment declines seen across the State, the FY2024 Budget as Enacted established an Enrollment Transition Fund providing 40.0 percent of the funding formula aid lost as a result of enrollment declines, relative to the previous year, in year one and 25.0 percent in year two.

TABLE

The table on the following page provides a step-by-step calculation of each district's formula distribution for FY2026.

FY2026 Education Aid Calculator - Governor Recommendation

Districts	PK-12 RADM	Direct Cert	Factor (1.6)	Direct Cert x Factor	MILL (prof 1-3)	Core Instruction Funding	Student Success Factor Poverty Concentration Adjustment	Student Success Factor Funding (F = 0.4*\$13,322 = \$5,329 or 0.43*\$13,322 = \$5,728)	MILL Funding (Y = 0.2*\$13,322 = \$2,664)	Total Foundation	PK6 EWAV	State Share Ratio	Adjusted RGL Share	State Share 16-7-2-4(a)	Foundation Budget	FY2025 Enacted (excludes group home and categoricals)	Change in State Funding
	A	B	X	A*C=D			If P < 60.0% = 0.4; if P ≥ 60.0% = 0.43	B*F=G	X*Y=Z	D+G+Z=H	P	W	I	P=0.5 and W<I then W = Z	H*Z=J	K	J-K=L
Barrington	3,295	113	181	54	54	\$43,895,990	40.0%	\$963,447	\$143,878	\$45,003,315	7.1%	30.5%	22.1%	22.1%	\$9,965,262	\$11,418,578	(\$1,453,316)
Burrillville	2,011	268	429	12	12	26,790,542	40.0%	2,284,989	31,973	29,107,504	28.5%	59.0%	46.3%	46.3%	13,485,997	13,266,956	219,041
Charlestown	668	64	102	2	2	8,899,096	40.0%	545,669	5,329	9,450,094	21.7%	-	15.3%	15.3%	1,450,043	1,514,709	(64,666)
Coventry	4,072	571	914	24	24	54,247,184	40.0%	4,868,392	63,946	59,179,521	28.8%	61.1%	47.8%	47.8%	28,266,044	26,569,935	1,696,108
Cranston	9,712	1,822	2,915	956	956	129,383,264	40.0%	15,534,518	2,547,166	147,464,948	39.4%	64.6%	53.5%	53.5%	78,900,776	77,102,194	1,798,582
Cumberland	4,819	401	642	229	229	64,198,718	40.0%	3,418,958	610,148	68,227,824	17.5%	55.9%	41.4%	41.4%	28,259,253	26,341,736	1,917,517
East Greenwich	2,488	116	186	35	35	33,145,136	40.0%	989,025	93,254	34,227,415	7.3%	17.2%	13.2%	13.2%	4,522,230	6,243,354	(1,721,124)
East Providence	4,989	1,077	1,723	244	244	66,463,458	40.0%	9,182,588	650,114	76,296,160	40.0%	59.9%	51.1%	51.1%	38,978,938	37,431,252	1,547,686
Foster	238	22	35	1	1	3,170,636	40.0%	187,574	2,664	3,360,874	21.9%	47.1%	36.7%	36.7%	1,234,411	1,178,178	56,233
Glocester	564	37	59	4	4	7,513,608	40.0%	315,465	10,658	7,839,731	12.8%	52.0%	37.8%	37.8%	2,963,460	2,902,861	60,599
Hopkinton	1,109	134	214	4	4	14,774,098	40.0%	1,142,495	10,658	15,927,250	26.3%	59.2%	45.8%	45.8%	7,295,593	6,709,736	585,857
Jamestown	555	17	27	1	1	7,393,710	40.0%	144,943	2,664	7,541,318	7.1%	-	5.0%	5.0%	378,609	297,632	80,977
Johnston	3,346	633	1,013	256	256	44,575,412	40.0%	5,397,009	682,086	50,654,507	37.8%	56.0%	47.8%	47.8%	24,200,028	23,368,076	831,953
Lincoln	3,281	420	672	80	80	43,709,482	40.0%	3,580,954	213,152	47,503,588	25.0%	57.3%	44.2%	44.2%	20,999,299	18,481,613	2,517,687
Little Compton	263	13	21	4	4	3,503,686	40.0%	110,839	10,658	3,625,183	12.0%	-	8.5%	8.5%	307,607	326,439	(18,832)
Middletown	1,888	250	400	149	149	25,151,936	40.0%	2,131,520	396,996	27,680,452	30.6%	7.9%	22.3%	22.3%	6,185,729	6,722,115	(536,385)
Narragansett	932	108	173	3	3	12,416,104	40.0%	920,817	7,993	13,344,914	18.5%	-	13.1%	13.1%	1,745,712	1,757,494	(11,782)
Newport	1,723	655	1,048	319	319	22,953,806	43.0%	6,003,426	849,944	29,807,176	67.8%	-	47.9%	47.9%	14,290,108	14,971,701	(681,593)
New Shoreham	126	4	6	10	10	1,678,572	40.0%	34,104	26,644	1,739,320	8.0%	-	5.7%	5.7%	98,391	74,570	23,821
North Kingstown	3,570	476	762	59	59	47,559,540	40.0%	4,058,414	157,200	51,775,154	25.1%	23.5%	24.3%	24.3%	12,588,179	13,120,180	(532,001)
North Providence	3,424	666	1,066	339	339	45,614,528	40.0%	5,678,369	903,232	52,196,129	40.6%	70.1%	57.3%	57.3%	29,898,793	29,606,271	292,521
North Smithfield	1,636	126	202	38	38	21,794,792	40.0%	1,074,286	101,247	22,927,325	18.3%	54.5%	40.7%	40.7%	9,337,854	7,857,640	1,480,233
Pawtucket	7,737	2,703	4,325	1,622	1,622	103,072,314	43.0%	24,774,444	4,321,657	132,168,411	66.3%	83.5%	75.4%	83.5%	110,360,626	107,328,506	3,032,120
Portsmouth	2,012	164	262	29	29	26,803,864	40.0%	1,398,277	77,268	28,279,409	14.0%	-	9.9%	9.9%	2,799,519	2,830,867	(31,349)
Providence	18,790	7,918	12,669	7,117	7,117	250,320,380	43.0%	72,572,714	18,962,535	341,855,629	84.0%	84.5%	84.3%	84.5%	288,868,006	284,752,093	4,115,914
Richmond	1,062	114	182	7	7	14,147,964	40.0%	971,973	18,651	15,138,588	21.9%	54.9%	41.8%	41.8%	6,327,151	6,228,750	98,401
Scituate	1,170	75	120	5	5	15,586,740	40.0%	639,456	13,322	16,239,518	12.4%	35.3%	26.5%	26.5%	4,296,342	3,357,790	938,552
Smithfield	2,336	171	274	25	25	31,120,192	40.0%	1,457,960	66,610	32,644,762	15.1%	42.5%	31.9%	31.9%	10,411,223	9,812,560	598,663
South Kingstown	2,343	255	408	39	39	31,213,446	40.0%	2,174,150	103,912	33,491,508	21.3%	0.0%	15.1%	15.1%	5,044,782	4,997,562	47,220
Thetford	1,573	185	296	10	10	20,955,506	40.0%	1,577,325	26,644	22,559,475	22.9%	23.6%	23.3%	23.3%	5,245,672	5,361,007	(115,335)
Warwick	7,961	1,342	2,147	227	227	106,056,442	40.0%	11,441,999	604,819	118,103,260	34.2%	46.4%	40.8%	40.8%	48,137,765	44,822,207	3,315,558
West Warwick	2,215	357	571	46	46	29,508,230	40.0%	3,043,811	122,562	32,674,603	35.5%	-	25.1%	25.1%	8,202,074	7,912,662	289,412
Westerly	3,515	932	1,491	147	147	46,826,830	40.0%	7,946,307	391,667	55,164,803	56.4%	75.7%	68.8%	75.7%	41,759,756	39,595,027	2,164,729
Woonsocket	5,458	2,457	3,931	1,012	1,012	72,711,476	43.0%	22,519,722	2,696,373	97,927,571	85.6%	89.4%	87.5%	89.4%	87,547,248	82,151,150	5,396,098
Bristol-Warren ³	2,732	358	573	54	54	36,395,704		3,052,337	143,878	39,591,918	-	-	-	-	10,577,437	10,538,060	39,377
Exeter-West Greenwich ²	1,533	114	182	12	12	20,422,626		971,973	31,973	21,426,572	-	-	-	-	7,144,314	5,395,150	1,749,164
Charlton	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-
Foster-Glocester ²	1,011	62	99	6	6	13,468,542		528,617	15,986	14,013,145	-	-	-	-	5,250,433	5,590,751	(340,319)
Central Falls	2,407	880	1,408	1,206	1,206	32,066,054	43.0%	8,065,672	3,213,266	43,344,992	72.3%	96.7%	85.4%	96.7%	41,914,607	42,508,401	(583,794)
District Total	118,564	26,080	41,728	14,387	14,387	\$1,579,509,608		\$231,704,537	\$8,332,723	\$1,849,546,868					\$1,019,239,271	\$990,445,746	\$28,793,525
Charter School Total	14,159	5,035	8,056	2,727	2,727	188,626,198		45,851,127	7,265,819	241,743,144	-	-	-	-	194,069,700	178,322,887	15,746,813
Davies	897	178	285	35	35	11,949,834		1,612,282	93,254	13,655,370	-	-	-	-	10,598,807	10,117,360	481,447
Met School	812	282	451	85	85	10,817,464		2,557,824	226,474	13,601,762	-	-	-	-	9,804,084	9,080,898	723,186
Nowell Academy	189	87	139	69	69	2,517,858		781,844	183,844	3,483,544	-	-	-	-	2,802,638	2,111,758	490,879
Urban Collaborative	141	79	126	28	28	1,878,402		724,077	74,603	2,677,083	-	-	-	-	2,262,135	2,111,614	150,521
Youth Build Academy	115	63	101	19	19	1,532,030		577,429	50,624	2,160,082	-	-	-	-	1,825,270	2,137,890	(312,621)
Total	134,877	31,804	50,886	17,350	17,350	1,796,831,394		283,809,117	46,227,340	\$1,240,601,903					\$1,194,528,153	\$46,073,751	

¹ based on October 2024 enrollment updated for projected 2024-2025 charter school growth.² Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et al.

Source: Rhode Island Department of Education

CHARTER AND STATE SCHOOLS

The education funding formula calculation for charter and state schools funds students as if they were still in the sending district, with the same core instruction amount, high-need student weight, and state share ratio. The aid, however, is distributed directly to the charter or state school. In FY2026, the Governor's

recommended budget provides \$201.0 million in funding formula aid to charter schools, an increase of \$16.1 million or 8.7 percent. This increase is primarily driven by enrollment. In FY2025, charter school enrollment increases by 442 students, or 3.1 percent, relative to the FY2025 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 per-pupil amount is then reduced by the greater of:

1. 7.0 percent of the district's per-pupil funding, or
2. The district's per-pupil cost of certain, unique expenditures, such as non-public textbooks, transportation for non-public students, retiree health benefits, out-of-district special education tuition and transportation, services for students age eighteen to twenty-one, pre-school screening and intervention, career and technical education tuition and transportation costs, debt service, and rental, minus the average charter school per-pupil cost for these items, as reported in the uniform chart of accounts.

If a district triggers option 2, then there is an additional reduction for tuition payments to mayoral academies where teachers do not participate in the state teacher's retirement system equal to the per-pupil cost of the unfunded liability for the preceding year.

There is a two-year lag in the data such that FY2026 tuition rates are based on FY2024 contributions and expenditures. The local tuition rate reductions pursuant to RIGL 16-7.2-5(c) are available [here](#).

To address "the budgetary uncertainty that current law creates for local districts, charter schools, and mayoral academies", Article 7 caps the reduction in local tuition to charter schools and mayoral academies at 14.0 percent, beginning in FY2026. In FY2026 costs to districts from the cap are projected to increase by \$9,190 in Jamestown and \$1,854 in Johnston.

The following table shows the districts that have triggered the Option 2 reduction in the last five years, as well as the FY2025 charter and state school enrollment for these districts and the average tuition reduction over the five-year period.

Districts	FY2025 Enrollment		FY2021 through FY2025		
	Charter and State Schools	Mayoral Academy	Number of Times Triggered Option 2	Average Charter and State School Tuition Reduction	Average Mayoral Academy Tuition Reduction
Jamestown	12		5	-15.9%	
Johnston	81		4	-11.5%	
Newport	31		3	-9.3%	
North Providence ¹	127	133	1	-10.8%	-10.8%
Pawtucket ¹	1,382	1,064	1	-8.9%	-34.8%
Woonsocket ¹	332	518	3	-17.1%	-51.9%
Bristol-Warren	29		3	-10.8%	
Exeter-West Greenwich	57		3	-8.4%	
Foster-Glocester	2		5	-14.5%	
Central Falls ¹	1,065	682	2	-13.1%	-32.5%

¹ District is currently within the catchment area of a mayoral academy.

In FY2011, the State paid the total tuition costs of students attending the Davies and Met Schools, while the local districts provided transportation. Pursuant to the new funding formula, however, the State payment to these state schools is calculated by the same method used to calculate school district and charter school payments. The formula requires local districts to pay state school tuition, but allows the districts to charge the state and charter schools for transportation costs. Local payments are made to the charter or state school on a quarterly basis. Failure to make a payment could result in the withholding of state education aid to the district of residence.

In FY2011, prior to the implementation of the current funding formula, charter school funding was based on the per-pupil expenditure of the sending district; however, the State paid 5.0 percent of the per-pupil expenditure as indirect aid to the sending district, and a portion of the remaining 95.0 percent based on the share ratio of the sending district. The expenditure was based on the reference year as defined in RIGL 16-7-16(11) providing a two-year lag. Each quarter, the charter school billed the sending district for the portion of the per-pupil expenditure not paid by the State.

Please see the following examples for further clarification of the charter school formula used in FY2011.

Calculation	District A	District B
Per Pupil Expenditure:	\$8,000	\$8,000
Share Ratio:	70.0%	30.0%
Indirect Aid to Sending District:	\$400 (5.0% of \$8,000)	\$400 (5.0% of \$8,000)
State Share to Charter School:	\$5,320 (70.0% of (\$8,000 minus 5.0%))	\$2,280 (30.0% of (\$8,000 minus 5.0%))
District Share to Charter School:	\$2,280 (30.0% of (\$8,000 minus 5.0%))	\$5,320 (70.0% of (\$8,000 minus 5.0%))

NON-FORMULA PROVISIONS

Group Homes: The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount to \$17,000 annually per bed. Article 7 of the FY2026 budget as Enacted eliminated the per-bed deduction of funding formula aid from the Group Home aid disbursement. Previously, depending on the district's share ratio, the \$17,000 per bed was adjusted downward by the state share of the core instruction amount. For example, a district with a state share ratio of 47.8 percent would receive \$17,000 minus (0.478*\$18,651), leaving \$8,092 per bed. The article eliminated this adjustment, increasing group home aid to districts by \$2.1 million in FY2026. The FY2026 Budget as Enacted includes

\$3.5 million to fund group home beds, \$1.7 million more than the FY2025 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district

Article 7 of the FY2026 Budget as Enacted eliminated the group home aid paid to East Providence for beds associated with the Bradley Hospital CRAFT Program and provided that the student's school district of origin will be responsible for providing education services to students in those beds. This change reduced group home aid to East Providence by \$468,000 in FY2026.

Based on the final December 31, 2024, report from the Department of Children, Youth, and Families, the FY2025 Revised Budget increases by 18 beds and \$306,000.

FY2025 Enacted			Group Home Aid ¹ FY2026			FY2025 Revised		
District	Total Aid	Number of Beds	Net Change (bed amount - formula adjustment)			FY2026 Total Aid	Revised Total Aid	Change from Enacted
			FY2026 Number of Beds	Change in Number of Beds	FY2026 formula adjustment			
Coventry	\$70,815	8	8	-	\$65,185	\$136,000	\$70,815	\$0
East Providence ²	611,557	36	35	(1)	(322,557)	289,000	611,557	-
Lincoln	78,157	8	8	-	57,843	136,000	78,157	-
Newport	72,064	9	7	(2)	46,936	119,000	72,064	-
North Providence	108,452	16	8	(8)	27,548	136,000	108,452	-
North Smithfield	-	-	4	4	68,000	68,000	68,000	68,000
Pawtucket	38,736	19	20	1	301,264	340,000	55,736	17,000
Portsmouth	272,726	18	30	12	237,274	510,000	476,726	204,000
Providence	109,622	57	58	1	876,378	986,000	126,622	17,000
Smithfield	69,601	6	5	(1)	15,399	85,000	69,601	-
Warwick	249,560	25	24	(1)	158,440	408,000	249,560	-
Bristol-Warren	96,083	10	10	-	73,917	170,000	96,083	-
Exeter-West Greenwich	101,477	9	9	-	51,523	153,000	101,477	-
Total	\$1,878,849	221	226	5	\$1,657,149	\$3,535,998	\$2,184,850	\$306,000

¹ Based on final 12/31/2024 report from the Department of Children, Youth and Families. In the FY2025 Revised Budget, a total of 18 beds were added relative to the enacted level, including 4 in North Smithfield, 1 in Pawtucket, 12 in Portsmouth, and 1 in Providence.

² Article 7 of the FY2026 Budget as Enacted eliminated the funding formula adjustment for group home beds and the group home beds associated with the CRAFT program at Bradley Hospital.

Categorical Programs: When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. In the FY2024 Budget, the Density Aid Fund was replaced with the Enrollment Transition fund, which is included in the funding formula distribution. The FY2025 Budget moved English Learners into the formula distribution. The FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers at public middle and high schools, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the Department of Elementary and Secondary Education section of this analysis.)

The FY2026 Budget includes funding for all of the active categories, except the Regionalization Bonus. The total decrease in categorical aid is \$1.7 million for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met).

- **Transportation:** This fund provides funding to districts that use the statewide transportation

FY2026 Education Aid as Enacted		
Categorical	Change from Enacted	Total Funding
Transportation	\$1.2	\$12.5
Early Childhood	(1.0)	28.9
High-Cost Special Education	2.5	17.5
Career & Tech. Schools	(2.0)	4.5
Regionalization Bonus	-	-
Group Home Aid	1.7	3.5
Total	\$2.4	\$66.9

\$ in millions

contract for transporting students to out-of-district, non-public schools within the resident district's transportation region as defined by RIGL 16-21.1-2, and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget fully funds this category at \$12.5 million in FY2026, an increase of \$1.2 million over the FY2025 Budget as Enacted.

Early Childhood Education: This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds are distributed through a request for proposals (RFP) process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. These funds are paid to providers through the RFP process and, consequently, are not included in the distribution tables. Provisory language in Article 1 of the budget requires the Department to prioritize funding to four-year olds whose family income is at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low-performing schools. The Budget funds this category at \$28.9 million in FY2026, a decrease of \$1.0 million in general revenue to align with program costs. According to the Department, \$25.9 million of the funding supports seats in schools, while \$3.0 million provides support for professional development, technical assistance, early childhood mental health supports, and program monitoring including Bright Stars. The \$1.0 million removed from the fund was previously used to support infant and toddler programs in the Department of Human Services. Article 10 of the FY2023 Budget as Enacted required the Department of Education (RIDE), the Department of Human Services, and the Children's Cabinet to develop the [Rhode Island Pre-K expansion plan](#) to expand the Pre-K program to 5,000 seats over five years beginning in FY2024, including children ages three and four.

FY2025 Pre-K Enrollment				
RI Pre-K Districts	Number of classrooms	Total seats	Low-	Percentage
			Income seats	Low-Income
Bristol-Warren	3	56	28	50.0%
Central Falls	9	163	152	93.3%
Coventry	4	76	38	50.0%
Cranston	14	256	128	50.0%
Exeter-West Greenwich	1	20	10	50.0%
East Providence	11	214	107	50.0%
Johnston	3	54	27	50.0%
Lincoln	3	56	28	50.0%
Middletown	4	76	38	50.0%
Newport	2	36	18	50.0%
North Kingstown	1	18	9	50.0%
North Providence	3	54	27	50.0%
Pawtucket	15	282	201	71.3%
Portsmouth	1	20	10	50.0%
Providence	40	740	640	86.5%
Smithfield	2	38	19	50.0%
South Kingstown	1	18	18	100.0%
Warwick	7	126	63	50.0%
West Warwick	5	90	45	50.0%
Westerly	3	56	37	66.1%
Woonsocket	20	360	300	83.3%
Statewide Total	152	2,809	1,943	69.2%

Source: Rhode Island Department of Education

- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed four times the combined core instruction and student success factor funding (currently \$74,600 for FY2026). The FY2024 Budget as Enacted lowered this threshold from five times. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$17.5 million in FY2026, an increase of \$2.5 million over the FY2025 Budget as Enacted and \$13.4 million less the \$30.9 million in eligible reimbursements.
- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2026, a decrease of \$2.0 million from the FY2025 Budget as Enacted.

The FY2025 Budget as Enacted provided \$2.0 million to support new career and technical education programs, not currently offered in any school, that address high growth, high-wage careers. The funds are being distributed through a competitive process. The deadline to apply was February 28, 2025. The funding will be obligated by June 30, 2025. Program planning is expected to occur in FY2026 with the new programs opening in FY2027.

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that may regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. This category has not been funded since FY2014, as no new regional districts have been formed.
- **English Learners/Multilingual Learners:** The FY2025 Budget as Enacted shifted the English Learners (EL) categorical aid into the funding formula, changed the name to Multilingual Learners (MLL), and increased the weight from 15.0 to 20.0 percent of the per-pupil core instruction amount for each qualified EL student multiplied by the state share ratio. When established through Article 11 of the FY2017 Budget as Enacted, the EL categorical fund provided a 10.0 percent weight and was often not fully funded to meet the qualified reimbursements. The FY2024 Budget as Enacted increased the weight to 15.0 percent and eliminated the ratable reduction clause, requiring the category to be fully funded.

EL students are identified through the WIDA (World-Class Instructional Design and Assessment) Kindergarten-MODEL and the WIDA Screener 1-12 grade. The WIDA ACCESS (Assessing Comprehension and Communication in English State to State) is used for monitoring and growth in grade K-12. WIDA is a consortium of state departments of education that developed the ACCESS test that is administered annually to English Learners to monitor the student's language development. The models classify student into six proficiency categories. The 20.0 percent weight is applied to students in the three lowest categories: entering, emerging, and developing.

While included as part of the funding formula, the calculation used is provided below.

(Per-pupil core instruction amount x 20.0 percent) x number of EL students x state share ratio = additional state support per MLL student

While no longer distributed on a reimbursement basis, districts are required to report annually to the Department of Elementary and Secondary Education on the planned and prior year use of MLL funds to provide services in accordance with the requirements set forth by the Commission of Elementary and Secondary Education. The Department is responsible for reviewing the use of funds to ensure consistency with established best practices.

Analyst Note: The Council on Elementary and Secondary Education approved updated MLL/EL regulations on February 26, 2025. Updates include extending the deadline for districts to meet the updated MLL/EL regulation requirements from FY2030 to FY203, clarifying professional learning requirements, encouraging the expansion of bilingual/dual language programs, and increasing family and student engagement. The deadline was extended in response to public feedback requesting more time, flexibility, and supports for the implementation of the regulations. The presentation to the Council regarding the new regulations can be found [here](#).

Article 8 of the FY2024 Budget as Enacted required the Department to report, as part of the FY2025 budget submission, the number of EL students whose family income is at or below 185 percent of federal poverty guidelines and segment the populations by proficiency. In addition, the Department was required to prepare an expense report for EL education and recommend a funding solution. While the

full report is available upon request, the report noted that 79.0 percent of the multilingual learner students (MLL) are enrolled in Central Falls, Providence, Pawtucket, and Woonsocket schools and the charter schools that draw from these districts. In addition, approximately 80.0 percent of the enrolled MLL students qualify for free or reduced lunch. The “recommended changes (to categorical aid) are:

- Increase weight from 15% to 25% of core expenses for the three lowest proficiency categories, approximately 80% of the students.
 - Entering -Emerging -Developing
- Add a 15% weight to the next three proficiency categories (there are six in total).
 - Expanding -Bridging -Reaching English Proficiency
- Add 15% weight for the first two years after exiting the MLL program.
 - Monitoring
- All MLL students are included in the weight allocation, including those that may be included in other formula categories such as the student success factor and special education.”

The following table shows the education aid including the formula distribution, categorical aid, and group home aid.

FY2026 Enacted Education Aid¹

District	FY2025 Enacted (excludes group home and categoricals)	FY2026 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education (>\$74,600) ⁴	Group Home Aid ²	Stabilization Funding	FY2026 Aid
Barrington	\$11,418,578	(\$1,512,551)	\$106,986	\$1,039,957	\$248,979	\$350,449	\$0	\$0	\$11,652,398
Burrillville	13,266,956	239,780	144,015	-	101,798	336,018	-	-	14,088,567
Charlestown	1,514,709	(76,849)	39,123	39,756	-	-	-	-	1,516,739
Coventry	26,569,935	1,747,013	439,016	-	10,669	590,472	136,000	-	29,493,104
Cranston	77,102,194	2,844,958	616,592	-	1,004,724	1,461,188	-	-	83,029,655
Cumberland	26,341,736	1,886,617	16,591	-	42,137	175,913	-	-	28,462,994
East Greenwich	6,243,354	(1,737,106)	49,316	1,012,068	118,752	613,600	-	-	6,299,984
East Providence	37,431,252	1,889,895	256,779	-	10,046	751,111	289,000	-	40,628,084
Foster	1,178,178	37,639	-	34,469	16,264	4,659	-	-	1,271,209
Glocester	2,902,861	58,585	32,927	78,860	40,906	67,052	-	-	3,181,190
Hopkinton	6,709,736	467,230	29,014	-	-	-	-	-	7,205,980
Jamestown	297,632	74,716	9,060	-	-	199,649	-	-	581,057
Johnston	23,368,076	760,161	-	405,941	255,166	658,621	-	-	25,447,965
Lincoln	18,481,613	2,410,034	121,787	-	-	275,525	136,000	-	21,424,959
Little Compton	326,439	(23,625)	13,405	5,047	-	323	-	-	321,589
Middletown	6,722,115	(569,729)	163,272	261,850	-	184,695	-	-	6,762,203
Narragansett	1,757,494	(28,861)	72,691	-	-	121,123	-	-	1,922,447
Newport	14,971,701	(732,432)	352,675	441,039	-	181,036	119,000	-	15,333,020
New Shoreham	74,570	21,620	2,316	-	-	-	-	-	98,506
North Kingstown	13,120,180	(613,365)	50,592	737,038	-	93,317	-	-	13,387,762
North Providence	29,606,271	818,454	271,278	-	202,936	581,315	136,000	-	31,616,254
North Smithfield	7,857,620	1,379,936	78,421	-	28,505	149,721	68,000	-	9,562,204
Pawtucket	107,328,506	3,286,812	1,182,732	-	277,971	906,497	340,000	-	113,322,518
Portsmouth	2,830,867	(24,438)	29,163	80,184	-	268,684	510,000	-	3,694,460
Providence	284,752,093	12,769,194	1,548,914	-	726,751	4,874,564	986,000	-	305,657,515
Richmond	6,228,750	(20,975)	102,279	96,444	-	-	-	-	6,406,497
Scituate	3,357,790	941,231	10,808	-	75,024	66,163	-	-	4,451,016
Smithfield	9,812,560	774,559	131,218	-	90,472	74,083	85,000	-	10,967,892
South Kingstown	4,997,562	64,959	160,295	-	177,916	534,993	-	-	5,935,724
Tiverton	5,361,007	(50,035)	69,836	164,401	-	432,463	-	-	5,977,672
Warwick	44,822,207	3,764,069	286,445	-	47,750	783,891	408,000	-	50,112,362
Westerly	7,912,662	235,371	207,892	-	-	405,776	-	-	8,761,700
West Warwick	39,595,027	2,499,139	456,911	-	54,826	217,612	-	-	42,823,516
Woonsocket	82,151,150	5,969,010	833,791	-	-	551,361	-	-	89,505,313
Bristol-Warren ³	10,538,060	114,090	264,512	243,027	2,786,555	768,784	170,000	-	14,885,027
Exeter-West Greenwich ³	5,395,150	1,728,215	47,401	-	1,796,117	487,380	153,000	-	9,607,263
Chariho	-	-	-	-	3,328,715	111,550	-	-	3,440,265
Foster-Glocester ³	5,590,751	(291,190)	162,055	143,931	971,266	37,951	-	-	6,614,764
Central Falls	42,508,401	842,849	390,458	-	56,557	143,641	-	10,826,174	54,768,079
District Total	\$990,445,746	\$41,944,981	\$8,750,565	\$4,784,011	\$12,470,802	\$17,461,177	\$3,536,000	\$10,826,174	\$1,090,219,455
Charter School Total	178,322,887	16,910,746	-	-	-	38,823	-	-	195,272,457
Davies	10,117,360	483,193	-	-	-	-	-	7,931,599	18,532,152
Met School	9,080,898	712,785	-	-	-	-	-	3,173,244	12,966,926
Nowell Academy	2,311,758	352,354	-	-	-	-	-	-	2,664,112
Urban Collaborative	2,111,614	184,833	-	-	-	-	-	-	2,296,446
Youth Build Academy	2,137,890	(319,645)	-	-	-	-	-	-	1,818,245
Total	\$1,194,528,153	\$60,269,246	\$8,750,565	\$4,784,011	\$12,470,802	\$17,500,000	\$3,536,000	\$21,931,017	\$1,323,769,794

¹ Based on March 2025 enrollment updated for projected PSOC.² Based on the final 12/31/2024 report from the Department of Children, Youth and Families. In the FY2025 Revised Budget, a total of 18 beds were added relative to the enacted level, including 4 in North Smithfield, 1 in Pawtucket, 12 in Portsmouth, and 1 in Providence.³ Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.⁴ Updated in February to account for an error in the data.

The following table shows the difference in education aid relative to the FY2025 Budget as Enacted.

FY2026 Enacted Education Aid - Change to FY2025 Budget as Enacted²

Districts	FY2025 Enacted (includes group home and categoricals)	FY2026 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education REVISED (>\$74,600) ³	Group Home ¹	Stabilization Funding	Total Change	FY2026 Education Aid
Barrington	\$12,112,556	(\$1,512,551)	(\$42,046)	\$1,039,957	\$37,066	\$17,415	\$0	\$0	(\$460,158)	\$11,652,397
Burrillville	13,955,064	239,780	(176,056)	-	71,757	(1,978)	-	-	133,504	14,088,568
Charlestown	1,548,074	(76,849)	5,758	39,756	-	-	-	-	(31,335)	1,516,739
Coventry	27,882,720	1,747,013	(154,368)	-	(41,223)	(6,223)	65,185	-	1,610,384	29,493,104
Cranston	79,545,544	2,844,958	(192,352)	-	215,842	615,662	-	-	3,484,111	83,029,655
Cumberland	26,537,195	1,886,617	16,591	-	21,779	812	-	-	1,925,799	28,462,994
East Greenwich	7,073,215	(1,737,106)	(2,914)	1,012,068	(15,119)	(30,161)	-	-	(773,232)	6,299,984
East Providence	39,085,945	1,889,895	119,581	-	10,046	(154,826)	(322,557)	-	1,542,139	40,628,084
Foster	1,305,398	37,639	(18,524)	11,491	2,822	(67,618)	-	-	(34,190)	1,271,209
Glocester	3,111,364	58,585	(19,756)	78,860	11,007	(58,869)	-	-	69,825	3,181,190
Hopkinton	6,787,526	467,230	(48,776)	-	-	-	-	-	418,454	7,205,980
Jamestown	709,899	74,716	(3,474)	(16,747)	-	(183,336)	-	-	(128,841)	581,058
Johnston	24,750,928	760,161	(82,269)	405,941	38,160	(424,957)	-	-	697,037	25,447,965
Lincoln	18,783,935	2,410,034	121,787	-	-	51,360	57,843	-	2,641,024	21,424,958
Little Compton	343,653	(23,625)	(3,809)	5,047	-	323	-	-	(22,064)	321,589
Middletown	7,396,997	(569,729)	(33,075)	(33,461)	-	1,471	-	-	(634,793)	6,762,203
Narragansett	2,206,347	(28,861)	(46,713)	(124,828)	-	(83,499)	-	-	(283,901)	1,922,446
Newport	15,725,702	(732,432)	(267,389)	441,039	-	119,163	46,936	-	(392,682)	15,333,020
New Shoreham	90,884	21,620	(2,224)	(11,774)	-	-	-	-	7,622	98,506
North Kingstown	13,494,792	(613,365)	(180,807)	737,038	-	(49,896)	-	-	(107,029)	13,387,762
North Providence	30,451,686	818,454	241,017	-	63,843	13,706	27,548	-	1,164,568	31,616,254
North Smithfield	8,034,416	1,379,936	31,464	-	(16,025)	64,414	68,000	-	1,527,789	9,562,204
Pawtucket	111,563,255	3,286,812	(1,514,219)	-	24,707	(339,300)	301,264	-	1,759,264	113,322,519
Portsmouth	3,588,844	(24,438)	(63,085)	80,184	-	(124,317)	237,274	-	105,617	3,694,461
Providence	294,316,535	12,769,194	(5,964,436)	-	126,722	3,533,123	876,378	-	11,340,981	305,657,516
Richmond	6,370,367	(20,975)	(39,338)	96,444	-	-	-	-	36,131	6,406,497
Scituate	3,690,303	941,231	(70,798)	(111,517)	37,938	(36,140)	-	-	760,713	4,451,016
Smithfield	10,126,170	774,559	70,883	-	37,654	(56,773)	15,399	-	841,722	10,967,892
South Kingstown	6,008,520	64,959	(134,201)	-	37,243	(40,797)	-	-	(72,796)	5,935,724
Tiverton	5,850,781	(50,035)	(107,166)	55,474	-	228,618	-	-	126,891	5,977,671
Warwick	46,787,158	3,764,069	(676,923)	-	7,642	71,977	158,440	-	3,325,205	50,112,363
Westerly	8,785,308	235,371	(199,312)	(82,745)	-	23,079	-	-	(23,608)	8,761,700
West Warwick	40,104,938	2,499,139	158,713	-	3,467	57,258	-	-	2,718,578	42,823,516
Woonsocket	85,082,626	5,969,010	(1,223,823)	-	(13,308)	(309,193)	-	-	4,422,686	89,505,312
Bristol-Warren	14,832,851	114,090	(166,523)	(122,618)	172,278	(18,968)	73,917	-	52,177	14,885,027
Exeter-West Greenwich	7,673,651	1,728,215	(48,619)	(76,163)	159,842	118,814	51,523	-	1,933,612	9,607,263
Chariho	3,455,443	-	-	-	148,187	(163,366)	-	-	(15,179)	3,440,264
Foster-Glocester	6,710,115	(291,190)	23,193	110,720	118,847	(56,920)	-	-	(95,351)	6,614,764
Central Falls	54,365,495	842,849	(16,857)	-	(17,071)	(106,336)	-	(300,000)	402,585	54,768,079
District Total	\$1,050,246,199	\$41,944,981	(\$10,710,866)	\$3,534,165	\$1,244,103	\$2,603,724	\$1,657,150	(\$300,000)	\$39,973,257	\$1,090,219,456
Charter School Total	178,465,433	16,910,746	-	-	-	(103,724)	-	-	16,807,022	195,272,455
Davies	18,131,389	483,193	-	-	-	-	-	(82,430)	400,763	18,532,152
Met School	11,131,142	712,785	-	-	-	-	-	1,123,000	1,835,785	12,966,926
Nowell Academy	2,311,758	352,354	-	-	-	-	-	-	352,354	2,664,112
Urban Collaborative	2,111,614	184,833	-	-	-	-	-	-	184,833	2,296,446
Youth Build Academy	2,137,890	(319,645)	-	-	-	-	-	-	(319,645)	1,818,245
Total	\$1,264,535,425	\$60,269,246	(\$10,710,866)	\$3,534,165	\$1,244,103	\$2,500,000	\$1,657,150	\$740,570	\$59,234,368	\$1,323,769,793

¹ Based on final 12/31/2024 report from the Department of Children, Youth and Families. In the FY2025 Revised Budget, a total of 18 beds were added relative to the enacted level, including 4 in North Smithfield, 1 in Pawtucket, 12 in Portsmouth, and 1 in Providence.

² Based on March 2025 enrollment adjusted for projected 2025-26 PSOC.

³ Updated in February to account for an error in the data.

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 FY2026, the minimum state share is 35.0 percent and the maximum is 95.7 percent for Central Falls; the state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio for traditional school districts from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation that required RIDE to develop recommendations for cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public-school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

The Budget provides \$119.9 million, an increase of \$13.7 million over the FY2025 Budget as Enacted. Based on December 2024 projections, housing aid entitlements are projected to increase to \$131.8 million in FY2027, \$158.9 million in FY2028, and \$174.9 million in FY2029. 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 (Capital Fund) for distribution by the School Building Authority (SBA).

Prior to FY2023, the school construction program funding of \$80.0 million was effectively built into the base budget; however, with the issuance of state general obligation bonds stimulating increased construction, in the FY2023 Budget as Enacted the aid projection was estimated at \$88.5 million, and a surplus of \$3.8 million was transferred to the Capital Fund. Subsequent transfers include \$2.7 million in FY2024 and \$416,527 in FY2025.

The FY2025 Budget as Enacted included \$1.0 million in federal funds and 3.0 new FTE positions to reflect the award of a \$5.0 million, five-year grant from the United States Department of Education to support the Healthy Environments Advance Learning (HEAL) program in enhancing the indoor environmental conditions in public schools to reduce chronic absenteeism and improve student health. The focus of the program is on the five LEAs with the greatest need: Central Falls, Providence, Pawtucket, West Warwick, and Woonsocket.

School Building Authority Capital 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).

	Transfers to the Capital Fund		
	Foundation Program	Other General Revenue	Total
FY2016 Actual	\$0.0	\$20.0	\$20.0
FY2017 Actual	11.0	-	11.0
FY2018 Actual	10.9	-	10.9
FY2019 Actual	14.7	-	14.7
FY2020 Actual	1.0	-	1.0
FY2021 Actual	1.0	-	1.0
FY2022 Actual	9.0	-	9.0
FY2023 Actual	3.8	50.0	53.8
FY2024 Actual	2.7	-	2.7
FY2025 Projected	0.4	-	0.4
Total	\$54.5	\$70.0	\$79.5

Source: Budget databases. \$ in millions

The FY2019 Budget as Enacted required the SBA to provide technical assistance and guidance to school districts on the necessity of school construction application process; and provided that for FY2019 and FY2020 the amount transferred from the Foundation Program was to be used for this purpose. According to the SBA, each of the 38 LEA's that requested technical assistance in FY 2019 and FY 2020 were provided with an award for a total of \$3.7 million.

In FY2022, the Budget as Enacted provided \$590,814 in general revenue from the surplus construction aid to the Capital Fund; however, the revised budget provided a total of \$9.0 million in surplus funds. The increase was due to construction delays, caused by the COVID-19 pandemic, and bond refinancing. Several communities refinanced to take advantage of the low interest rates, saving a total of \$8.5 million in total debt service payments that was shared between the municipalities and the State.

In FY2023, in addition to the \$250.0 million school building bond referendum in Article 5, the FY2023 Budget as Enacted provided \$50.0 million in general revenue to the School Building Authority to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

In FY2024, \$104.2 million was appropriated to the foundation program; however, \$101.5 was spent leaving \$2.7 million to be transferred to the Capital Fund in the FY2024 Revised Budget. Of these funds \$1.7 million was used for the [Get the Foam Out!](#) program and \$995,610 went toward the [WELL Initiative](#).

School Construction Services (restricted receipts): 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 "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. The shortfall between the revenue and the transfer is funded from RIHEBC reserves. In addition to the transfers to the SBA, since 2006, RIHEBC has transferred \$14.3 million to the state general fund, including \$6.0 million in FY2018.

The FY2026 Budget provides \$752,840 in total funding, including \$530,574 in general revenue and

	School Construction Services		
	RIHEBC Bond Fee Revenue	Transferred to SBA	Difference
FY2019 Actual	\$681,447	(\$737,735)	(\$56,288)
FY2020 Actual	71,840	(770,946)	(699,106)
FY2021 Actual	303,180	(677,945)	(374,765)
FY2022 Actual	222,990	(257,613)	(34,623)
FY2023 Actual	85,000	(255,752)	(170,752)
FY2024 Actual	269,990	(242,491)	27,499
FY2025 Projected	541,400	(275,000)	266,400
Total	\$2,175,847	(\$3,217,482)	(\$1,041,635)

Source: RIHEBC February 10, 2025.

\$222,266 in restricted receipts, a total decrease of \$246,919 (24.7 percent) from the FY2025 Budget as Enacted. The FY2025 Revised Budget provides \$749,329 in total funding, including \$528,116 in general revenue and \$221,213 in restricted receipts from RIHBC, a net decrease of \$250,430 (25.0 percent) from the enacted. In FY2023 2.0 new positions and increased contracted services cost were added to manage the increased volume of applications related to the bond initiative.

Facility Equity Initiative Pilot Program: At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rates over 65.0 percent, including Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. This project would focus on high priority projects to improve the health and safety of students and promote equity across the State. The new Capital Fund will provide up-front funding instead of increasing the school construction allocation in the annual budget and reduce costs by eliminating interest payments on the funded projects.

The projects approved by the Council for FY2022 are supported with the \$9.0 million, from construction delays and bond refinancing, plus an additional \$3.0 million from prior year surpluses, and \$1.5 million in support from the Office of Energy Resources (OER) fund to the Facility Equity Initiative pilot program. The funding was distributed, in partnership with OER and the Division of Equity, Diversity, Inclusion (DEDI). After evaluating 53 applications from 5 LEAs, the funds were awarded to 5 districts on a priority basis designed to have the greatest impact on facility gaps between districts.

FY2022 SBA Capital Fund

Facility Equity Initiative

Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
Total	\$13.4

\$ in millions

While this program was only a pilot, with the approval of the \$250.0 million school construction bond in November 2022, Article 10 of the FY2023 Budget provided that \$50.0 million be transferred to the School Building Authority Capital Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students. The SBA expanded the pilot program to include the ten LEAs with a base reimbursement rate over 45.0 percent, thus doubling the number of eligible schools.

Of the \$50.0 million appropriated in FY2023, \$49.1 million was distributed as follows:

- \$26.0 million funded the Facility Equity Initiative, an additional \$4.0 million was contributed by the Office of Energy Resources.
- \$14.0 million (plus \$1.0 million from the career and technology school fund) was distributed through the 21st Century Technology and Equipment Funds to provide LEAs funds to ensure that learning spaces are equipped with technology, furniture, and equipment that support science technology, engineering, and math project-based learning.
- \$7.5 million was used for the Inside Out program to provide outdoor classrooms.
- \$1.6 million was awarded through the Menu for Success program providing students with the opportunity to design and operate food trucks.
- \$850,000 is being used toward the new W.E.L.L. Initiative to meet the holistic needs of student in the wake of the pandemic. Local education agencies will be eligible for up to \$150,000 depending on enrollment. LEAs will be provided with \$5,000 to conduct professional development to support the award. Additional funding for this initiative includes \$1.6 million in federal ESSER II funds and \$500,000 in Opioid Settlement funding.

FY2023 SBA Capital Fund

Facility Equity Initiative Program

Burrillville	\$0.3
Central Falls	4.2
Coventry	3.2
Cranston	1.9
East Providence	2.2
North Providence	2.8
Pawtucket	2.8
Providence	9.3
West Warwick	0.6
Woonsocket	2.9
Total	\$30.2

\$ in millions

FY2025 Supplemental Budget

REVENUE

Governor's Reversal of Excess Revenue Transfer to ERSRI **(\$21.6 million)**

Article 2 of the FY2024 Budget included language to require the transfer of revenues in excess of estimates, less the required contributions to the Rainy Day Fund, to a Supplemental State Budget Reserve Account and to the Employees' Retirement System of Rhode Island. The law requires the transfer of 50.0 percent of excess revenues to each. The Governor proposed to waive the transfer of \$21.6 million to the ERSRI pension fund and \$21.6 million to the Supplemental State Budget Reserve account in FY2025, to increase the available fund balance in the FY2025 Revised recommended budget by \$43.3 million. The General Assembly did not concur with the Governor and affirms the \$21.6 million transfer to the State Retirement System.

DEPARTMENT OF ADMINISTRATION

Energy Resources (all funds) **\$44.8 million**

The FY2025 Final Budget transfers all funding for the Office of Energy Resources from the Department of Administration, as the Office will become a standalone state agency. This includes \$250,000 in general revenue for the Erika Niedowski memorial E-Bike Rebate Program to provide a rebate towards the purchase of e-bikes, and \$250,000 in general revenue for the electric leaf blower rebate program.

The FY2025 Final Budget reflects a reduction of \$500,000 in general revenue (\$44.8 million all funds), as illustrated in the following table.

Energy Resources	FY2025 Enacted	FY2025 Final	Change
Federal Funds	\$15,042,632	\$0	(\$15,042,632)
General Revenue	500,000	-	(500,000)
Other Funds	4,064,322	-	(4,064,322)
Restricted Receipts	25,217,475	-	(25,217,475)
Total	\$44,824,429	\$0	(\$44,824,429)

Pension Plan Revisions **(\$20.6 million)**

The FY2025 Budget as Enacted amended sections of RIGL impacting the retirement statutes for state employees, teachers, and municipal employees. Together the revisions increased the State's employer annual required contribution (ARC) by \$27.5 million in all funds for FY2025, of which \$20.6 million is general revenue, \$3.6 million is federal, \$2.2 million is other funds, and \$1.1 million is restricted receipts.

The FY2025 Final Budget removes this funding because the revisions enacted in the previous year have been calculated into the State Retirement System's actuarial valuation of June 30, 2024, and adopted by the State Retirement Board on December 18, 2024.

Therefore, the additional appropriation of \$20.6 million in general revenue that was necessary in the previous year, to cover the State's employer annual required contribution (ARC) increase, is not required in FY2025. There are corresponding decreases of \$3.6 million in federal funds, \$2.2 million in other funds, and \$1.1 million in restricted receipts.

Contract Reserve Distribution **(\$11.2 million)**

Subsequent to enactment of the FY2025 Budget, the Administration reached agreements with a majority of state employee unions that included cost-of-living adjustments of 5.0 percent in FY2025, 4.0 percent for FY2026, and 3.0 percent in FY2027, for a total of 12.0 percent.

The Governor included \$11.2 million in general revenue in FY2025 as a statewide contract reserve for the COLA adjustment in unions within the Department of Corrections, Department of Public Safety, and the Department of Elementary and Secondary Education that had yet to ratify their new contracts.

The Budget shifts the \$11.2 million in general revenue to the stated agencies where the outstanding collective bargaining units have ratified the new contracts. The distribution includes reserve shifts of \$567,862 in federal funds, \$217,471 in other funds, and \$132,476 in restricted receipts.

There is a corresponding shift of \$19.0 million in general revenue as part of the FY2026 Budget, based on a calculation using the same 12.0 percent COLA disbursement as agreed to by other contract bargaining units.

Debt Service -General Obligation Bond Changes ***(\$4.9 million)***

The Budget includes \$101.3 million in general revenue for debt service expenses, reflecting a decrease of \$4.9 million from delaying debt service projected in FY2025. The FY2026 Capital Budget assumes a Spring 2025 issuance for \$250.0 million in bonds that were approved by the voters on November 5, 2024 referendum.

FEMA Reserve and Contingency ***(\$3.5 million)***

The Budget removes \$3.5 million in general revenue FEMA contingency reserves from the FY2025 Budget. The reserves are to be used in the event that the federal FEMA reimbursements differ from the State estimation and assumptions, and are intended to absorb potential discrepancies between state claims and what FEMA ultimately reimburses. As of May 28, 2025, there have been no expenditures on the contingency reserve, therefore the full appropriation for this item is not required in FY2025.

Personnel and Operating Adjustments ***(\$1.0 million)***

The Budget decreases general revenue by \$1.0 million based on anticipated savings as stated in the third quarter report, less the amount included for the COLA reserve for non-ratified collective bargaining units.

State and Local Cybersecurity Grant Program ***(\$816,807)***

The Budget removes \$816,807 in general revenue to support the state match for \$4.5 million in federal funds, associated with the federal government's State and Local Cybersecurity Grant Program. The federal grant has a scaled State matching requirement over four federal fiscal years. The federal awards are authorized under H.R. 3684 Infrastructure and Jobs Act (IIJA) passed by the federal government in CY2021. Through the IIJA, Rhode Island will receive federal grant funding over four years, to improve the cybersecurity across state and local government. There have been no expenditures on the Cybersecurity Grant Program, therefore the full appropriation for this item is not required in FY2025.

RI Bridges Cyberattack ***\$700,000***

The FY2025 Final Budget includes \$700,000 in general revenues to cover some of the direct expenses identified in the report that exceed the allocation from Deloitte. In December 2024, the state was notified of a cybersecurity attack on the enrollment system, which was subsequently taken offline. HealthSource RI extended the open enrollment period from January 31, to February 28, and extended the call center hours. It also offered direct enrollment through Blue Cross and Blue Shield, and Neighborhood Health Plan, with a no-cost option for January and February. The Governor did not address any expenses related to the cyberattack in the recommended revised budget.

Retirement Savings Contributions ***(\$510,405)***

The Budget decreases general revenue by \$510,405 for additional retirement contributions into the state retirement fund, pursuant to RIGL 36-10-2(e)(1) for state employees and RIGL 36-10-2(e)(2) for the state share for teachers. RIGL requires the Governor in proposing the budget, to include an appropriation equal to 20.0 percent of the proposed savings occurring in the employer contributions for State employees and for the State's share of the teacher contributions.

The recommendation removes \$510,405 for the Retirement Contribution for state employees and teachers. Based on information provided in the Employees' Retirement System Actuarial Valuation Report as of June

30, 2023, the enacted budget, after adjustments for voluntary contributions, assumed lower FY2025 rates than for FY2024.

However, Article 12 of the enacted FY2025 Budget made changes to pension plans affecting state employee and teacher retirees and active members, including cost of living adjustments, pension benefit calculations, and post-retirement employment. ERSRI subsequently provided new contribution rates to reflect the modified benefit provisions. The revised FY2025 rates are higher than the FY2024 rate, and as a result no additional appropriation to ERSRI is necessary.

	FY2025 Enacted	FY2025 Final	Change
Retirement Contributions			
Retirement Contribution (State Employees)	\$167,072	\$0	(\$167,072)
Retirement Contribution (State Share for Teachers)	343,333	-	(343,333)
Total	\$510,405	\$0	(\$510,405)

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

Disparity Study

(\$450,000)

The Budget decreases \$450,000 in general revenue that was included in the FY2025 Budget as Enacted to fund the next disparity study contracted through the Division of Equity, Diversity, and Inclusion. Article 3 of the FY2024 Budget as Enacted included language requiring the State to conduct a disparity study every five years to evaluate the need for the development of programs to enhance participation in State contracts for business enterprises owned by women and minorities. The study requirement would begin in FY2025. As of June 30, 2025, there have been no expenditures on the updated Disparity Study, therefore the full appropriation for this item is not required in FY2025.

IT Systems Support

\$141,639

The Budget adds \$141,639 in general revenue in the Office of Management and Budget to support a contractor who will perform the duties of a Data Analyst I position in the Budget Office in FY2025.

Software Maintenance Agreement

\$110,656

The Budget increases general revenue by \$110,656 for Software Maintenance Agreements within the Accounts and Control program. The increase reflects the procurement of Workiva’s financial reporting software. This is ongoing licensing costs for the software and it is not a discrete project.

Tort Awards

\$100,000

The Budget provides an additional \$100,000 in general revenue to insure the court torts award appropriation possess sufficient funding for tort settlements in FY2025. Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island and the increase is recommended by the Office of the Attorney General.

Debt Service Arbitrage (other funds)

\$55,477

The Budget increases \$55,477 in other fund debt service expenses to reflect an arbitrage yield payment on series 2019E & C general obligation bond proceeds, made to the federal Internal Revenue Service in February 2025.

ARPA CPF: Municipal and Higher Education Matching Grant (federal funds) \$79.6 million

The FY2025 Final Budget includes \$79.6 million in federal American Rescue Plan Act (ARPA) funds for the ARPA Capital Project Funds (CPF) Municipal and Higher Ed Matching Grant Program, reflecting an increase of \$79.6 million from unspent ARPA CPF funds from FY2024. Only \$2.1 million was spent from the project's FY2024 total allocation of \$81.7 million.

The FY2024 Budget as Enacted included these funds, of which \$35.0 million was added from repurposed ARPA Capital Project Funds (CPF) originally planned for the construction of a Student Services Center at Rhode Island College, to the ARPA CPF Municipal and Higher Ed Matching Grant Program, to renovate or construct community wellness centers that meet the U. S. Treasury's guidance for workforce development, education, and health maintenance.

ARPA SFRF: Municipal Public Safety Infrastructure (federal funds) \$7.3 million

The Budget includes \$7.3 million in federal ARPA SFRF funding to support improvements to municipal public safety infrastructure. The FY2024 Budget as Enacted includes \$11.0 million in matching support to cities and towns to make undertake new construction, prioritizing projects based on readiness. The maximum grant award is \$1.0 million to any municipality, or limited to \$5.0 million for projects that serve a regional purpose.

The Department of Administration (DOA) began accepting grant proposals from municipalities on December 14, 2023, and closed the process on February 2, 2024. A total of 16 communities with 19 projects totaling \$18.9 million was submitted to DOA. An evaluation committee was formed and reviewed the proposals. On March 15, 2024, DOA announced the award decisions to be made to 9 municipalities.

Actual expenditures in FY2024 totaled \$3.7 million, leaving a balance of \$7.3 million, which according to law, is reappropriated into FY2025 for the same purpose.

ARPA SFRF: Public Health Response Warehouse Support (federal funds) \$1.2 million

The Budget includes \$1.9 million in federal ARPA SFRF funding for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. This reflects an increase of \$1.2 million from unspent ARPA CPF funds from FY2024, reappropriated into FY2025.

The FY2025 Budget as Enacted included \$778,347 in federal ARPA SFRF funding for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. In addition, \$1.6 million was transferred into the account, for a total FY2024 Final appropriation of \$3.0 million. Currently, the State is leasing two warehouses; one located at 2700 Plainfield Pike, in Cranston, and owned by EIM Plainfield Pike LLC; and the other is located at 100 Higginson Avenue, in Lincoln, and owned by Waterloo Way LLP. The costs of the warehouses, including lease payments, etc., are no longer eligible for FEMA reimbursement at 90.0 percent. The current plan is to use the appropriation to cover the warehouse costs until the funds are exhausted.

Information Technology Restricted Receipt Account (restricted receipts) \$8.2 million

The Budget includes \$11.6 million in restricted receipts from the Information Technology Restricted Receipt Account (ITRR), formerly known as the Information Technology Investment Fund (ITIF), which is a restricted receipt account for the State's technology initiatives and improvement projects. This reflects an increase of \$8.2 million in restricted receipts from the FY2025 Budget as Enacted, primarily reflecting work on the Enterprise Resource Planning (ERP) development.

OFFICE OF ENERGY RESOURCES**Establishment of Standalone State Agency (all funds) \$68.4 million**

The FY2025 Final Budget transfers all funding for the Office of Energy Resources from the Department of Administration, as the Office will become a standalone state agency. This includes \$250,000 in general

revenue for the Erika Niedowski memorial E-Bike Rebate Program to provide a rebate towards the purchase of e-bikes, and \$250,000 in general revenue for the electric leaf blower rebate program.

The FY2025 Final Budget includes \$68.4 million in all funds, of which \$500,000 is general revenue, \$35.4 million in federal funds, \$26.4 million in restricted receipts, and \$6.0 million in other funds. This reflects an all funds increase of \$23.6 million.

DEPARTMENT OF BUSINESS REGULATION

Dental Loss Ratio **\$24,000**

The Budget includes \$24,000 in general revenue increase related to RIGL 27-82.6, The Dental Insurance Loss Ratio Reporting and Study Act. The Act mandates the Office of the Health Insurance Commissioner to provide the General Assembly with an analysis of reported information related to the incurred claims and earned premiums as reported by dental insurers, on or before October 1, 2026. The analysis will provide recommendations related to dental loss ratios and requirements for comprehensive dental benefits plans. The Act also empowers the Commissioner to establish an annual assessment against each dental health insurer totaling a maximum of \$150,000.

Medicaid Match Adjustment **(\$100,000)**

The Budget includes a general revenue decrease of \$100,000, with a corresponding federal funds increase of \$100,000, based on the Office of the Health Insurance Commissioner's third quarter report. This includes \$15,000 from its contracted consumer assistance helpline, and \$85,000 for human service programs rate and benefits analysis work.

Insurance Actuaries and Office Renovations (restricted receipts) **\$550,000**

The Budget includes a restricted receipt increase of \$550,000. Of these funds, a \$500,000 restricted receipt adjustment aligns with the expected actuary revenue and expenditures related to insurance assessments. The remaining \$50,000 will continue financing renovations at the program's office.

Fire Academy Expansion (other funds) **(\$4.6 million)**

The Budget includes a RICAP funding decrease of \$4.6 million from the FY2025 Budget as Enacted to support the construction of a separate evidence room for the Academy. The Governor recommended \$13.2 million in the FY2025 budget as enacted, however, this is amended to align with updated expenditure projections. These funds will be shifted to outyears.

DEPARTMENT OF LABOR AND TRAINING

FY2024 Reappropriations **\$2.2 million**

The Budget includes \$2.2 million general revenue reappropriations from FY2024 including \$1.9 million of general revenue for the Skills for Rhode Island's Future (Skills RI) program and \$287,919 of general revenue for the Real Jobs RI program.

Skills RI partners with Rhode Island healthcare systems to address the heightened need for healthcare services in the State by facilitating the outreach, recruitment, screening, placement, onboarding, supportive services, training curriculum assistance, and outcome reporting of medical personnel. The funding was a one-time appropriation in FY2023. Real Jobs RI is the primary workforce development and training program offered by the Department.

Unemployment Insurance Benefits (other funds) **\$8.2 million**

The Budget includes \$231.1 million in other funds and \$100,000 in federal funds for unemployment insurance benefit payments, reflecting an increase of \$8.2 million from the FY2025 enacted level. The Department indicates that the calculation determining the benefit figures is based off actual financial

statements through August of 2024. The following table compares the funding provided in the FY2025 Budget as Enacted with the FY2025 Final Budget.

Unemployment Insurance Benefits	FY2025 Enacted	FY2025 Final	Change
Unemployment Insurance (other funds)	\$205,000,000	\$211,000,000	\$6,000,000
Reimbursable Employers UI Benefits (other funds)	8,500,000	11,000,000	2,500,000
State Employees (other funds)	1,300,000	1,050,000	(250,000)
Trade Readjustment Act (federal funds)	135,005	100,000	(35,005)
Payments to Other States (other funds)	6,500,000	6,500,000	-
Federal and Veteran Employment (other funds)	1,400,000	1,400,000	-
Total	\$222,835,005	\$231,050,000	\$8,214,995

Governor's Workforce Board Grants (restricted receipts)

\$3.9 million

The Budget provides \$15.5 million in restricted receipts to the Governor's Workforce Board (GWB) for education services, reflecting an increase of \$3.9 million from the FY2025 enacted level. The GWB is primarily funded with restricted receipts collected by the Job Development Fund and supports workforce training programs. In FY2024, the GWB administered programs such as Real Jobs RI and Real Skills for Youth, in addition to launching Career Exploration Equity Grants. Career Exploration Equity Grants support equitable access to high-quality career exploration activities for youth and young adults while providing complete reimbursement for eligible costs up to \$5,000 per calendar year.

Executive Climate Change Coordinating Council Projects (restricted receipts)

\$170,000

The Budget provides \$170,000 in restricted receipts collected through the Regional Greenhouse Gas Initiative (RGGI) to fund small grants for youth career exploration in Science Technology Engineering Arts and Mathematics (STEAM) careers. The Executive Climate Change Coordinating Council's (EC4) FY2025 Spending Plan provides \$170,000 to the Department of Labor and Training to fund youth programs that focus on environmental education, professional development, and youth career exploration. The EC4's FY2024 Spending Plan provided the Department with \$150,000 in restricted receipts, which funded a STEAM focused robotics program and an apprenticeship readiness program.

SECRETARY OF STATE

Election Expenses

(\$90,000)

The FY2025 Final Budget decreases by \$90,000 in general revenue from the FY2025 Budget as Enacted, reflecting a \$60,000 decrease in temporary services and a decrease of \$30,000 for clerical services reflecting lower state election costs.

OFFICE OF THE GENERAL TREASURER

Cash Management System

\$140,000

The Budget includes \$140,000 in general revenue to hire a consultant to implement the cash management functions with the new Enterprise Resource Planning (ERP) system. This project is a direct response to the material weakness finding from the Auditor General's Office (2022-010a). Treasury has engaged a consultant to evaluate current processes, make recommendations, and assist in developing an RFP for comprehensive banking services. The contract encompasses reviews of the day-to-day execution of all cash movement.

Crime Victims Claim Payments (restricted receipts)

(\$130,000)

The Budget includes \$250,000 in restricted receipts for claims and settlement payouts in FY2025, reflecting a decrease of \$130,000 from the FY2025 Budget as Enacted, which is consistent with the amount requested by Treasury. This decrease reflects continued lower projected receipts from court ordered restitution

payments to victims of violent crime. There is a corresponding increase of \$15,000 in federal funds for claims and settlement payments. The following table illustrates the trend of declining revenue from the court fees from FY2013 to FY2025.

Court Revenue	Amount
FY2012	\$1,079,792
FY2013	858,955
FY2014	809,288
FY2015	785,967
FY2016	838,621
FY2017	584,405
FY2018	536,217
FY2019	425,746
FY2020	368,660
FY2021	214,052
FY2022	409,804
FY2023	317,640
FY2024	209,990
FY2025	206,575

BOARD OF ELECTIONS

Electronic Poll Books Replacements **\$500,000**

The Budget adds \$500,000 in general revenue to fund the replacement of approximately 900 of the Board of Elections' 1,600 electronic poll books (iPads). The Board began using electronic poll pads (e-poll books) at polling locations and early voting in 2016. The current e-poll books have reached the end of their lifecycle, and the Board was informed by Apple Inc. that the current equipment will no longer be able to perform critical operating or security updates.

The Board requested general revenue funding as part of the Board's FY2026 Budget Request to replace the e-poll books. However, the Governor did not include the request as part of his FY2026 Budget Recommendation. If the funding is not provided for the Board of Elections to replace these units, it is likely that the State's 414 polling locations will need to revert back to paper ballot applications and paper lists. The Budget includes language re-appropriating any unspent funds to FY2026.

Personnel and Operating Adjustments **(\$500,000)**

The Budget decreases general revenue by \$500,000 based on the anticipated surplus as stated in the third quarter report.

RHODE ISLAND ETHICS COMMISSION

FY2024 Reappropriation - Case Management System **\$89,042**

The Budget reappropriates \$89,042 in general revenue for a conflict free, case management system. According to the Commission, the current system has become obsolete, lacks functionality, and will no longer be supported by DOIT.

COMMISSION FOR HUMAN RIGHTS

Payroll Adjustment **\$78,195**

The Budget adds \$78,195 in general revenue reflecting retroactive payments for FY2023 and FY2024 for seven employees affected by an error in the calculation of step increases related to position upgrades approved in 2023.

EXECUTIVE OFFICE OF COMMERCE

ARPA SFRF Initiatives (federal funds)**\$93.5 million**

The Budget includes the reappropriation of \$93.5 million in unspent ARPA State Fiscal Recovery Funds for various initiatives within the EOC's Commerce Programs in FY2025.

Project	FY2022	FY2023	FY2024	FY2025 Enacted	FY2025 Supplemental
Bioscience Investments	-	45,000,000	-	-	42,999,400
Port of Davisville	-	6,000,000	59,000,000	-	45,635,990
Small Business Assistance	18,414,433	10,997,715	1,887,852	-	2,457,517
Minority Business Accelerator	-	1,000,061	4,999,940	-	2,406,662
Total	\$18,414,433	\$62,997,776	\$65,887,792	\$0	\$93,499,569

- Bioscience Investments:** According to the RILSH, its board has been fully in place and meeting monthly, with special meetings as needed since January 2024. An Interim President and Vice President were hired in July 2024. On January 21, 2025, the RI Senate confirmed Marc Turco to be the RILSH's first chief executive officer. The hiring of Grant Manager, Office Manager, and Business Development positions are in progress. The RILSH conducted an Inaugural Summit in May 2024 with 400+ attendees, including state leadership, invited officials, university faculty and scientists, and regional life science partners in attendance. Working groups for attendees included sessions on workforce development, life science infrastructure, access to capital, and tech transfer. Vendors have been engaged for various required services including public relations/communications, legal, auditing, human resources, incubator project management and developer, IT, and insurance. RILSH also successfully completed and submitted its FY2024 Annual Report and Annual Audit to the General Assembly. The following table shows the spending status related to the initiative as of the end of the first quarter of FY2025 (as reported by the state's Pandemic Recovery Office):

Project/Program	Agency	Treasury Category	Risk Level	Total Approps.	Total Transfers	Total Expenses	Remaining Approps.	Unexpended Transfers
Bioscience Investments	EOC	RR	N/A	\$45.0	\$2.0	\$1.0	\$43.0	\$1.0

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

- Port of Davisville:** The SFRF-funded Port of Davisville initiative supports the improvement and expansion of port infrastructure and services at the Port of Davisville in Quonset in accordance with the Quonset Development Corporation's (QDC) master plan. There is a total of \$65.0 million in SFRF funds appropriated to the Port.

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. The following table shows the spending status related to the initiative as of the end of the first quarter of FY2025 (as reported by the state's Pandemic Recovery Office):

Project/Program	Agency	Treasury Category	Risk Level	Total Approps.	Total Transfers	Total Expenses	Remaining Approps.	Unexpended Transfers
Port of Davisville	QDC	RR	N/A	\$65.0	\$32.4	\$20.3	\$32.6	\$12.0

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

Small Business Assistance: The Small Business Technical Assistance program is authorized to provide resources to businesses for purposes of building their long-term capacity in the wake of the pandemic. Technical assistance services may include accounting and bookkeeping, legal services, and marketing, communications, and public relations. Grants are capped at \$10,000 per business. The program

originally received a total of \$10.5 million in SFRF appropriations, which has subsequently been revised to \$8.7 million. The program originally was appropriated \$10.5 million in FY2023; however, the EOC modified its expenditures based on revised demand data from businesses. The General Assembly reduced the appropriation to \$8.7 million and reallocated the balance to other programs, including a new aid initiative aimed at businesses impacted by the Washington Bridge closure. The following table shows the spending status related to the initiative as of the end of the first quarter of FY2025 (as reported by the state's Pandemic Recovery Office):

Project/Program	Agency	Treasury Category	Risk Level	Total Approps.	Total Transfers	Total Expenses	Remaining Approps.	Unexpended Transfers
Small Business Technical Assistance	EOC	NEI	N/A	8.7	8.7	8.6	-	0.1

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

- **Minority Business Accelerator:** The Budget reappropriates \$2.4 million in federal ARPA SFRF funds to the Minority Business Accelerator from FY2024 to FY2025. The FY2025 Budget as Enacted included \$500,000 of general revenue for the initiative as well. This was a one-time investment that does not repeat in the Governor's recommendation.

The Minority Business Accelerator program supports and invests resources to enhance the growth of minority business enterprises as defined in RIGL 37-14.1. The initiative supports a range of assistance and programming, including financial and technical assistance, entrepreneurship training, space for programming and co-working, and assistance accessing low-interest loans. Commerce works with minority small business associations, including the Rhode Island Black Business Association (RIBBA), to advance this program. The following table shows the spending status related to the initiative as of the end of the first quarter of FY2025 (as reported by the state's Pandemic Recovery Office):

Project/Program	Agency	Treasury Category	Risk Level	Total Approps.	Total Transfers	Total Expenses	Remaining Approps.	Unexpended Transfers
Minority Business Accelerator	EOC	NEI	N/A	\$5.2	\$2.8	\$2.1	\$2.4	\$0.7

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

ARPA CPF - Broadband (federal funds)

\$25.8 million

The Budget includes the reappropriation of \$25.8 million of unspent ARPA Capital Projects Funds for Broadband initiatives within the EOC's Commerce Programs in FY2025. This drop reflects one-time SFRF appropriations in FY2024 that does not reoccur in FY2025.

ConnectRI is the State's primary broadband development program. Administered by the Commerce Corporation in concert with the State's Broadband Advisory Council, it coordinates the planning, and implementation of expanded internet capacity in the State. It has created a statewide strategic plan and is in the process of engaging federal agencies to access funding; create grant and other programs; and coordinate stakeholder and governmental organizations. ConnectRI finished taking public comment on its draft proposals for the federal Broadband Equity, Access, and Deployment (BEAD) Program and its Digital Equity Plan in December and February, respectively. Final proposals informed by the public comment period are currently being completed. The proposals are the first steps required to securing nearly \$110.0 million in federal Infrastructure and Jobs Act and Digital Equity Act funding.

EXECUTIVE OFFICE OF HOUSING

Housing Production Fund (restricted receipts)

\$9.5 million

A Governor's Budget Amendment dated May 22, 2025, increases restricted receipts by \$9.5 million related to the Housing Production Fund. The increase is based on the Department's third quarter report and reflects an anticipated transfer to RI Housing to support recent awards to develop affordable housing.

LIHTC Fund Transfer **(\$4.0 million)**

Pursuant to a Governor's Budget Amendment dated April 25, 2025, the Budget shifts \$4.0 million in general revenues into the Low-Income Housing Tax Credit (LIHTC) Fund restricted receipt account. The FY2024 allocation of LIHTC funds was reclassified as a fund transfer rather than a general revenue expenditure as authorized in FY2023, but the Governor's FY2025 revised and FY2026 recommendations did not reflect this reclassification. This shift corrects this. There is no change to the funding commitment amount.

Housing Resources and Homelessness Fund Shift (restricted receipts) **(\$4.0 million)**

The Budget shifts \$4.0 million from FY2025 to FY2026 in the Housing Resources and Homelessness restricted receipt account to align each year's expenditures with the Department's third quarter report.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES**May 2025 Caseload Estimating Conference** **(\$18.3 million)**

The FY2025 Revised Budget includes a net general revenue decrease of \$18.3 million (\$50.7 million all funds) to reflect the results of the May2025 Caseload Estimating Conference (CEC). The estimates project total Medicaid spending of \$3,617.2 million in FY2025, including \$1,339.8 million from general revenues. The favorable variance is due to updated pricing and declines in enrollment.

Medicaid Enterprise System (MES) Delay **(\$4.8 million)**

Consistent with the third quarter report, the Budget reduces implementation expenses for the new MES system by \$4.8 million in general revenue (\$47.9 million all funds). The State's existing Medicaid Management Information System (MMIS), originally implemented in 1993, is a rules-based, table-driven, client server system. The MES is a module structure for managing data. The existing MMIS system will run in tandem with the new MES modules until the transition is completed.

MMIS Reduction **(\$1.4 million)**

The Budget reduces spending for the Medicaid Management Information System (MMIS) by \$1.4 million in general revenue (\$5.9 million all funds) to reflect updated projections in the third quarter report. The State's existing MMIS was originally implemented in 1993. This MMIS is a rules-based, table-driven, client server system that supports integrated MMIS functionalities and data management capabilities. Over the years, the State's MMIS has continued to be adapted to meet the needs of the State, but in order to come into compliance Centers for Medicare and Medicaid Services (CMS), the State must adopt a modular system; however, the existing MMIS system will run in tandem with the new MES modules until the transition is completed.

The Work Number (TWN) Income Verification Delay **(\$862,635)**

Pursuant to a Governor's budget amendment, to reflect implementation delays, the Budget decreases funding for the TWN income verification software by \$862,653 in general revenue (\$3.5 million all funds). Currently, income data for Medicaid eligibility is determined through State Wage Information Collection Agency (SWICA) data or the Internal Revenue Service (IRS); however, the SWICA is only updated quarterly and is known to be 30 to 120 days old. TWN data provides employment data by pay period. Post-Eligibility Verification (PEV) is required quarterly pursuant to state regulation.

PHE Unwinding Media Campaign **(\$584,874)**

Consistent with the third quarter report, the Budget eliminates \$584,874 in general revenue (\$996,255 all funds) in funding for the media campaign around the unwinding of the Public Health Emergency (PHE). The unwinding process concluded in the first quarter of the fiscal year.

Ladders to Licensure Implementation Delay **(\$240,000)**

The Budget reduces funding for the Ladders to Licensure program by \$240,000 in general revenue to reflect the updated implementation schedule. Article 11 of the FY2025 Budget as Enacted directed the Executive

Office of Health and Human Services (EOHHS) to establish the Ladders to Licensure Grant Program, as a public-private partnership, to increase the number and diversity of health professionals by providing academic, financial, and wrap-around supports to enable working adults to become licensed health care professionals. This program was requested by EOHHS to support partnerships between healthcare and education providers to address critical workforce shortages by increasing the supply and diversity of the health profession workforce.

RI Bridges System Enhancement Work Shift ***(\$81,106)***

Pursuant to a Governor's budget amendment, the Budget shifts \$81,006 in general revenue (\$2.8 million all funds) funding for application enhancement work to the RIBridges system from FY2025 to FY2026 to reflect delays due to the cybersecurity breach.

Conflict Free Case Management (federal funds) ***(\$3.2 million)***

Pursuant to a Governor's budget amendment, the Budget shifts \$3.2 million in federal funds and \$2.1 million in restricted receipts from FY2025 into FY2026 to reflect the updated project timeline for modifications to the IT system needed to provide person-centered planning (PCP) and conflict-free case management (CFCM) to Medicaid beneficiaries who receive long-term services and supports (LTSS) in a home or community-based setting, as required by federal regulation. In March 2014, the CMS implemented a final rule requiring states to separate case management from service delivery to reduce conflicts of interest for services provided under home and community-based services (HCBS).

Home and Community Based Support (federal ARPA funds) ***\$1.1 million***

Pursuant to a Governor's budget amendment, the Budget adds \$1.1 million in federal fund and \$175,530 in restricted receipts reflecting the updated expenditure plan for the time-limited funds from the ARPA enhanced FMAP. Through the American Rescue Plan Act (ARPA), the State was eligible for enhanced FMAP of 10.0 percentage points on Home and Community Based Services (HCBS) for all expenditures that took place from April 1, 2021, through March 31, 2022. These new federal dollars freed up an equal amount of state funding that was deposited into a restricted receipt fund which were used to enhance, expand, or strengthen Medicaid HCBS.

Health System Transformation Project (federal funds) ***(\$996,974)***

Pursuant to a Governor's budget amendment, the Budget decreases funding by \$996,974 in federal funds and \$1.4 million in restricted receipts to reflect the updated expenditure plan. 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.

Infrastructure for School Based Medicaid Services (federal funds) ***\$145,215***

To reflect a federal grant, \$1.0 million in federal funds in are provided in FY2026 and \$145,215 in FY2025 from a three-year, \$2.5 million grant to expand school-based Medicaid services. Consultants will conduct needs assessments and engage community stakeholders.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

Prevention Services Grant (federal funds) ***\$3.3 million***

Pursuant to a Governor's Budget Amendment dated April 25, 2025, the Budget increases federal funds by \$3.3 million to reflect a carry forward balance from a Prevention Services federal grant.

Adoption and Legal Guardianship Award (federal funds) ***\$730,000***

Pursuant to a Governor's Budget Amendment dated April 25, 2025, the Budget increases federal funds by \$730,000 to reflect a new federal award for Adoption and Legal Guardianship incentives. The award is to be spent in FY2025 and FY2026 and has no matching requirement.

OJJDP Grant (federal funds) ***\$400,000***

A Governor's Budget Amendment dated April 25, 2025, increases federal funds by \$400,000 to reflect a federal grant award from the Office of Juvenile Justice and Delinquency Prevention. The grant totals \$800,000 between FY2025 and FY2026 and is to support the development of a community-based continuum of prevention and intervention services related to youth in the juvenile justice system. The grant has no matching requirement.

FTE Budgeting Correction (federal funds) ***(\$261,742)***

A Governor's Budget Amendment dated March 17, 2025, corrects a funding allocation for 8.0 FTE positions inadvertently budgeted in the wrong programs. The FY2025 Budget incorrectly included 8.0 FTE positions which were intended to be Juvenile Program Worker positions within the Youth Development Services program as 5.0 FTE positions within Children's Behavioral Health Services and 3.0 FTE positions within Child Welfare. The correction results in a net-zero shift of general revenues to the correct programs, as well as a decrease of \$261,742 in federal funds to align with the correct federal match levels for the positions.

DEPARTMENT OF HEALTH***Primary Care Training Sites Program Shift*** ***(\$2.0 million)***

The Budget includes a \$2.0 million shift of unexpended general revenue funds from FY2025 to FY2026, reflecting unexpended funds from the newly established primary care training site program.

Drinking Water ***\$126,362***

The Budget includes a net decrease of \$2.5 million, reflection a \$126,362 general revenue increase, \$54,729 restricted receipts increase, and a \$2.5 federal funds decrease. The Drinking Water fund supports projects related to improving drinking water, leaky and old pipes, improving source of water supply, replacing and constructing finished water storage tanks, and other infrastructure needs related to drinking water and public health. The increase is attributable to a new grant from the RI Infrastructure Bank, and support numerous activities including technical assistance, quality assurance, surveillance, and maintenance of public water systems.

Maternal and Child Health Services ***\$71,928***

The Revised Budget includes a total of \$1.3 million to support maternal and child health, a net federal funds decrease of \$2.7 million and a general revenue increase of \$71,928. These funds are primarily located within the Division of Central Management (\$1.3 million) and the Division of Community Health and Equity (\$1.3 million). The Department receives this grant from the Health Resources and Services Administration to improve public health systems for mothers, children, and their families. The Department emphasizes health equity as an underlying principle of the program, which results in improving the health of women and children by reducing perinatal health disparities, reducing maternal mortality rate, strengthening the bond between mother and baby, ensuring school readiness, supporting behavioral health in adolescence, and ensuring effective care coordination.

Immunizations (federal funds) ***6.3 million***

The Budget includes a net decrease of \$10.6 million to fund immunizations, of these funds there is an increase of \$6.4 million in federal funds and a \$16.9 million decrease in restricted receipts. These funds

support immunization efforts within the Department. The immunization estimates were done in 2024 without exact costs and dosage requirements, actual vaccine costs and demand were lower than projected. This decrease reflects revised projections for vaccine costs, dosage, and demand in FY2026.

New Health Lab – Operational Costs (federal funds) ***(\$3.9 million)***

The Budget includes a federal funds reduction of \$3.9 million, to reflect available funding that was inadvertently overstated in the FY2025 Governors Revised budget. The Budget also includes a restricted receipts funding shift of \$4.3 million, shifting available restricted receipt funding to RICAP funds.

CARES Act funding changes (federal funds) ***\$1.1 million***

The Budget includes a federal funds increase of \$1.1 million, related to CARES Act funds for data modernization and lab testing.

Refugee Assistance Services (federal funds) ***\$815,552***

The Budget includes an increase of \$815,552 to reflect expenditure changes that support refugee social services. These funds are allocated from the RI Department of Human Services, and supports resettlement activities such as case management, employment services, cash and legal assistance, and youth mentoring.

Behavioral Risk Factor Survey (federal funds) ***(\$673,541)***

The Budget includes \$113,609 in federal funds, a decrease of \$673,542, to support the Department's behavioral risk factor survey. This is a year-round survey used by the Department to assess the behaviors of adults that may cause adverse health effects such as physical activity, smoking, and receiving a flu shot. According to the Department, this increase is primarily due to increased costs with the contractor conducting these surveys.

Public Water System Supervision (federal funds) ***\$574,012***

The Budget includes \$574,012 in federal funds reflecting the public water system supervision support grants awarded by the US Environmental Protection Agency. These funds support activities related to the management, development, and maintenance of state drinking water infrastructure, and governance.

Emergency Department Opioid Recovery (federal funds) ***(\$11,970)***

The Budget includes a federal funds decrease of \$11,907, which support ED operations related to opioid abatement, including access to opioid use disorder programs, intervention, treatment, and recovery.

Indirect Cost Recoveries (restricted receipts) ***(\$3.4 million)***

The Budget includes a net decrease of \$3.4 million to changes in the indirect cost recovery expenditures resulting from changes in various federal grant programs accounts within DOH. This decrease is attributable to the decrease of COVID-19 awards in FY2024 and based on the most recently ended state fiscal year FY2024, which ended on June 30, 2024. The Department utilizes indirect cost recovery funds for state supported operational costs to federal programs or activities.

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

Rhode Island Statewide Opioid Abatement Account (restricted receipts) ***\$2.2 million***

The FY2023 Budget as Enacted established the Opioid Abatement Account within the Executive Office of Health and Human Services (EOHHS) to place distributions from various opioid settlement agreements into Department's restricted receipt accounts. These funds are dedicated to forward-looking abatement

efforts as defined through settlement agreements. The Department has received \$8.2 million of these funds to complete opioid abatement activities. These funds will be used to support the Department street outreach initiative and naloxone (Narcan) distribution.

The Department's street outreach initiative employs mobile units to connect with populations who are at risk of drug use and overdose. The mobile unit provides services and supplies to individuals who may be unable to travel to clinics that provide similar services. The main component of this initiative is that the mobile unit provides basic needs, harm reduction tools, and peer recovery support to vulnerable populations.

Opioid Stewardship Fund (restricted receipts) ***\$722,732***

The Budget includes \$2.4 million in restricted receipts to support the Department's share of the Opioid Stewardship Fund, an increase of \$722,732 from the FY2025 Budget as Enacted. The Opioid Stewardship Fund supports opioid treatment, recovery, prevention, and education services. The Department of Health uses these funds to support harm reduction centers, harm reduction mobile outreach projects, overdose death detection, and substance exposed newborn interventions

McKinsey Opioid Abatement (restricted receipts) ***\$135,646***

The Budget includes \$135,646 in FY2025 revises, and increase of \$135,646 from the FY2025 Enacted. This allocation will exhaust all funds in the account. These funds supported harm reduction centers and naloxone purchases. The Department plans to continue these activities and other strategies that mitigate opioid overdose deaths with other funding sources.

DEPARTMENT OF HUMAN SERVICES

FY2024 Reappropriation ***\$9.7 million***

The Budget proposes a total reappropriation of \$9.5 million, consisting of:

- \$1.1 million within the Division of Individual and Family Support
- \$8.3 million related to the SNAP eat well be well pilot
- \$30,495 related to delayed invoices within the Office of Healthy aging
- \$250,000 related to the Office of Veterans Services
- \$94,806 related to the Division of Health Care Eligibility

SNAP Retail Incentives Pilot ***\$3.8 million***

The Budget includes a \$3.8 million general revenue increase, with a \$4.5 million federal funds increase to support the SNAP Eat Well Be Well pilot program.

The FY2023 Budget as Enacted appropriated \$11.5 million towards that Department's SNAP Retail Incentive Pilot program, which provided additional bonus dollars in the form of a discount or rebate on fruits and vegetables purchased by a SNAP recipient to encourage purchasing and consuming healthy fruits and vegetables. SNAP recipients received fifty cents (\$0.50) for every one dollar (\$1.00) spent on fruits and vegetables. This program took effect on January 1, 2023, and will continue until all funds are expended.

SNAP assists in safeguarding food security throughout Rhode Island with approximately 1 in 7 Rhode Island households receiving SNAP Benefits in 2019. According to the Department, the average family of four receives \$425 a month. According to the Department, while these funds help ease food insecurity throughout the State, they are not enough to secure a nutritious and well-balanced diet. This program aims

to lessen the burden of Rhode Island's low-income households by providing an enhanced 50.0 percent reimbursement for every dollar spent on fruits and vegetables.

The Eat Well Be Well initiative was passed by the 2022 General Assembly; however, it was unable to secure a vendor in time for FY2023, therefore funds were reallocated to FY2024 Enacted. The Program officially launched on 1/23/2024.

Program Eligibility Administration Expenses **(\$3.3 million)**

The Budget includes a general revenue decrease of \$3.3 million, with corresponding federal funds decrease of \$2.9 million, reflecting turnover savings and other program reductions reflected in the Department's third quarter report.

Child Support Enforcement Case Management System Transition **(\$1.2 million)**

The Budget includes a shift of \$1.2 million in general revenue to restricted receipts to support the transfer of RIKidsBridge, the primary mainframe utilized by the Office of Child Support Enforcement, off the mainframe and into a web-based platform. While the mainframe is utilized by the Office, it has become outdated (designed in the early 1990s). Additionally, by CY2028, the Office will be the only tenant following the end of the current contract. The system supports approximately 70,000 child support cases, collecting about \$93.0 million in child support annually.

Office of Healthy Aging **(\$1.1 million)**

The Budget includes a general revenue decrease of \$1.1 million, with a corresponding federal funds decrease of \$1.3 million, reflecting updated expenditure projections related to the Office of Healthy Aging's at home cost share program.

Veterans' Home Collections Fund Shift to Restricted Receipts **(\$1.0 million)**

The Budget includes a \$1.0 million general revenue shift to restricted receipts related to the Veterans' Home collections fund, which will support direct care contracting at the Veterans Home. This fund is supported through the Home's maintenance fees with 20.0 percent of the fee's collected are allocated to this fund. The Department forecasts around \$1.6 million in FY2026 for this account.

RI Bridges System Enhancement Delay **(\$856,296)**

The Budget includes a general revenue decrease of \$856,296, with a corresponding federal funds decrease of \$545,789 to support enhancement work which was delayed due to the reappropriation of resources subsequent to the RI Bridges data breach.

UHIP Restricted Receipt Carry Forward **(\$520,780)**

The Budget includes a general revenue shift of \$520,780. These funds will finance IT contracting services for the RI Bridges System.

SNAP Summer **\$387,202**

The Budget includes a net increase of \$8.5 million, a general revenue increase of \$387,202, and a federal funds increase of \$7.7 million, to support the administration and operations of Summer SNAP EBT Program. In May 2023, the Department was approved by the U.S. Department of Agriculture (USDA) Food and Nutrition Services (FNS) to participate in Summer SNAP, which provides a lump sum of \$120 per eligible school aged child for the months of July and August. Summer SNAP is intended to aid families in purchasing nutritious meals while children are not in school. Only children who receive free or reduced lunch and are school- aged are eligible for Summer SNAP, unlike the pandemic SNAP program where children under the age of 6 were also eligible.

Supplemental Nutrition Assistance Program (SNAP) (209,107)

The Budget includes a net increase of \$8.9 million, a general revenue decreases of \$209,107, and a federal funds increase of \$9.1 million, which supports the administration and operations of the SNAP program.

These funds are partially attributable to the anticipated COLAs for beneficiaries. Each federal fiscal year, the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) adjusts the maximum allotment based on changes in cost of living. Starting federal fiscal year 2024, the average family of three will receive \$766 a month with new allotment regulations, an increase of \$26 a month.

They also provide supportive programs such as employment, training, and nutrition education to support SNAP beneficiaries. These services are intended to aid beneficiaries with gaining employment, reducing or preventing dietary health-related disparities among low-income groups by improving their diets, addressing food insecurity, and increasing physical activity.

Elderly Transportation \$194,403

The Budget includes an increase of \$194,403 in general revenue for an anticipated increase in elderly, non-emergency transportation. As gas tax revenue begins to decrease, the contract for non-emergency services have grown. These additional funds are sourced from the old gas tax revenue that was not spent or transferred to OHA. These funds supplement the deficit created by the loss of gas tax revenue.

Assisted Living State-Only Stipend (\$90,277)

The Budget includes \$16,430 in general revenue, a \$90,277 decrease from the Governor's recommended budget. These funds support an additional \$206 monthly state supplemental payment provided to an average of seven individuals who receive the state supplemental security income payment and live in a state-licensed facility that is not eligible to receive Medicaid. This change reflects testimony from the May Caseload Estimating Conference regarding expenses for FY2026.

May Caseload Conference Cash Assistance \$12,223

The Budget includes a general revenue increase of \$12,223 in general revenue, with a federal funds decrease of \$2.4 million to align with updated estimated related to cash assistance programs. The following table illustrates changes determined by caseload conferees.

May Caseload Estimating Conference	General Revenue	Federal Funds
Temporary Assistance for Needy Families (TANF)	-	(\$748,721)
Child Care Assistance Program	-	(1,629,052)
Supplemental Security Income	26,973	-
General Public Assistance	(14,750)	-
Total	\$12,223	(\$2,377,773)

RI Works Vendors (federal funds) \$5.3 million

The Budget includes a \$5.3 million increase in federal funds, which is fully supported by Temporary Assistance to Needy Families (TANF) funds. The Department issued requests for proposals (RFP) and for information (RFI), to expand the scope of work for RI Works vendors. Currently, vendors must address issues related to workforce development, training, education, income, and child care. However, Rhode Island housing crisis is beginning to be a barrier for Rhode Island's most vulnerable. With increasing rents and lack of affordable housing, RI Works customers are unable to secure stable housing. Lack of secure

housing has become a barrier to stable work for RI Works customers, therefore, the Department has added housing to the vendors' scope of work.

Child Care Quality Earmarks (federal funds)

\$5.2 million

The Budget includes \$5.2 million in federal funds to account for additional funding sourced from the child care quality earmark. This is an entirely new funding source, meant to enhance quality programs that are already started with the Child Care Development Block Grant (CCDBG). These funds cannot be counted towards meeting the “not less than 4%” quality expenditure requirement, as required by the CCDBG.

American Rescue Plan Act (ARPA) Fund Changes (federal funds)

\$2.9 million

The Budget includes a net change of \$2.9 million in ARPA awards. Throughout the pandemic, Congress appropriated funding to help the State maintain and support Rhode Islanders throughout the pandemic, including the subsequent impacts after the pandemic has ceased. In Rhode Island, as well as nationally, there was a significant influx in domestic and family violence throughout and after the lock-down period. These funds supported victims of domestic and family violence, by promoting preventative measures and supportive housing. As the public health emergency winds down and redetermination activities cease, ARPA funding will no longer be available to the States. The table below illustrates APRA changes in funding.

ARPA Adjustments	FY2025 Enacted	FY2025 Final	Change from Enacted	
ARP DIRECT: Family Violence and Prevention	-	150,000	150,000	100.0%
ARP DIRECT: FVPSA and DV Shelter and Supportive Services	350,000	450,000	100,000	28.6%
ARP DIRECT: Sexual Assault Services	522,000	500,000	(22,000)	-4.2%
ARP SFRF: Child Care Investment: Retention Bonuses	-	2,689,791	2,689,791	100.0%
Total	\$872,000	\$3,789,791	\$2,917,791	334.6%

Child Care Retention Bonuses: The General Assembly originally appropriated a total of \$37.4 million throughout FY2022 and FY2023; however, not all funds have been expended yet.

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 were provided. In FY2023, bonuses changed to quarterly awards in the amount of \$750. Individual bonuses are not to exceed \$3,000 annually.

The General Assembly appropriated a total of \$37.4 million for retention bonuses, \$18.7 million each for FY2022 and FY2023. As of March 8, 2023, the Department reported spending a total of approximately \$20.5 million in ARPA SFRF funds for retention bonuses. The Department plans to provide retention bonuses through FY2025.

Refugee Assistance (federal funds)

\$2.8 million

The Budget includes \$2.8 million in federal funds to support the Refugee Cash Assistance Program. The program provides cash benefits to refugee adults without children, and the increase in federal funding is attributable to an increase in federal support as well as increased numbers of refugees coming to Rhode Island. These funds are distributed to two resettlement organizations – Dorcas International Institute and Catholic Social Services – as well as to RIDOH, Providence Public Schools, and the Refugee Dream Center.

Veterans' Cemetery Capital Program (federal funds)

(\$1.7 million)

The Budget includes \$1.7 million in federal funds which coincides with RICAP funding for the design and construction with six new columbarium walls to complete Phase II of the Office's Asset Protection improvement plan.

Support for Domiciled Veterans (federal funds)***\$1.3 million***

The Budget includes a \$1.3 million federal funds increase to support domiciled veterans, which offers comprehensive mental health and substance abuse treatment, including residential rehabilitation, and their transition to stable housing and independence.

Preschool Development Block Grant (federal funds)***\$900,775***

The Budget includes a \$900,775 increase to the Preschool Development Block Grant (PDG). In 2019, the Department announced that it had been awarded a one-time \$4.2 million grant that targets youth from birth through age five by encouraging the development of the State's early childhood education system through enhancing infrastructure and supporting high quality education. Since 2019, the State has been awarded two more PDG's in 2021 (Renewal) and 2023 (Planning). The PDG Planning funds, which are eligible for FY2025 expenditure, cannot be used to support pre-k seats; however, the Department has used these funds to conduct multiple needs assessment, reports, and to redesign the RI Children's Cabinet website.

Elder Justice Act (federal funds)***\$175,038***

The Budget includes \$175,038 in federal funds to account for the reauthorization of the Elder Justice Act. Although the Act was passed in 2010, Congress chose to reauthorize and modernize the Act to fund programs that prevent, investigate, and prosecute elder abuse, neglect, and exploitation.

Indirect Cost Recoveries (restricted receipts)***\$1.7 million***

The Budget includes recommends a \$1.7 million general revenue shift to restricted receipts related to indirect cost recovery expenditures. These funds will be used to reimburse lost SNAP benefits to skimming, increasing staff at the call center, and purchasing two new vehicles.

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

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS***May CEC Adjustment******\$3.2 million***

A Governor's Budget Amendment dated May 22, 2025 increases general revenues by \$3.2 million (\$7.0 million all funds) to align funding in the Services for the Developmentally Disabled program with the caseloads adopted at the May 2025 Caseload Estimating Conference.

Third Party Billing Adjustment (restricted receipts)***\$2.1 million***

The Budget increases restricted receipts by \$2.1 million to reflect updated third-party billing receipts for Eleanor Slater Hospital based on the third-quarter report. The increase reflects Medicare billings from re-enrolling physicians for certification as well as Part D pharmacy receipts.

988 Hotline (ARPA SFRF)***(\$1.8 million)***

The Budget shifts \$1.8 million in unspent federal ARPA SFRF funds from FY2025 to FY2026 to fund the 988 Hotline. The FY2025 Budget as Enacted includes \$3.5 million in ARPA SFRF funds for this purpose, of which only \$1.7 million is anticipated to be spent.

GOVERNOR'S COMMISSION ON DISABILITIES***Livable Home Modification Grant Program Reappropriation******\$730,565***

The FY2025 Final Budget continues funding for the Livable Home Modification Grant Program and includes \$1.4 million in general revenue to support the program. In addition, the FY2025 Final Budget

includes the \$730,565 reappropriation from the previous fiscal year, as the FY2024 Budget as Enacted included proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year (FY2025).

Independent Living Services Program (federal funds)

\$81,512

The Budget adds \$81,512 in federal funds reflecting a carryforward of an unexpended federal award from federal FY2023 that went unused due to the COVID shutdown.

DEAF AND HARD OF HEARING

Turnover Savings

(\$100,000)

The Budget includes a general revenue decrease of \$100,000 related to turnover savings reported in the third quarter report, which reflects one vacant position since mid-August.

HEALTHSOURCE RI

HealthSource RI Give Back

\$1.5 million

Through a combination of Medicaid Return to Normal Operations and the existence of temporary increased federal tax credits, HSRI is experiencing high enrollment, which results in higher FY2025 revenues in restricted receipts through the Carrier Assessment of 3.5 percent. These expenses allow the Division to forgo spending of \$1.5 million of the FY2025 Enacted General Revenue. The Division will require the full Enacted amount in FY2026 to continue operations.

OFFICE OF THE CHILD ADVOCATE

Turnover Savings

(\$150,000)

The Budget decreases general revenues by \$150,000 to reflect turnover savings from two vacant positions. The reduction is based on the Office's third quarter report.

OFFICE OF THE MENTAL HEALTH ADVOCATE

Turnover Savings

(\$145,000)

The Budget decreases general revenues by \$145,000 to reflect turnover savings resulting from ongoing vacancies. The reduction is based on the Office's third quarter report.

ELEMENTARY & SECONDARY EDUCATION

Special Education Pending Settlement

\$1.9 million

To support a settlement authorized by the Rhode Island Board of Education, the Budget includes \$1.9 million in general revenue. The settlement funds will be used to provide compensatory special education services, related administrative costs, and attorney fees. The case was brought under the federal Individuals with Disabilities Education Act (IDEA) for a class of approximately 300 students with a disability who did not earned a regular high school diploma due to turning 21 but would have qualified under federal law for a free appropriate education until age 22. Authorized members of the class will be able to receive up to \$23,000 for specific compensatory services enumerated in the agreement. A member could make an additional claim up to \$46,000 on a first-come, first-served basis, if the net settlement funds are not exhausted, and will have 120 days from the date that the notice is mailed to make a claim. Any unexpended funds remaining after the two year settlement term will revert to the State.

Early Childhood Categorical Aid

(\$1.1 million)

The Budget reduces early childhood categorical aid by \$1.1 million to reflect current service expenditure projections and eliminate the transfer of funds to infant and toddler care in the Department of Health. This

fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds are distributed through a request for proposals (RFP) process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes.

Teacher Retirement

\$1.1 million

Pursuant to a Governor's budget amendment, the Budget includes an additional \$1.1 million in general revenue for the State's contribution to teacher retirement to address updated projections in the Third Quarter Report. The State pays 40.0 percent of the employer contribution for teachers.

COLA Adjustment Reserve Distribution

\$697,078

The Budget distributes \$1.5 million in general revenue (\$2.0 million all funds) in FY2026 and \$697,078 in general revenue (\$976,407 all funds) in FY2025 for COLA adjustments for personnel in unions that had not ratified new contracts in time for inclusion in the Governor's Recommended Budget from the Department of Administration where the funds were held in reserve.

School for the Deaf-Turnover Savings

(\$400,000)

Based on third quarter expenditure projections, the Budget realizes \$400,000 in general revenue turnover savings. The reduction reflects three unfilled positions, one position remaining vacant until the fourth quarter, and the mid-year resignation of a teacher whose positions remain vacant. These positions are expected to be filled in FY2026.

Textbook Expansion

(\$180,317)

The Budget reduces funding for the state Textbook Reimbursement Program by \$180,371 providing \$59,629 in total funding to reflect actual demand in FY2025. 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. In FY2019 through FY2024, the program averaged \$47,177 in expenditures annually.

Rhode Island Capital Plan (RICAP) Fund Changes

(\$7.1 million)

The Budget includes a decrease of \$7.1 million in Rhode Island Capital Plan (RICAP) funding to reflect the following:

- ***Davies Healthcare Classrooms:*** Consistent with the updated project schedule, the Budget shifts \$6.9 million in RICAP funding for the Davies Healthcare classrooms project from FY2025 into FY2026. The architectural and engineering phase of the project occurred in FY2022 (\$500,000). The Davies Health Care Classrooms project includes building replacement space for the Health Care classrooms and eliminating the detached modular classroom building where the program is currently housed.
- ***Davies Asset Protection:*** Pursuant to GBA, the Budget reduces funding by \$255,164 to reflect a reduction in the FY2024 reappropriation into FY2025.

PUBLIC HIGHER EDUCATION

Promise Scholarship May Update

(\$519,801)

Pursuant to the May 2025 Promise report submitted by the Community College of Rhode Island, the Budget includes a general revenue reduction of \$519,801, reflecting updated expenditures. Total funding in the Budget for the scholarship is \$6.9 million

Dual and Concurrent Enrollment

\$400,000

The Budget shifts \$2.7 million in Rhode Island Student Loan Authority reserve funds to general revenue, to support the dual enrollment initiative, as all funds that previously supported this program are exhausted or insufficient.

Pursuant to RIGL 16-100, Rhode Island began offering the Dual Enrollment program, which allows students to take college courses to earn credits at both secondary and higher education institutions. In 2015, the Board of Education adopted provisions that ensure that all Rhode Island high school student have the opportunity to access college level work while still in high school. All three of the State institutions offer dual enrollment courses.

According to a study conducted by the Education Commission of the States (ECS), dual enrollment programs have been proven to positively impact prospective students by preparing them to meet and maintain college readiness benchmarks. Students who are dually enrolled maintain higher GPAs, are more likely to enter college after high school graduation, and complete an undergraduate degree within four to six years. Dual enrollment also increases second year retention rates.

Hope Scholarship May Update

(\$222,353)

Pursuant to the May 2025 Hope Scholarship report submitted Rhode Island College, the Budget includes a general revenue reduction of \$222,353, reflecting updated expenditures. Total funding in the Budget for the scholarship is \$3.4 million

American Rescue Plan Act Funding Changes (federal funds)

\$11.8 million

The Budget includes a federal funds increase of \$11.8 million, due to a one-time federal ARPA SFRF appropriation in FY2024, that does not reoccur. According to the Department of Administration, the State must appropriate all ARPA funds by December 31, 2024, and spend them by December 31, 2026, in order to comply with U.S. Treasury rules. These funds supported RI Reconnect, the Fresh Start Scholarship, and RIC's Cybersecurity Center.

The FY2025 Enacted Budget includes a federal funds increase of \$1.0 million in State Fiscal Recovery Funds to support a last dollar scholarship program for the Department of Children, Youth, and Families foster care youth exiting the system to attend Rhode Island College. These funds would provide year-round services such as dining, housing, and advising. Funding will be awarded to the RIC Foundation to distribute as necessary.

ARPA SFRF Fund Changes	FY2025 Enacted	FY2025 Final	Change from Enacted
RI Reconnects	\$0	\$7,196,921	\$7,196,921
Fresh Start Scholarship	-	3,002,747	3,002,747
RIC Cybersecurity Center	-	1,595,322	1,595,322
Foster Care Youth Scholarship	1,021,859	1021859	-
Total	\$1,021,859	\$12,816,849	\$11,794,990

Rhode Island Capital (RICAP) Fund Changes (other funds)

(\$22.6 million)

The Budget includes a RICAP decrease of \$22.6 million, including the following:

Capital – CCRI Renovation and Modernization Phase I

(\$10.5 million)

The Budget shifts \$10.5 million from FY2025 to outyears, including \$2.0 million to FY2026, \$2.7 million to FY2027, \$3.0 million to FY2028, and \$2.8 million to FY2029, based on updated expenditure projections.

Capital- CCRI Data Cabling and Power Infrastructure

(\$4.2 million)

The Budget shifts \$4.2 million from FY2025 into the outyears, including \$600,000 to FY2026, \$356,000 to FY2027, \$850,000 to FY2028, and \$2.4 million to FY2029. These funds support the Colleges data cabling and power infrastructure project, which upgrades network wiring infrastructure and delivers more capacity to support additional classroom technology, wireless devices and security systems, including cameras, emergency alarm systems, and HVAC control systems.

Capital – CCRI Flanagan Campus Renewal **(\$4.0 million)**

The Budget includes a RICAP decrease of \$4.0 million, shifting these funds to fiscal outyears, including \$866,000 to FY2027, \$2.5 million to FY2028, and \$584,000 million to FY2029, based on updated expenditure projections. This 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.

Capital – RIC Infrastructure Modernization **(\$2.9 million)**

The budget includes a RICAP decrease of \$2.9 million, to align adjustments reported in the FY2024 closing statements.

RIC Asset Protection **(\$838,440)**

Pursuant to the Governor’s budget amendment dated April 18, 2025, the Budget includes a RICAP decrease of \$838,440 to align with adjustments reported in the FY2024 closing statements.

RIC Infrastructure Modernization **(\$123,472)**

Pursuant to the Governor’s budget amendment dated April 18, 2025, the budget includes a RICAP decrease of \$123,472 to align with adjustments reported in the FY2024 closing statements.

HISTORICAL PRESERVATION AND HERITAGE COMMISSION**Personnel and Operating Adjustments** **(\$125,000)**

The Budget decreases general revenue by \$125,000 based on anticipated savings as stated in the third quarter report.

DEPARTMENT OF CORRECTIONS**RIBCO Contract** **\$8.7 million**

The Budget contains \$8.7 million of general revenue to support the recently ratified contract with the Rhode Island Brotherhood of Correctional Officers (RIBCO). The agreement increases the shift differential for members working overnight, reduces the years required to earn the top-step pay grade, and provides a retroactive Cost of Living Adjustment (COLAs) of 5.0 percent effective at the start of FY2025. The agreement also includes COLAs of 4.0 percent in FY2026 and a 3.0 percent in FY2027, neither of which impact the FY2025 Final Budget. The following table illustrates the contract’s funding by program for FY2025 and FY2026.

RIBCO Contract By Program	FY2025 Final	FY2026 Enacted
Central Management	\$148,970	\$357,458
Custody and Security	7,349,514	20,018,657
Institutional Support	240,162	568,401
Institutional Based Rehab/Population Management	169,057	287,217
Healthcare Services	673,386	1,851,182
Community Corrections	110,989	210,003
Total	\$8,692,078	\$23,292,918

RIBCO: Nursing Agreement **(\$1.8 million)**

The Budget removes \$1.8 million of general revenue in FY2025 that was included as a placeholder in the FY2025 Budget as Enacted for the settled agreement with members of the Rhode Island Brotherhood of Correctional Officers (RIBCO) working as nurses. The agreement included adjusted pay scales and benefits including tuition reimbursement, and retroactive payments, as well as restructured and increased overtime

wages for nurses employed through June 30, 2024. In FY2025, the funds are distributed throughout the salary and benefit categories in the appropriate divisions. Negotiations for future fiscal years are ongoing.

Contract Professional Services Adjustment

\$392,078

The Budget includes \$17.0 million of general revenue to support contracted professional services throughout the Department, representing an increase of \$392,078 from the previous year's enacted level. The adjustment primarily reflects a \$1.6 million increase for doctors and dentists within the Healthcare Services program, which is offset by a \$717,906 reduction in the Institutional Based Rehab/Population Management program for medical and professional services.

FY2024 Reappropriation

\$232,506

The Budget includes a general revenue reappropriation of \$232,506 for personnel expenditures at the Department of Corrections in FY2025. The reappropriation includes \$125,220 for salaries and \$107,286 in benefits primarily within the Custody and Security program

Transport Vehicle Grant (federal funds)

\$1.2 million

The Budget includes \$1.2 million of federal funds awarded as Congressional Earmarks to replace aging, unsafe, and unusable transport vehicles. The Department notes that their vehicles are utilized daily and that the funding will replace those with the most use.

JUDICIARY

District Court Mental Health Treatment Court (federal funds)

\$65,500

Pursuant to a Governor's budget amendment, dated April 25, 2025, the Budget adds \$65,5000 in federal funds to support a contract added for the District Court Mental Health Treatment Court to provide additional mental health and substance abuse services to participants in the court.

MILITARY STAFF

ANG Facilities (federal funds)

(\$7.3 million)

The FY2025 Final Budget includes \$3.2 million in federal funds for various capital projects. This reflects a decrease of \$7.3 million in federal funds from the FY2025 Budget as Enacted. The project and estimated expenses are:

ANG Facilities	Federal Funds
Lighting and EMCS Bldg's 2, 175, 571, 574, 575	\$2,301,320
Sustainment restoration and maintenance	500,000
Work Order Re-Mark Apron (no removal)	50,000
Work Order Repair Vehicle Barrier Drainage	50,000
Enclose Wall, AGE Storage Yard	50,000
Repair Roofs, Basewide	50,000
Work Order Lighting Protection Repair (Ammo Storage)	50,000
Work Order Repair Masonary (Leaks)	48,000
New Entry to Guardmount Room	25,000
Pave North Smithfield (Overlay)	25,000
Work Order Fire Remote Display	12,624
Load Test on Tie-Downs	12,500
Renovate Bathrooms	10,000
Replace Generator	5,000
Work Order Cross Functional Survey	5,000
Work Order Masonary Work for Windows	3,180
Total	\$3,197,624

Miscellaneous Minor Construction (federal funds)

\$7.5 million

The Budget includes \$59.0 million in federal funds for numerous miscellaneous minor capital and asset protection projects that are partially or fully paid with federal funds. This is an increase of \$7.5 million from the FY2025 Budget as Enacted.

Asset Protection (RICAP)**\$713,816**

The Budget includes \$2.5 million in RICAP funds in FY2025 for general asset protection projects. This is an increase of \$713,816 in RICAP over the FY2025 Budget as Enacted. The project lists out-year funding of \$10.1 million in RICAP funds through FY2030.

Quonset Airport Runway Reconstruction (RICAP funds)**\$629,379**

The capital budget includes \$58.0 million in federal funds and RICAP funds from FY2024 - FY2026 for the reconstruction of the Quonset Airport runway at military specifications. The project is financed by \$55.0 million in federal funds, comprised of \$25.1 million from the Federal Aviation Administration, and \$29.9 million from the National Guard Bureau. In addition, the project includes \$3.0 million from the RICAP Fund to serve as state matching funds for the project. The FY2025 Final Budget includes \$1.9 million of RICAP, an increase of \$629,379 from the FY2025 Budget as Enacted.

Sun Valley Armory (RICAP funds)**\$262,475**

The Budget includes \$262,475 in RICAP funds in FY2025 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.

RHODE ISLAND EMERGENCY MANAGEMENT**Disaster and Emergency Preparedness Grants (federal funds)****\$6.8 million**

The Budget includes \$23.0 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$6.8 million more than the FY2025 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 the FY2025 Final Budget.

RIEMA Federal Grants	FY2025 Enacted	FY2025 Final	Change
SLCGP 2023 State and Local Cybersecurity Grant Program	\$0	\$4,243,868	\$4,243,868
SHSP 2024 State Homeland Security Grant	-	1,779,786	1,779,786
SHSP 2022 State Homeland Security Grant	3,366,032	1,195,186	(2,170,846)
NSGP 2024 Non-Profit Security Grant Program	-	1,425,000	1,425,000
NPSG 2023 Non Profit Security Grant	1,034,162	2,210,047	1,175,885
All Other Grants	11,842,063	12,193,118	351,055
Total	\$16,242,257	\$23,047,005	\$6,804,748

Personnel, Contract Services, and Operating Changes (federal funds)**(\$369,625)**

The Budget includes \$12.3 million in federal funds for personnel, contract services, and operating costs, reflecting a decrease of \$369,625 in federal funds from the FY2025 Budget as Enacted. The largest component of the decrease is \$3.0 million for municipal and state repair projects and plowing costs associated with the January 29, 2022, blizzard, referred to as Winter Storm Kenan.

Personnel, Contract Services, Operating, Capital - Federal	FY2025 Enacted	FY2025 Final	Change
Winter Storm Kenan Projects	\$3,214,245	\$176,487	(\$3,037,758)
EMPG 2024 Emergency Management Preparedness Grant	-	1,171,338	1,171,338
SHSP 2021 State Homeland Security Grant	1,069,418	-	(1,069,418)
SHSP 2024 State Homeland Security Grant	-	401,589	401,589
All Other Personnel, Contract Services, Operating, Capital-Federal	8,354,663	10,519,287	2,164,624
Total	\$12,638,326	\$12,268,701	(\$369,625)

RICAP – RISCON Infrastructure Upgrades (RICAP funds)**\$524,198**

The Budget includes \$1.0 million in RICAP funds from FY2024 through FY2028 to upgrade the RISCON system, including an increase of \$524,198 as part of the supplemental budget. The project scope includes

propane generator replacements, adding propane generators to sites currently without one, and other security and wiring upgrades.

RICAP – Emergency Management Building (RICAP funds)

\$250,000

The Budget includes \$250,000 in RICAP funds in FY2025 to fund a feasibility study of warehouses, to determine whether to construct a new structure or remodel the current facility that is used to store the RISCO communications equipment, vehicles, and support staff.

DEPARTMENT OF PUBLIC SAFETY

RITA Agreement

\$5.9 million

The Budget increases general revenue by \$5.9 million and federal funds by \$290,000 to reflect the recent agreement with the Rhode Island Troopers Association (RITA). The contract provides Troopers with a \$250 increase to their annual uniform maintenance stipend and includes retroactive Cost of Living Adjustments (COLAs) of 5.0 percent in FY2024 and 4.0 percent in FY2025. The contract also includes a 3.0 percent COLA, which will be in effect on November 1, 2025, but will not impact the FY2025 Final Budget.

State Police Motor Vehicles

\$2.4 million

The Budget provides \$3.0 million of general revenue (\$3.7 million in all funds) for the Department to acquire 47 State Police vehicles as well as a \$612,759 reappropriation for vehicle outfitting from FY2024. The funding represents \$2.4 million above the previous year's enacted general revenue amount. The Department notes in their FY2025 2nd Quarter Report that the outright purchase will eliminate \$835,000 of year-one vehicle loan repayments in FY2026.

Sheriffs: Salary and Benefit Adjustment

(\$2.0 million)

The Budget provides \$19.8 million of general revenue to support the salary and benefits of personnel within the Sheriff's Division, reflecting a \$2.0 million decrease from the \$21.7 million included in the FY2025 Budget as Enacted and \$900,000 below the Governor's Recommendation in the FY2025 Revised Budget. The Sheriff's Division has been experiencing a personnel shortage and expenditures through May of 2025 were below the budgeted amount.

Sheriffs and Capitol Police Motor Vehicles

\$906,000

The Budget provides \$906,000 of general revenue above the enacted level, for the Department to purchase vehicles without utilizing the revolving loan fund in FY2025. The recommendation encompasses \$121,000 to the Capitol Police and \$785,000 to the Sheriffs, which includes a \$275,000 reappropriation for a bus that was ordered in FY2023 but did not arrive. The Department intends to utilize turnover savings to support the initiative, of which, the Budget contains \$1.1 million in general revenue for the Sheriffs Division.

ENVIRONMENTAL MANAGEMENT

One-Time Shift of General Revenue Expenses to OSPAR

(\$1.7 million)

The Budget shifts \$1.7 million in general revenue supported salaries and benefits for 12.4 FTE positions to Uniform Oil Spill Prevention, Administration, and Response (OSPAR) restricted receipt fund. The OSPAR Fund was established in 1996 in response to the environmental damage caused by the North Cape Oil Spill along the Rhode Island coast. Pursuant to RIGL 46-12.7-5.1, the funds may be used to cover the costs of response, containment, and cleanup of oil spills into marine or estuarine waters. The OSPAR Fund may also be used for structural improvements to reduce the risk of oil tanker spills, restoration of natural resources, response training and equipment, and monitoring activities. The fund is capitalized primarily with a fee of \$0.05 for each barrel of petroleum products received at a marine terminal in the State. The North Cape spill cost the State approximately \$3.0 million (\$5.8 million in today's dollars). As of March 11, 2025, the balance in the OSPAR fund is \$3.3 million.

One-Time Shift of General Revenue Expenses to ERF**(\$501,682)**

The Budget shifts \$501,682 in in general revenue supported salaries and benefits for 4.0 FTE positions to Environmental Response Fund restricted receipts. Pursuant to RIGL 23-19.1-23 the environmental response fund “consist of any sums as the state may appropriate, or sums recovered by any action brought under the authority of this chapter or chapter 18.9” and may be used for “Enforcement and personnel activities”. Chapter 19.1 governs Hazardous Waste Management while Chapter 18.9 governs Refuse Disposal. These funds may be used to “support activities related to enforcement of the provisions of this chapter, legal activities to enforce the provisions of this chapter and secure contributions from culpable parties, and ancillary services, personnel, or equipment to support the activities enumerated in this section.” According to the Office of Management and Budget, as of January 2025, the ERF restricted receipt account has a balance of approximately \$839,949.

One-Time Shift of General Revenue Expenses to Bays Rivers and Watersheds**(\$139,950)**

The Budget shifts \$139,950 in general revenue supported salaries and benefits for 1.0 FTE position to the Bays, Rivers and Watersheds Fund (BRWF) restricted receipt account within DEM. The use of the restricted receipt account is limited to the purposes of The Comprehensive Watershed and Marine Monitoring Act (RIGL 46-23.2-1); Water Pollution (RIGL 46-12); and, the Resilient Rhode Island Act of 2014 – Climate Change Coordination Council (RIGL 46-6.2). According to the Office of Management and Budget, the current balance of the BRWF restricted receipt account is approximately \$1.6 million.

Indirect Cost Recovery**(\$500,000)**

The Budget shifts \$500,000 in in general revenue supported operating and supplies cost to the federal Indirect Cost Recovery (ICR) restricted receipt account. According to the Office of Management and Budget, as of January 2025, the ICR account has a balance of approximately \$2.6 million.

Rhode Island Capital Plan (RICAP) Fund Changes**(\$12.3 million)**

The Budget includes a decrease of \$12.3 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Galilee Piers:** Due to an updated project schedule, the Budget reduces funding by \$7.3 million in FY2025, leaving a balance of \$7.0 million in for repairs to the Galilee Piers, and shifts \$4.0 million into FY2026 and \$3.3 million into 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.
- **Dam Repairs:** The Budget shifts \$5.0 million in funding from FY2025 into FY2028, leaving a balance of \$499,970 for the current year. This project allows DEM to complete engineering studies, designs and repairs to “high-hazard” State-owned dams which, if they were to fail, would cause significant property damage and potential for loss of life. The State owns 10 high hazard and four significant hazard dams. During the past 11 years, the Department completed repairs to the Stillwater Dam in Smithfield, the Olney Pond Dam in Lincoln Woods, the Bowdish Lake Dam at the George Washington Management Area, and the upper JL Curran Dam in Cranston. The Wyoming Pond Upper Dam was completed in FY2024, and planning and design work for the Lower Curran Dam is underway with construction expected to commence in FY2026. Upon closer inspection, the Upper Burlingame Dam project now includes the upper and lower dams.

DEPARTMENT OF TRANSPORTATION**Highway Maintenance Account (other funds)****\$143.9 million**

The Budget provides \$263.0 million in Rhode Island Highway Maintenance Account (RIHMA) funds to the Department, representing an increase of \$143.9 million from the FY2025 Budget as Enacted. Road and Bridge expenditures realized the largest adjustment, increasing by \$144.7 million from the enacted level. The Governor recommended \$272.0 million of RIHMA receipts in the FY2025 Revised Budget, which relied on an estimation error and required a downward adjustment. The following table compares the HMA expenditures included in the FY2025 Budget as Enacted and the FY2025 Final.

Highway Maintenance Account	FY2025 Enacted	FY2025 Final	Change
Road And Bridge	\$84,575,541	\$229,295,620	\$144,720,079
RIPTA Transfer	10,343,900	10,332,295	(11,605)
Mixed Projects	5,350,804	4,586,774	(764,030)
EV	-	-	-
Highway Drainage	6,000,000	6,000,000	-
State Match	12,800,000	12,800,000	-
Total	\$119,070,245	\$263,014,689	\$143,944,444

Source: ORA Highway Maintenance Account Forecast, May 2024 and June 2025

Motor Fuel Tax Transfers (other funds)**\$5.9 million**

The Budget includes \$166.2 million in gas tax receipts in FY2025, reflecting an increase of \$5.9 million from FY2025 Budget as Enacted. The Office of Revenue Analysis (ORA) projects the motor fuel tax collections, with the FY2025 Budget as Enacted being based off their May 2024 projection and the FY2025 Final Budget is based off the ORA's June 2025 estimate. The ORA projected the yield per penny to be \$4.27 million in May 2024, which increased by \$158,574 to \$4.43 million in the June 2025 estimate. The Department of Transportation receives the largest share of motor fuel tax revenue and is projected to receive \$94.2 million, representing a \$3.4 million increase from the FY2025 Budget as Enacted. The following table illustrates the adjustment.

Motor Fuel Tax Revenue Transfers	FY2025 Enacted	FY2025 Final	Change
Department of Transportation	\$90,815,700.0	\$94,185,397.5	\$3,369,697.5
Rhode Island Public Transit Authority*	41,668,380.0	\$43,214,476.5	1,546,096.5
Rhode Island Turnpike and Bridge Authority	14,957,880.0	\$15,512,889.0	555,009.0
GARVEE Bond Debt Service	8,547,360.0	\$8,864,508.0	317,148.0
Office of Healthy Aging	4,273,680.0	\$4,432,254.0	158,574.0
Total	\$160,263,000	\$166,209,525	\$5,946,525.0

Source: Office of Revenue Analysis May 2024 and June 2025 projections

*RIPTA figures include the \$0.005 share of the \$0.01 Environmental Protection Fee

Vehicle Maintenance (other funds)**\$2.2 million**

The Budget provides \$13.8 million in gas tax receipts for vehicle maintenance, reflecting an increase of \$2.2 million from the FY2025 enacted level. The adjustment primarily reflects a \$17.0 million increase for capital purchases including \$16.9 million for heavy equipment, which is offset by a \$15.0 million reduction in Departmental operating expenses.

Winter Maintenance Operations (other funds)**\$1.9 million**

The Budget provides \$15.9 million in gas tax receipts for winter maintenance, reflecting an increase of \$1.9 million from the FY2025 enacted level. The adjustment reflects an additional \$951,911 for operating supplies and \$946,374 for personnel expenditures.

RIHMA Revenue Projection Adjustment (other funds)**(\$244,324)**

The Budget includes \$112.3 million of Rhode Island Highway Maintenance Account (RIHMA) receipts, reflecting a decrease of \$244,324 from the FY2025 enacted level. The FY2025 Final Budget reflects the Office of Revenue Analysis (ORA) June 2025 gas tax estimate while the FY2025 Budget as Enacted reflects the ORA's May 2024 estimate. The ORA revised the methodology for estimating the HMA receipts in May 2025 and future projections will split the Licenses and Registration Base line and project a separate Licenses Base line and a Registrations Base line.

Overall, the account is projected to collect \$112.3 million in FY2025, with the Department of Transportation to receive \$96.3 million, reflecting a decrease of \$220,502 from the enacted amount. RIPTA will receive \$10.3 million, reflecting a \$11,605 reduction from the enacted level. Additionally, \$5.6 million will be transferred to the general fund to offset collection costs at the DMV, representing a \$12,216 reduction from the enacted level. The following table illustrates the revenue estimates and reflect the Office of Revenue Analysis' May 2024 and June 2025 estimates.

Fees and Surcharges	FY2025 Enacted	FY2025 Final	Change
Licenses Base*	\$54,784,091	\$6,735,918	(\$48,048,173)
Registrations Base*	-	49,701,829	49,701,829
Licenses Surcharge	5,460,047	5,287,634	(172,413)
Registrations Surcharge	15,817,403	14,651,753	(1,165,650)
Rental Vehicle Surcharge	10,434,853	10,730,579	295,726
Emission Inspection Fees	14,983,420	13,522,491	(1,460,929)
Motor Vehicle Title Fees	10,679,439	11,186,609	507,170
Good Driving Fees	343,905	442,022	98,117
RIHMA Total	\$112,503,158	\$112,258,835	(\$244,323)
5% Share to General Revenues	\$5,625,158	\$5,612,942	(\$12,216)
Remaining RIHMA Funds	\$106,878,000	\$106,645,893	(\$232,107)
5% Share to RIPTA	\$5,343,900	\$5,332,295	(\$11,605)
\$5.0 million Transfer to RIPTA	5,000,000	5,000,000	0
DOT Share	\$96,534,100	\$96,313,599	(\$220,502)

Source: Office of Revenue Analysis, May 2024 and June 2025 Estimates

*The "Licenses Base" and "Registrations Base" lines were combined in the FY2025 Enacted estimate but will be estimated separately in future projections.



FY2026 BUDGET ARTICLES

Article 1: Relating to Making Appropriations in Support of FY2026

Article 1 outlines the appropriation amounts from all fund sources for FY2026. 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 15,921.8 FTE positions reflecting a net increase of 149.0 FTE positions, as compared to the authorized level set in the FY2025 Budget as Enacted.
- Details Community Service Objective grant funding recipients and amounts.
- Separates the Office of Energy Resources from the Department of Administration, creating a new, independent agency.
- Separates the Cannabis Control Commission from the Department of Business Regulation, creating a new, independent agency titled the Rhode Island Cannabis Control Commission.
- 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 FY2027. In addition, the Office of the Postsecondary Commissioner shall provide \$7.4 million to the Rhode Island Promise Scholarship program, and \$5.5 million to the Rhode Island Hope Scholarship Program.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.4 million. It requires the Judiciary to provide \$500,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- Requires that Rhode Island Housing and Mortgage Finance Corporation continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires a report be provided to the Director of Administration, 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 on the amount of funding provided to the program.
- Clarifies that the federal funds do not include the federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021. Requires that all unexpended or unencumbered balances relating to the State Fiscal Recovery Fund and Capital Projects Fund be reappropriated to FY2027 and made available for the same purposes.
- Extends the quarterly reporting period to October 31, 2026, for the Pandemic Recovery Office to identify programs that are at risk of significant under spending or noncompliance with federal or state requirements. The reports are provided to the chairpersons of the House and Senate Finance Committees. Commencing with the report due on April 30, 2025, the report will be made on a biannual basis until October 31, 2026. The report must include an assessment on how programs that are at risk can be remedied.

In the event that any State Fiscal Recovery Fund program underspends its appropriation or receives program income as defined by U.S. Treasury and that would put the state at risk of forfeiture of federal funds, the Governor may propose to reclassify funding from the at-risk program to other eligible uses

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

- Includes the appropriation mechanism necessary for incremental tax revenues collected from State economic activity taxes generated in Pawtucket's Downtown Redevelopment district to be made available to the City. Legislation enacted in 2019 established several geographical districts within downtown Pawtucket that would constitute the City of Pawtucket's Downtown Redevelopment project. Any incremental tax revenues generated in these districts related to new economic development are to be made available to the City once an agreement is made between City and the State. This agreement was entered into in December 2020. Since the passage of the legislation, the Commerce Corporation has been certifying these revenues and the Division of Taxation has segregated them into their own account. The language makes the formal appropriation in the Budget to disburse the funds to the City of Pawtucket.
- Requires the Rhode Island Student Loan Authority to transfer \$2.9 million to the State Controller by June 30, 2026.
- Requires the State Controller to transfer \$4.0 million to the Low-Income Housing Tax Credit Fund by June 30, 2026.
- Requires the State Controller to transfer \$2.5 million to the housing resources and homelessness restricted receipt account by June 30, 2026.

APPROPRIATIONS

Article 1 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2026.

Expenditures by Source	FY2024 Actual	FY2025 Enacted	FY2026 Enacted	Change to Enacted
General Revenue	\$5,236.1	\$5,594.9	\$5,809.4	\$214.5
Federal Funds	4,936.5	5,066.5	5,108.5	42.0
Other Funds	2,948.6	3,471.7	3,584.0	112.3
Restricted Receipts	473.7	463.1	458.5	(4.6)
Total	\$13,594.9	\$14,596.3	\$14,960.4	\$364.1

\$ in millions. Includes ISF. 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 FY2026.

Section 1 also provides language directing the disbursement of specific appropriations including:

- **Labor and Training – Direct Care Training:** The article requires \$600,000 in general revenue be used for enhanced training for direct care and support services staff to improve the quality of care for nursing facility residents.
- **Labor and Training – Hospitality Industry Training:** The article requires \$150,000 in restricted receipts be used to provide hospitality industry workforce training grants.
- **Housing:** Requires \$100,000 in general revenue be used to support Sojourner House's supportive housing and rapid rehousing activities.

- **EOHHS:** Includes language requiring that \$900,000 of the general revenue appropriation be used for Mobile Response and Stabilization Services for uninsured and underinsured child and youth, \$500,000 for Thundermist’s Family Residency Program, and \$150,000 for an Olmstead Plan Coordinator.
- **BHDDH - DD Consent Decree:** The State has been under a Consent Decree with the United States Department of Justice since 2014, requiring the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. The State has agreed to an action plan to ensure that the requirements of the Consent Decree are fulfilled. Article 1 provides that of both general revenue and federal funds within the Services for the Developmentally Disabled program, an amount to be certified by the Department will be allocated to direct support professional wage increases. In addition, \$928,200 in general revenues and \$371,800 in federal funds are specified to be expended on a Transformation Fund for integrated day activities and supportive employment.
- **Health:** Ensures that the Office of Policy, Information, and Communication allocates a total of \$200,000 to support the Professional Loan Repayment Program, specifically targeting primary care physicians and pediatricians.
- **RIDE - Individualized Education Programs (IEPs):** The Article provides that \$450,000 and 3.0 FTE positions are allocated to support special education functions that facilitate IEPs and 504 services.
- **RIDE - Rhode Island Vision Education and Services Program:** The article requires that \$684,000 from the Department of Elementary and Secondary Education’s share of federal Individuals with Disabilities Education Act funds, be allocated to the Sherlock Center on Disabilities to support the Rhode Island Vision Services Program.
- **RIDE - Education Aid:** The article prioritizes the allocation of early childhood funds for prekindergarten seats and classrooms for four-year-olds with a family income at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low performing schools.
- **University of Rhode Island:** The article provides \$874,069 be used to support programming related to career readiness, career placement, internships, and work-based learning.
- **Rhode Island College:** The article provides \$464,377 be used to support programming related to career readiness, career placement, internships, and work-based learning.
- **Community College of Rhode Island:** The article provides \$391,175 be used to support programming related to career readiness, career placement, internships, and work-based learning.
- **Transportation- Rhode Restore:** The article provides \$6.5 million of other funds to the Department of Transportation for the Municipal Roads Grant program, now titled the Rhode Restore program. The program provides matching funds to municipalities for maintenance and construction of their roads, sidewalks, and bridges. Requires that sufficient funds from RIPTA’s share of the gasoline tax, be allocated to the state paratransit program including the expansion pilot program, “ride anywhere.”

INTERNAL SERVICE FUNDS

Article 1 authorizes 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	FY2025 Enacted	FY2026 Enacted	Change
State Assessed Fringe Benefits	\$36,946,270	\$37,255,808	\$309,538
Administration Central Utilities	30,029,111	30,366,642	337,531
State Central Mail	8,419,019	9,020,425	601,406
State Telecommunications	3,748,530	3,426,061	(322,469)
State Automotive Fleet	15,496,081	21,610,397	6,114,316
Surplus Property	44,789	44,789	-
Health Insurance	272,804,635	272,933,573	128,938
Other Post-Employment Benefits	63,854,008	63,854,008	-
Capitol Police	1,466,975	1,659,403	192,428
Corrections Central Distribution Center	7,659,339	8,679,440	1,020,101
Correctional Industries	8,247,332	8,477,292	229,960
Secretary of State Records Center	1,166,547	1,231,684	65,137
Human Resources Internal Service Fund	17,669,248	18,711,878	1,042,630
DCAMM Facilities Internal Service Fund	53,327,083	40,492,965	(12,834,118)
Information Technology Internal Service Fund	62,092,295	70,587,805	8,495,510
Total	\$582,971,262	\$588,352,170	\$5,380,908

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 149.0 FTE positions from the FY2025 Budget as Enacted. The following table lists the FTE amounts by budget function:

FTE Positions by Function	FY2025 Enacted	FY2026 Enacted	Change to Enacted
General Government	2,570.3	2,595.3	25.0
Human Services	3,848.5	3,859.5	11.0
Education	4,269.8	4,348.8	79.0
Public Safety	3,338.4	3,347.4	9.0
Natural Resources	471.0	471.0	-
Transportation	755.0	755.0	-
Subtotal	15,253.0	15,377.0	124.0
Higher Ed. Sponsored Positions	519.8	544.8	25.0
Total FTE Positions	15,772.8	15,921.8	149.0

FUND TRANSFERS

Article 7, Section 9 of the FY2018 Budget as Enacted (RIGL 35-3-7(a)(2)) requires that when a state budget submitted to the General Assembly includes monetary transfers to the general fund from public corporations, it must be accompanied by alternative funding proposals that may be considered in lieu of the public corporation transfers.

Analyst Note: The Governor's Budget does not contain the alternative proposal language. This typically has appeared in the budget transmittal letter in the past. Instead of removing the fund transfers, the letter indicates that if the State's fiscal condition improves the Governor would supplement educational investments to close the achievement gap with Massachusetts, and invest in primary care providers.

Rhode Island Student Loan Authority Fund Transfer

- The article requires the Rhode Island Student Loan Authority to transfer \$2.9 million in FY2026 from their unrestricted fund balance to the General Fund to fund Rhode Island's Dual and Concurrent Enrollment. This is in addition to a proposed \$2.7 million transfer in the current year. Pursuant to RIGL 16-100, Rhode Island began offering the Dual Enrollment program, which allows students to take college courses to earn credits at both secondary and higher education institutions. In 2015, the Board of Education adopted provisions that ensure that all Rhode Island high school students have the opportunity to access college level work while still in high school. All three of the State institutions offer dual enrollment courses.

Office of the Postsecondary Commission indicated that the Dual and Concurrent Enrollment has faced a budget gap of \$300,000 in previous fiscal years, but, were able to close that gap with RI Higher Education Assistance Authority (RIHEAA) funds. However, the FY2026 Budget as Enacted has converted all existing division of Higher Education Assistance (DHEA) funds to restricted receipts, terminating the fund. The Office of the Postsecondary Education estimated \$29,567 remains in the fund. The RISLA transfer will close the gap and ensure that the program will continue.

Low-Income Housing Tax Credit

- The article requires the State Controller to transfer \$4.0 million to the Low-Income Housing Tax Credit Fund by June 30, 2026.

Housing

- The article requires the State Controller to transfer \$2.5 million to the housing resources and homelessness restricted receipt account by June 30, 2026.

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 FY2025 Budget as Enacted includes \$13.8 million in general revenue for CSO grant awards across 15 state agencies. The FY2026 Budget includes \$13.7 million in general revenue in FY2026, a decrease of \$102,000 from the previously enacted budget.

Agency	Grant Recipient	FY2025 Enacted	FY2026 Enacted	Change
Executive Office of Commerce	Polaris Manufacturing Technical Assistance Program	\$500,000	\$500,000	\$0
Executive Office of Commerce	Chafee Center at Bryant	476,200	476,200	-
Executive Office of Commerce	Urban Ventures	140,000	140,000	-
Executive Office of Commerce	East Providence Waterfront Commission	50,000	50,000	-
Executive Office of Commerce	Blackstone Valley Visitor Center	75,000	75,000	-
Labor and Training	Year Up	200,000	-	(200,000)
Secretary of State	Rhode Island Historical Society	125,000	125,000	-
Secretary of State	Newport Historical Society	18,000	18,000	-
Secretary of State	RI Council for the Humanities	100,000	100,000	-
Secretary of State	We the People Civics Challenge	50,000	50,000	-
Secretary of State	RI Black Heritage Society	25,000	25,000	-
OHHS	Linn Health and Rehabilitation	200,000	-	(200,000)
Health	Gloria Gemma Breast Cancer Research	-	50,000	50,000
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	Elderly Nutrition	50,000	50,000	-
Human Services - Healthy Aging	Meals on Wheels	630,000	680,000	50,000
Human Services - Healthy Aging	Senior Center Support	1,400,000	1,600,000	200,000
Human Services	Coalition Against Domestic Violence	400,000	400,000	-
Human Services	Project Reach - Boys and Girls Club	450,000	450,000	-
Human Services	Day One	300,000	300,000	-
Human Services	RI Community Food Bank	800,000	950,000	150,000
Human Services	Crossroads Rhode Island	500,000	500,000	-
Human Services	Institute for the Study and Practice of Nonviolence	250,000	250,000	-
Human Services - Veterans Services	Operation Stand Down	50,000	50,000	-
Human Services - Veterans Services	Veterans' Organizations	200,000	200,000	-
Human Services - Veterans Services	Veterans Services Officers Program	100,000	100,000	-
Human Services	Community Action Fund	600,000	600,000	-
Human Services	United Way's 211 System	200,000	200,000	-
Human Services	Higher Ground International	125,000	125,000	-
Human Services	Refugee Dream Center	50,000	50,000	-
Human Services	Substance Use and Mental Health Leadership Council of RI	100,000	150,000	50,000
Human Services	Center for Southeast Asians	25,000	25,000	-
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-
Education	Child Opportunity Zones	395,000	395,000	-
Education	City Year - Whole School Whole Child Program	130,000	130,000	-
Office of Postsecondary Commissioner	Onward We Learn	455,000	455,000	-
Office of Postsecondary Commissioner	Best Buddies Rhode Island	75,000	75,000	-
Office of Postsecondary Commissioner	RI School for Progressive Education	200,000	100,000	(100,000)
University of Rhode Island	Small Business Development Center	700,000	700,000	-
University of Rhode Island	Institute for Labor Studies and Research	125,000	125,000	-
University of Rhode Island	Special Olympics Rhode Island	50,000	50,000	-
Arts Council	WaterFire Providence	400,000	400,000	-
Arts Council	Other Grants	200,000	200,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-
Historical Preservation	Rhode Island Slave History Medallions	25,000	25,000	-
Historical Preservation	Other Grants	17,000	-	(17,000)
Corrections	Crossroads Rhode Island	1,050,000	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	500,000	500,000	-
Judicial	Rhode Island Legal Services	90,000	90,000	-
Public Safety	Family Services of RI GO Team Program	400,000	400,000	-
Environmental Management	Wildlife Rehabilitators Association of RI	100,000	100,000	-
Environmental Management	Conservation Districts	180,000	180,000	-
Total		\$13,851,200	\$13,749,200	(\$102,000)

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, 2027, June 30, 2028, June 30, 2029, and June 30, 2030. These amounts supersede appropriations provided for FY2026 within the FY2025 Budget as Enacted.

Subject to final General Assembly approval, any unexpended or unencumbered funds from the RICAP Fund project appropriations in excess of \$500 may be reappropriated to the next fiscal year and made available for the same purpose. Any remaining funding less than \$500 may be reappropriated at the discretion of the State Budget Officer.

STATE FISCAL RECOVERY FUNDS

Sections 17, 18, and 19 of this article pertain to the authorization and appropriation of the State Fiscal Recovery Fund (SFRF) and Capital Projects Fund (CRF) federal funds.

- Section 17 clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021 for FY2026. The purpose of this language is to specify that these federal funds are not part of the generic federal fund line items and that a specific SFRF or CPF line item, by project, constitutes the authority to expend the SFRF or CPF. The Budget generally does not appropriate federal funds at an individual or specific level. This language ensures that state agencies are not expending the SFRF or CPF funds under the authority of a general federal fund line item. The section also specifies and describes the SFRF appropriations.
- Section 18 requires that all unexpended or unencumbered balances relating to the SFRF and Capital Projects Fund, be reappropriated to the ensuing fiscal year and made available for the same purposes.
- Section 19 maintains the Pandemic Recovery Office within the Department of Administration is to oversee and ensure compliance with the rules, regulations, and guidance issued by the United States Department of the Treasury of expenditures from the SFRF and Capital Projects Fund. This section extends the quarterly reporting period to April 30, 2025, for the Pandemic Recovery Office to identify programs that are at risk of significant under spending or noncompliance with federal or state requirements. The reports are provided to the chairpersons of the House and Senate Finance Committees.

Commencing with the report due on April 30, 2025, the report will be made on a biannual basis until October 31, 2026. The report must include an assessment on how programs that are at risk can be remedied. Lastly the section allows the Governor to reclassify any State Fiscal Recovery Funds that are at risk of forfeiture from the SFRF program to other eligible uses as determined by the U. S. Treasury. The Governor is required to notify the General Assembly within 30 days of any such reclassification.

Article 2: Relating to State Funds

This article amends various statutes related to State funds and financing. Specifically, the article:

- Repeals the Rhode Island Division of Higher Education Assistance and transfers all functions and funding to the Office of the Post Secondary Commissioner.
- Expands the eligibility of projects able to receive funding from the Rhode Island Infrastructure Bank's Municipal Road and Bridge Revolving Fund.
- Increases the indirect cost recovery charge provisions on restricted receipt accounts from 10.0 percent to 15.0 percent, matching the new federal rate that went into effect on October 1, 2024.
- Suspends the transfer of 50.0 percent of the excess general revenue, net of the transfer to the State Budget Reserve and Cash Stabilization account, to the Supplemental State Budget Reserve account.
- Establishes a restricted receipt account at the Rhode Island State Psychiatric Hospital to facilitate the use of federal Medicare Part D reimbursements.
- Grants the Large Systems Initiatives Fund (LSIF) the ability to include interest earned and funds collected, as well as authorizing the State Controller to transfer excess LSIF interest earnings to the Information Technology Restricted Receipt Account (ITRR).
- Increases the minimum disposal fee for dredge material from \$11.65 to \$35.00 per cubic yard of material and eliminates the requirement to deposit \$11.65 of the total fee into the general fund.

FISCAL IMPACT

Initiative	FY2025		FY2026	
	Revenues	Expenditures	Revenues	Expenditures
Higher Education Repeal	\$0	\$0	\$0	\$0
Municipal Road and Bridge Fund	-	-	-	-
Indirect Cost Recovery Exemptions	-	-	6,832,419	-
Supplemental State Budget Reserve Account and State Retirement Fund	43,275,920	-	-	-
Medicare Part D Account	-	-	-	-
Information Technology Restricted Receipt Account	-	-	-	-
Dredge Material Disposal Fee	-	-	(100,000)	-
Total	\$43,275,920	\$0	\$6,732,419	\$0

ANALYSIS AND BACKGROUND

Division of Higher Education Assistance

Sections 1 and 2 amend RIGL 16-57, entitled The Rhode Island Board of Education Act, repealing the division of higher education assistance and transferring all functions and funding to the Office of the Postsecondary Commissioner. Specifically, Section 1 repeals the division of higher education assistance, and creates a restricted receipt account within the Office of the Postsecondary Commissioner entitled, the tuition savings program fund, to receive and distribute funding for scholarships. Section two further solidifies the Office's charge as the entity that primarily regulates and monitors the State's institutions of higher education by repealing language related to the termination of the Office of the Postsecondary Commissioner, and all language relating to the division of higher education assistance. Additionally, the article exempts the "Tuition Savings Program Fund" from the Indirect Cost Recovery charge.

Municipal Road and Bridge Revolving Fund

RIGL 24-18-7 establishes the Municipal Road and Bridge Revolving Fund and grants authority to the Rhode Island Infrastructure Bank (RIIB) for its administration. The RIIB was established by the Rhode Island General Assembly in 1989 as the Clean Water Finance Agency. In 2013, the General Assembly established the Municipal Road and Bridge Revolving Fund to provide municipalities with low-cost financial assistance for infrastructure projects.

Currently, projects that require financial assistance are evaluated by the Department of Transportation through a “Project Evaluation Criteria” which determines a project’s eligibility, as well as a rank, in which, financial assistance shall be awarded. The Department considers several factors, such as the extent to which the project generates economic benefits, the extent to which the project will be able to proceed at an earlier date, the cost effectiveness of the project, as well as the likelihood that the project will increase safety. Following the evaluation by the Department, approved projects are placed in ranked order on the “Project Priority List”. The law explicitly forbids projects not listed from receiving financial assistance.

Analyst Note: In FY2024, the General Assembly created the Municipal Roads Grant program at the Department of Transportation, which provided \$27.0 million of federal State Fiscal Recovery Funds (SFRF) to municipalities for infrastructure projects. While similar, this program is distinct from the Municipal Road and Bridge Revolving Fund program.

Article Changes: Sections 3 and 8 authorize cities and towns to issue bonds, notes, and other financial instruments to procure funding from the Rhode Island Infrastructure Bank’s Municipal Road and Bridge Revolving Fund, if the funding serves as a match to existing state funds. Additionally, the article expands the eligibility of projects that may receive financing as well as authorizing the RIIB to provide financial assistance to projects that are not listed on the project priority list, if the funding will serve as a match to garner additional state funds.

Indirect Cost Recovery Exemptions

State law permits the assessment of an 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. Section 4 of this article increases the indirect cost recovery charge provisions on restricted receipt accounts from 10.0 percent to 15.0 percent, matching the new federal rate that went into effect on October 1, 2024. All existing exempt accounts will remain exempt. This is projected to increase general revenue receipts by \$6.8 million in FY2026, and increasing to \$7.0 million, based on inflationary growth rate (less food and energy) in FY2027.

The article also transfers three existing exempted restricted receipt accounts from the Department of Administration to the proposed Office of Energy Resources (OER); adds the Clean Transportation Program to OER; adds the Car Rental Tax/Surcharge-Warwick Share and the Workers’ Compensation Administrative Account to the list of exempted restricted receipt accounts, and, adds the Rhode Island Cannabis Control Commission as a state department, to the list of exempt departments.

- **OER Reconciliation Funding:** The article includes the OER Reconciliation Funding account to the list of restricted receipt accounts under the Office of Energy Resources that are exempt from the 15.0 percent indirect cost recovery charge on most state restricted receipt accounts.
- **RGGI Executive Climate Change Coordinating Council Projects:** The article adds the Executive Climate Change Coordinating Council Projects to the list of restricted receipt accounts under the Office of Energy Resources that are exempt from the 15.0 percent indirect cost recovery charge on most state restricted receipt accounts.
- **Electric Vehicle Charging Stations Operating and Maintenance Account:** The article adds the Electric Vehicle Charging Stations Operating and Maintenance Account to the list of restricted

receipt accounts under the Office of Energy Resources that are exempt from the 15.0 percent indirect cost recovery charge on most state restricted receipt accounts.

- **Clean Transportation Program:** The article adds the Clean Transportation account to the list of restricted receipt accounts under the Office of Energy Resources that are exempt from the 15.0 percent indirect cost recovery charge on most state restricted receipt accounts.

Supplemental State Budget Reserve Account

Section 5 establishes that from excess revenues from FY2023 and FY2024 the State Controller shall not transfer 50.0 percent of the excess general revenue, net of the transfer to the State Budget Reserve and Cash Stabilization account, to the Supplemental State Budget Reserve account.

Passage of this article would reverse the transfer of \$21.6 million to the Supplemental State Budget Reserve account in FY2025 and increase the available fund balance in the Governor's recommended budget by \$21.6 million.

In addition, the duties of the State Controller are amended to include oversight of the Office of Risk Management.

Medicare Part D Restricted Receipt Account

Section 6 establishes a restricted receipt account at the Rhode Island State Psychiatric Hospital (RISPH) to facilitate the use of federal Medicare Part D reimbursements. The RISPH was opened in October 2022 as a separately licensed psychiatric facility to bring the patient counts at Eleanor Slater Hospital (ESH) into compliance following an issue with the Center for Medicare and Medicaid Services (CMS) Institute of Mental Disease (IMD) exclusion regulations.

Information Technology Restricted Receipt (ITRR) Account

Section 7 amends statute to allow the Large Systems Initiatives Fund (LSIF) account to include interest earned and funds collected. Also authorizes the State Controller to transfer excess LSIF interest earnings to the ITRR and allows DOA to charge capitalized costs, in accordance with a statewide cost allocation plan, to agencies benefitting from initiatives funded through the LSIF. The Department of administration is required to include as part of the Department's budget an expected billing schedule for any capitalized costs that the Department intends to charge to agencies in the ensuing fiscal year.

Dredge Material Disposal Fee

Section 9 increases the minimum disposal fee for dredge material from \$11.65 to \$35.00 per cubic yard of material and eliminates the requirement to deposit \$11.65 of the total fee into the general fund. Under current law, the dredge fee revenue above \$11.65 per cubic yard is deposited into a restricted receipt account that must be used to create additional dredging and disposal options. Pursuant to the article, the entire dredge fee will be deposited into the restricted receipt account and "the management of said disposal options" is added to the allowable uses. The CRMC may use the funds without appropriation by the General Assembly.

The diversion of the \$11.65 per cubic yard fee from the general fund into the restricted receipt account is estimated to reduce state revenues by \$100,000 in FY2026. With the increase, the fee is estimated to generate a minimum of \$11.6 million for use toward the debt service of the \$23.0 million in Certificates of Participation (COPs) needed as part of the state share of the construction costs for a new Confined Aquatic Disposal (CAD) cell. Assuming a 20-year term at 5.0 percent interest, the total debt service is estimated at \$13.9 million. Any debt service not supported by the disposal fee will be financed from general revenue. This restricted receipt account is not exempted from the 15.0 percent indirect cost recovery provided in the article. The following table shows the three tiers as they are currently set in regulation and the levels projected to generate the revenue for debt services: however, the actual fees implemented will be subject to the provisions of the Administrative Procedures Act.

Project Type	Current Fee¹	Article 2 Proposal¹
Marinas, Boat Yards, and Yacht Clubs	\$11.65	\$35.00
Commercial Facilities	17.00	\$43.00
Residential Docks	25.00	\$50.00

¹ *Cost per cubic yard*

Article 3 – Relating to Government Reform and Reorganization

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

- **Hemp Growth Act:** Amends the statutory language in RIGL 2-26, substituting ‘commission’ for ‘department’, and ‘chairperson’ for ‘director’, completing the transition of regulatory charge from the Department of Business Regulation to the Cannabis Control Commission. The article also incorporates RIGL 28-5.1-14, titled Equal Opportunity and Affirmative Action, as a technical change to the statute. The article also authorizes the Cannabis Control Commission to temporarily suspend hemp applications and issuance of new hemp licenses for a defined period if the commission determines that this action is necessary to; evaluate market conditions, ensure adequate oversight, and address any public health, safety, or environmental welfare.
- **Rhode Island Cannabis Act:** Amends RIGL 21-28.11-4, the Rhode Island Cannabis Act, charging the Commission with the authority to designate an administrative hearing officer, and ensures that the transfer of regulatory authority of industrial hemp occurs concurrently with the transfer of regulatory authority of medical marijuana.
- **Instruction in Jiu-Jitsu or Karate:** Repeals RIGL 5-43-1, and 5-43-2, eliminating municipal authority to offer licenses and charge fees up to \$25 for instruction in jiu-jitsu and karate, and eliminates the \$20 fine in which municipalities could charge anyone offering instruction in jiu-jitsu and karate without sufficient licensing.
- **Office of Internal Audit and Program Integrity:** Amends multiple sections of general law to update the change in name of the office from the Office of Internal Audit to the Office of Internal Audit and Program Integrity, to better describe the scope and responsibilities of the Office’s functions to investigate fraudulent activities and to prevent and detect mismanagement of public funds.
- **Workers Compensation Court Judges:** The article also reduces the COLA threshold to reinstate COLAs from the current 80.0 percent funded ratio to 75.0 percent, for members who retired on or after July 1, 2012. This change impacts workers compensation court judges who retired on or after July 1, 2012.
- **Office of Management and Budget (OMB):** The article requires the Office of Management and Budget (OMB) to monitor the status of federal grants and identify impacts of federal rescissions. In the event of federal funding termination, agencies must report on the reason for a federal fund termination, the impact on activities or awards, and the number of FTE positions impacted by the termination. OMB may coordinate with the Executive and General Assembly to develop options for administrative action or legislative consideration as needed to address the federal changes.
- **Public Corporation Debt Management:** Amends RIGL 35-18-4 changing the procedure for General Assembly approval of a financing lease, guarantee, bond, or other obligation from a concurrent resolution to a joint resolution.
- **Specialized Information Technology Positions:** Amends statute to establish a new technical or specialized job classification in state service under the purview of the Division of Enterprise Technology Strategy and Services (ETSS) within DOA.
- **Procurement Assessment Fee:** Establishes a 0.33 percent administrative fee be assessed on all state contracts beginning on January 1, 2026, reducing the current 1.0 percent administrative fee on master price agreements (MPA) to 0.33 percent. Revenue from the fee would be restricted to support the operations of the Division of Purchases.
- **American Recovery and Reinvestment Act Administrative Expenses:** Removes in its entirety the language of RIGL 47-2-8 thereby eliminating the administrative expenses restricted receipt account.

- **Office of Risk Management:** Amends general law to modify the duties of the Department of Administration's Division of Capital Asset Management and Maintenance (DCAMM) to no longer include oversight of the Office of Risk Management.
- **State Police Officers Retirement:** Reduces final average salary computation from 5-years to 3-years. The article revises the statutory calculation for an employee's final average salary (FAS) formula from a calculation based on an average of the employee's highest five consecutive years of compensation, to an average of the employee's highest three consecutive years of compensation, to coincide with the pension reform changes included in Article 12 of the FY2025 Budget as Enacted.
- **Office of Energy Resources:** Amends the filing date of the Office of Energy Resources' annual report from March 1 to June 30 of each year. The article also eliminates a provision referencing the Energy Efficiency Resource Management Council, as the council submits its own annual report. The article also amends RIGL 42-140-3 and RIGL 42-140-7 to eliminate outdated statutory references.
- **Clean Transportation Fund:** Establishes a new restricted receipt account under the Office of Energy Resources. The purpose of the account is to receive and expend funds for clean transportation programs, such as electric vehicle (EV) rebates, electric bicycle rebates, and other programs.
- **Rhode Island Integrated Data Systems Act:** Amends the title of the Rhode Island Longitudinal Data Systems Act to the Rhode Island Integrated Data Systems Act. Section 24 combines the Rhode Island Longitudinal Data System and the Executive Office of Health and Human Services (EOHHS) Ecosystem to form the Rhode Island Integrated Data System (RIIDS). Additionally, this section merges the governing boards of RILDS and the Ecosystem, creating a unified governance board which is charged with improving transparency for both state analysts and outside researchers. Section 24 ensures that all State agencies participate in the federated data system, sharing data to the greatest extent possible.

FISCAL IMPACT

Passage of Article 3 will impact both general revenue and restricted receipt expenses of the State, and may impact local revenue collections.

- **Office of Internal Audit and Program Integrity:** Article 3 includes language to better describe the scope and responsibilities of the Office's functions to investigate fraudulent activities. The Budget includes \$350,406 in annual recurring general revenue expenditures to support the salaries and benefits of two new FTE positions
- **Procurement Assessment Fee:** Article 3 establishes a 0.33 percent administrative fee to be assessed on all state contracts beginning on January 1, 2026, and reduces the current 1.0 percent administrative fee on master price agreements (MPA) to 0.33 percent. The FY2026 Budget includes a reduction of \$500,000 in general revenue expenditures due to the shift of costs to restricted receipts. Restricted receipt revenue will decrease by \$387,787 in FY2026 from the FY2025 enacted level due to the decrease in the MPA fee and the staggered rollout of the new fee to only contracts that renew or commence after January 1, 2026. According to the Budget Office, it will become revenue positive beginning in FY2027 with a rough revenue estimate of \$1.1 million for FY2027.
- **Instruction in Jiu-Jitsu and Karate Licensing:** Article 3 repeals municipal authority to offer licenses and to charge fees for instruction in Jiu-Jitsu or Karate, including a licensing fee of up to \$25, and to charge a fine of up to \$20 on anyone found to be teaching Jiu-Jitsu or Karate without proper licensing. However, the local fiscal impact is unknown at this time.

ANALYSIS AND BACKGROUND:

Hemp Growth Act

The article amends RIGL 2-26, substituting ‘commission’ for ‘department’, and ‘chairperson’ for ‘director’, completing the transition of regulatory charge from the Department of Business Regulation to the Cannabis Control Commission. The article also incorporates RIGL 28-5.1-14, titled Equal Opportunity and Affirmative Action, as a technical change to the statute.

The Office of Cannabis Regulation has overseen the regulation of hemp, medical marijuana, and compassion center licensing since 2016. However, pursuant to the Rhode Island Cannabis Act, the regulatory oversight of cannabis, including hemp, medical marijuana, and compassion center licensing, is to be transferred to the Cannabis Control Commission, once the Commission’s adult use regulations become finalized. Section 1 of Article 3 amends the statutory language in RIGL 2-26, the Hemp Growth Act, to transfer regulatory review from the Department of Business Regulation (DBR) to the Cannabis Control Commission.

State employees performing hemp-related functions are housed under DBR’s Office of Cannabis Regulation (OCR). This amendment will transfer OCR employees to the Commission. According to Office of Management and Budget, if regulatory review of hemp is not amended, the Department will continue to have authority of regulatory review, risking fragmented operations and inconsistent policies.

The article authorizes the Cannabis Control Commission to temporarily suspend hemp applications and issuance of new help licenses for a defined period, if the commission determines that this action is necessary to; evaluate market conditions, ensure adequate oversight, and address any public health, safety, or environmental welfare. The Commission may continue to process renewal applications during the duration of the suspension. The remaining amendments are technical, correcting typos and other drafting errors.

Rhode Island Cannabis Act

Section 4 amends the Rhode Island Cannabis Act, confirming its authority to appoint an administrative officer to conduct hearings and make recommendations to the Commission in contested cases. The officer would essentially act as a judge, resolving disputes related to the Commission. This position would provide an unbiased review of the dispute, evaluating evidence, and report back to the Commission with a recommendation. Section 4 also ensures the transfer of regulatory review of hemp, aligning with Section 1 of Article 3 and the Hemp Growth Act.

Instruction in Jiu-Jitsu or Karate

Article 3 repeals municipal authority to offer licenses and charge fees for instruction in Jiu-Jitsu or Karate and eliminates municipal authority to impose a fine for offering instruction in Jiu-Jitsu or Karate without a license. RIGL 5-43-1 allows municipalities to charge a licensing fee of up to \$25, while RIGL 5-43-2 allows municipalities to charge a fine of up to \$20 on anyone found to be teaching Jiu-Jitsu or Karate without proper licensing. Article 3 repeals both the licensure fee and penalty fines.

Office of Internal Audit and Program Integrity

The article amends multiple sections of general law to update the change in the name of the office from the Office of Internal Audit to the Office of Internal Audit and Program Integrity (OIAPI), to better describe the scope and responsibilities of the Office’s functions to investigate fraudulent activities and to prevent and detect mismanagement of public funds. According to the Office of Management and budget, some of the specific language regarding public assistance was intended to make clear that the OIAPI also has authority in these areas in addition to the EOHHS Medicaid Program Integrity Unit.

The primary new responsibilities that OIAPI receives are the ability to issue administrative subpoenas, with the written approval of the Department of Administration director, for records and testimony relevant to conducting audits and investigations, and the authority to initiate civil recovery actions to recover assets obtained through fraudulent means.

According to the OMB, the new language provides the option to petition Superior Court through the Attorney General or to do so directly, if a person does not comply with an administrative subpoena. This would provide OIAPI the ability to petition the court directly to be more efficient. This proposal includes \$350,406 in annual recurring expenditures, (\$299,967 general revenue and \$50,439 federal funds), to support the salaries and benefits of two new FTE positions, of which one position will focus on supporting Office of Internal Audit and Program Integrity's fraud prevention and detection mission through complex analytics.

Workers Compensation Court Judges

The article also reduces the COLA threshold to reinstate COLAs from the current 80.0 percent funded ratio to 75.0 percent, for members who retired on or after July 1, 2012. This change impacts workers compensation court judges who retired on or after July 1, 2012. Members will receive the full COLA when all plans exceed 75.0 percent, which is estimated to occur in 2030. This change becomes effective for these retirees on July 1, 2024, and coincides with the pension reform changes included in Article 12 of the FY2025 Budget as Enacted.

Office of Management and Budget

The article requires the Office of Management and Budget (OMB) to monitor the status of federal grants and identify impacts of federal rescissions. In the event of federal funding termination, agencies must report on the reason for termination, the impact on activities or awards, and the number of FTE positions impacted by the termination. OMB may coordinate with the Executive and General Assembly to develop options for administrative action or legislative consideration as needed to address the federal changes.

By October 31, 2025, OMB shall report to the Governor, Speaker, and Senate President, containing, findings, recommendations, and options to be compliant with the federal changes, prior to the Governor's budget submission.

Public Corporation Debt Management

Amends RIGL 35-18-4 changing the procedure for General Assembly approval of a financing lease, guarantee, bond, or other obligation, from a concurrent resolution to a joint resolution.

Specialized Information Technology Positions

Amends statute to establish a new technical or specialized job classification in state service under the purview of the Division of Enterprise Technology Strategy and Services (ETSS) within DOA. Allows the State Personnel Administrator to change or amend any official pay plan for classified or unclassified service to create new job classifications. Within 30-days after any personnel action under this section, the Personnel Administrator shall file a written report with the Governor, the Speaker of the House, the Senate President, and the Chairpersons of the House and Senate Finance Committees. This report shall include:

- (1) The title and paygrade of the position(s);
- (2) The job description of the position(s); and
- (3) The reason why the position(s) is necessary. The personnel administrator shall also post the report on the Division of Human Resources' website for at least one year.

The authorization to the Personnel Administrator to convert information technology positions to specialized information technology positions will sunset on December 31, 2026.

Procurement Assessment Fee

Article 3 establishes a 0.33 percent administrative fee to be assessed on all state contracts beginning on January 1, 2026, and reduces the current 1.0 percent administrative fee on master price agreements (MPA) to 0.33 percent. Revenue from the fee would be restricted to support the Division of Purchases, such as

implementing and operating technology for the submission and processing of bids, and other costs related to state procurement including staffing.

- The FY2026 Budget includes a reduction of \$500,000 in general revenue expenditures due to the shift of costs to restricted receipts. Restricted receipt revenue will decrease by \$387,787 in FY2026 from the FY2025 enacted level due to the decrease in the MPA fee and the staggered rollout of the new fee to only contracts that renew or commence after January 1, 2026. According to the Budget Office, it will become revenue positive beginning in FY2027, with a rough revenue estimate of \$1.1 million for FY2027.

American Recovery and Reinvestment Act Administrative Expenses

The article removes in its entirety the language of RIGL 47-2-8, thereby eliminating the administrative expenses restricted receipt account.

Office of Risk Management

The article amends RIGL 42-11-2.9 to modify the duties of the Department of Administration's Division of Capital Asset Management and Maintenance (DCAMM) to no longer include oversight of the Office of Risk Management.

Analyst Note: Article 2 transfers the oversight of the Office of Risk Management to the list of duties of the State Controller.

State Police Officers Retirement

The article reduces final average salary computation from 5-years to 3-years. The article reverses the statutory calculation for an employee's final average salary (FAS) formula from a calculation based on an average of the employee's highest five consecutive years of compensation, to an average of the employee's highest three consecutive years of compensation, to coincide with the pension reform changes included in Article 12 of the FY2025 Budget as Enacted. The General Assembly increased the average calculation from 3 years to 5 years as part of the 2009 pension reforms.

Office of Energy Resources

The article amends the filing date of the Office of Energy Resources' annual report from March 1 to June 30 of each year. The article also eliminates a provision referencing the Energy Efficiency Resource Management Council, as the council submits its own annual report. The article also amends RIGL 42-140-3 and RIGL 42-140-7 to eliminate repealed or outdated statutory references.

RIGL § 42-140-3.9 and RIGL § 42-140.3.14 are amended to reflect that legislation creating the renewable energy coordinating board was repealed in 2015. In addition, RIGL § 42-140-7(a) is amended because provisions from 2006 were never implemented and are outdated since the OER and staffing capabilities was restructured in 2012, and the renewable energy related funds task was completed in 2008. Lastly, RIGL § 42-140-7(b) is amended to reflect that the transfer of funds was completed in the 2008-2009 time period. The language is no longer relevant.

Clean Transportation Fund

The article establishes a new restricted receipt account under the Office of Energy Resources. The purpose of the account is to receive and expend funds for clean transportation programs, such as electric vehicle (EV) rebates, electric bicycle rebates, and other programs.

Rhode Island Integrated Data Systems Act

Article 3 makes several amendments to the Rhode Island Longitudinal Data Systems Act, merging the Rhode Island Longitudinal Data System (RILDS) with the Executive Office of Health and Human Services Ecosystem, renaming the act the Rhode Island Integrated Data Systems Act.

The amendments also merge the governing boards of the RILDS and the Ecosystem, creating one governing board charged with improving transparency and accessibility of data, ensuring that data is accessible to state analysts, and improving data availability to external researchers.

These amendments follow the recommendations from the November 2023 legislative report titled, “Artificial Intelligence and Data Centers of Excellence”, which recommended combining the governance of the Ecosystem and RIDLS to improve program analysis, transparency, and inter-departmental information sharing. Additionally, merging the two data systems will allow the State to access additional Medicaid grant funding, approved by the Centers for Medicare and Medicaid Services. These additional funds will be allocated towards the creation of data infrastructure for secure data sharing mechanisms.

This amendment requires an additional 6.0 FTE positions within the Department of Administration, the Office of the Postsecondary Commissioner (OPC), and the Executive Office of Health and Human Services (EOHHS). RIIDSA will be a federated data system that unifies governance across the Ecosystem and RILDS, but for budgetary purposes the Ecosystem will continue to exist within EOHHS and the RILDS will continue to exist within OPC. Now they’ll both be governed by an interagency board co-chaired by the Secretary of Health and Human Services and the Commissioner of Postsecondary Education.

Article 4: Relating to Debt Management Act Concurrent Resolutions

Pursuant to RIGL 35-18, the Public Corporation Debt Management Act, any financing leases or other guarantees entered by an elected or appointed State official must have prior approval of the General Assembly. This article authorizes the issuance of \$163.2 million in revenue bonds for the Health and Counseling Center and the Memorial Union at the University of Rhode Island (URI), and Confined Aquatic Dredge (CAD) Material Disposal Cells.

FISCAL IMPACT

This article authorizes the issuance of \$151.6 million in revenue bonds for two projects at the University of Rhode Island (URI), titled the Health and Counseling Center – Auxiliary Enterprise, and Memorial Union – Auxiliary Enterprise, and \$23.0 million for Confined Aquatic Dredge (CAD) Material Disposal Cells.

Proposed Debt Authorization					Annual Debt	Term of Loan
Revenue Bonds	Department	Principal	Interest	Total Debt	Service	(years)
Health and Counseling Center - Auxiliary Enterprise	URI	\$33.6	\$44.4	\$78.0	\$2.6	30.0
Memorial Union - Auxiliary Enterprise	URI	118.0	154.0	272.0	9.1	30.0
Confined Aquatic Dredged Material Disposal Cells	CRMC	11.6	11.4	23.0	1.2	20.0
Total		\$163.2	\$209.8	\$373.0	\$12.8	

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

ANALYSIS AND BACKGROUND:

Health and Counseling Center – Auxiliary Enterprise

The article amends a previous authorization for the design and construction of a new combined Health and Counseling Center (HCC). The center is intended to support the physiological and psychological needs of the University of Rhode Island student population. The new authorization, which was originally approved in FY2020 Budget as Enacted and then amended in the FY2022 Budget as Enacted, approves principal financing up to \$33.6 million for the Health and Counseling Center – Auxiliary Enterprise project, increasing the financing by another \$4.6 million. Debt service payments will continue to be funded from student fees associated with the respective auxiliary enterprises. Total debt service on the bond is not expected to exceed \$2.6 million annually and \$78.0 million in the aggregate, assuming an average interest rate of 6.5 percent over 30 years.

The project combines and co-locates health services and the counseling center into a single facility, following national trends that improve care provided to students and reduces institutional risks by fostering communication and availability of appropriate providers. Currently, the Health Center is located in the Potter Building, and the Counseling Center is located in Roosevelt Hall, creating barriers to holistic care. Combining the two facilities will improve the University's ability to meet the psychological and physical needs of the students and patients.

In FY2022, the University indicated that the project had been delayed 19 months as a direct result of the impact of COVID. The Health Services Staff had turned their focus to addressing the pandemic and were not available to assist in the design process. In the University's FY2026-FY2030 Capital Improvement Priorities (CIP), the University indicates that the project has once again been delayed due to the need to construct more student housing. The project restarted in Fall 2024, has completed the schematic design phase, and has an estimated completion date of FY2028.

In order to counteract some of the COVID-related and time delays, HCC was reimagined to minimize cost increases. The University reduced the size of the building by almost 20.0 percent, and increased University

funds from \$8.0 million to \$12.0 million. The additional \$4.0 million in funding covered almost half of the increase, and the reduction in size further offset the price escalation. As a result, the revenue bond increased by 15.9 percent.

Memorial Union – Auxiliary Enterprise:

The article amends a previous authorization for the renovation and expansion of the Memorial Union. The new authorization, which was originally approved in the FY2020 Budget as Enacted and then amended in the FY2022 Budget as Enacted. It approves principal financing up to \$118.0 million for the Memorial Union, increasing financing by \$60.4 million from the FY2022 Budget as Enacted. Debt service payments will continue to be supported by revenues derived from student fees and retail lease payments associated with the respective auxiliary enterprises. Total debt service on the bond is not expected to exceed \$9.1 million annually and \$272.0 million in the aggregate, assuming an average interest rate of 6.5 percent over 30 years.

The project repositions the Memorial Union to cultivate student success, engagement, community, and learning. Additionally, the renovation will include code required work. The current student union no longer meets the needs of the existing student body, and showed several deficiencies when compared to national benchmarks. With the renovations, the new Memorial Union will fall within 10.0 percent of national averages, while exceeding national averages in key spaces such as event and student collaboration spaces.

In FY2022, the University indicated that the project was delayed one year due to avoid issuing the new bonds at the same time as the bonds for the Combined Health and Counseling Center in order to ease the burden of increased debt service. The project was delayed an additional three years due to COVID and the impact of auxiliary funding need to pay for the initial design of the project. The project's new budget reflects an expected start date in Fall 2024, and an estimated completion date in FY2029.

While the Memorial Union experienced the same market shift as the Health and Counseling Center, the University experienced different circumstances to navigate the increase in project costs. The University was unable to minimize the size of the Memorial Union, while still meeting the students needs. Additionally, the University needed to address some critical needs throughout the building that could not wait for the project to begin, reducing University fund contributions. The University originally planned to contribute \$11.0 million but is now contributing \$8.0 million. As a result, the revenue bond increased by 104.9 percent.

Confined Aquatic Dredge Material Disposal Cells

The article authorizes the issuance of \$23.0 million in new COPs, including \$200,000 for the costs of issuance, toward the design and construction of an additional Confined Aquatic Disposal (CAD) cell for dredge material disposal. The authorization passed in the FY2018 Budget as Enacted has expired. In addition to the COPs, the project funding includes \$11.4 million in RICAP funds and \$620,000 in dredge fund revenue for a total state share of \$35.0 million. The total state share must be paid by August 2026.

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

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

Article 5: Relating to Taxes and Fees

This article modifies several state taxes, credits, and sunsets various fees that impact businesses. These changes include:

- **Preemptive Protections Against Federal Actions:** Provides several mechanisms to buttress the state's revenue base and tax policies against potential detrimental congressional or federal agency actions in the future.
- **Tax Expenditure Changes:** Sunsets various underutilized tax expenditures while modifying others.
- **Financial Institution Data Matching Program:** Authorizes the Division of Taxation to establish a new compliance tool that matches data on non-compliant taxpayers with that of financial institutions.
- **Elimination of Home Occupation Fees:** Prohibits municipalities from establishing and enforcing restrictions, regulations, permits, or licenses related to home-based businesses whose activity is strictly that of a W-2 employee, full-time contractor, or does not entail any public-facing or outside activity.
- **Sales Tax on Parking:** Extends the state's 7.0 percent sales tax to include short-term parking.
- **Other Tobacco Product Excise Tax Changes:** Amends the definition of Other Tobacco Products (OTP) to include nicotine pouches and similar products.
- **Lodging Taxes Changes:** Increases the 1.0 percent local occupancy tax to 2.0 percent and establishes a new 5.0 percent tax on whole-home short-term rentals.
- **Real Estate Conveyance Tax Changes:** Increases both tiers of the real estate conveyance tax (RECT). The portion of property valued below \$800,000, the RECT rate increases from 0.46 percent to 0.75 percent. The tax on the value above \$800,000 is increased from 0.92 percent to 1.50 percent
- **Non-Owner-Occupied Property Tax Act:** Establishes a new tax on non-owner-occupied real estate properties valued at over \$1.0 million.

FISCAL IMPACT

The general revenue impact of most of Article 5 initiatives is summarized in the following table.

General Revenue Impact		
Initiative	FY2026	FY2027
Tax Expenditure Changes	(\$3,019,490)	\$439,748
Financial Institution Data Matching Program	5,250,000	8,000,000
Sales Tax on Parking	1,600,000	3,200,000
OTP Tax Changes	7,500,000	12,000,000
RECT Changes	8,364,646	11,519,780
Total	\$19,695,156	\$35,159,528

The ORA estimates that the new whole home short-term rental tax will yield \$2.1 million in FY2026, and \$4.7 million in FY2027 based on a January 1, 2026, start date. The following table shows the revenue proceeds by recipient:

WHSTR Tax Recipient	FY2026	FY2027
HR&HF	\$1,049,844	\$2,351,916
Municipality	524,922	1,175,958
Regional Tourism Bureau	524,922	1,175,958
Total	\$2,099,687	\$4,703,831

The changes to the RECT are estimated to generate \$24.2 million across all fund sources in FY2026 and grow to \$33.4 million in FY2027. The distribution of revenue across recipients is summarized in the following table.

Recipient	FY2026			FY2027		
	Tier 1	Tier 2	Total	Tier 1	Tier 2	Total
General Revenue*	\$8,364,646	-	\$8,364,646	\$11,519,780	-	\$11,519,780
Housing Resources and Homelessness Fund	3,093,556	1,757,117	4,850,673	4,189,011	2,570,665	6,759,676
Housing Production Fund	-	281,139	281,139	-	411,306	411,306
Cities and Towns	10,732,358	-	10,732,358	14,661,538	-	14,661,538
Total	\$22,190,560	\$2,038,256	\$24,228,816	\$30,370,329	\$2,981,971	\$33,352,300

* The Distressed Community State Aid program portion of the RECT is included in the General Revenue amount.

The increase in the occupancy tax is estimated to generate \$2.8 million in FY2026 and \$7.6 million for the full fiscal year FY2027, also based on a January 1, 2026, start.

The new non-owner-occupied property tax is estimated to generate \$28.0 million in Low-Income Housing Tax Credit Fund restricted receipts in FY2027. The money is to be used to incentivize the development of affordable housing.

ANALYSIS AND BACKGROUND

Preemptive Protections Against Federal Actions

On July 4, 2025, Congress enacted the “One Big Beautiful Bill Act” (BBB) which includes significant tax changes and program cuts that have the potential to negatively impact state revenue collection. These changes include the codification of 2017 tax cuts, increasing deductions, and eliminating taxes on overtime, tips, and social security benefits.

In anticipation of these changes and any others that may materialize from actions taken at the federal level, the General Assembly enacted several preemptive protections to ensure the State’s revenue base.

- **Article 5 Changes:** Sections 3, 4, and 5 of Article 5 provides several mechanisms to buttress the State’s revenue base and tax policies against potential detrimental congressional or federal agency actions in the future, including:
 - Amending the definitions of net income for state business corporation tax purposes and Rhode Island income for state personal income tax purposes (beginning tax year 2025) to mean the amount of any income, deduction, or allowance that would be subject to federal income tax “but for the Congressional enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment.
 - Establishing that the enactment of such changes or any IRS changes to forms, regulations, and other actions made during the current tax year and 6 months into the next, shall be grounds for the promulgation of emergency regulations for the purpose of preserving the tax base.
 - Establishing an advisory working group to assist the Governor in reviewing and analyzing the potential impacts on state revenue of any adopted federal tax actions.
 - Membership includes the tax administrator, the chief of the Office of Revenue Analysis (ORA), the director of the Office of Management and Budget (OMB), designees from businesses, state agencies, healthcare, public sector unions, and advocates.
 - Working group is required to report by October 1, 2025 to the Governor, Speaker, and Senate President its findings, recommendations, and options for consideration in order to become compliant with federal changes prior to Governor’s budget submission.

Tax Expenditure Changes

Article 5 makes various changes to certain tax expenditures. Tax expenditures are legal mandates that provide preferential tax treatment to taxpayers that meet the eligibility requirements of the mandates. According to the Office of Revenue Analysis 2024 Tax Expenditures Report, there are no less than 227 tax expenditure items authorized by General Assembly as of January 1, 2023. The report indicates that for the most recent complete data which is 2020 and 2021, the estimated total revenue forgone due to these expenditures was \$2.56 billion and \$2.83 billion, respectively.

Nonetheless, according to ORA, there are certain tax expenditures that are significantly underutilized or obsolete.

▪ **Article 5 Changes:**

- **MPPTC Increase:** Section 12 of Article 5 adjusts the total program cap for the state's motion picture production tax credit (MPPTC) program for tax years 2022 and 2023.
 - **Background:** Rhode Island offers a tax credit to motion picture and theatrical production companies equal to 30.0 percent of qualified production costs attributable to expenditures from activity within the State. The credits are transferable, and unused portions may be carried forward for up to three years. Total credit issuance for any given production is capped at \$10.0 million per year, and productions must meet a minimum \$100,000 production budget threshold to qualify. The Tax Administrator may waive the tax credit cap for any feature length film or television series to use up any unused amounts in the motion picture tax credit program up to the program's annual threshold. This cap also includes musical and theatrical production tax credits. The program's annual threshold initially was \$15.0 million but in 2019 it was raised to \$20.0 million. In 2022 the General Assembly changed the program caps for 2022, 2023, and 2024 to \$30.0 million, \$40.0 million, and \$40.0 million, respectively. The cap returns to \$20.0 million for 2025.
 - **RIFTVO:** The Rhode Island Film and Television Office (RIFTVO) administers the program in conjunction with the Division of Taxation. Production companies interested in the program apply to RIFTVO for consideration and certification. Qualified production costs include pre-production, production, and postproduction costs the company incurs with the state. RIFTVO requires a final certification indicating that the production is completed and include a tally of all qualified productions costs. This certification along with a letter of good standing from the Division of Taxation initiates the issuance of the tax credits.
 - **Activity and Performance:** According to RIFTVO testimony at the May 2025 Revenue Estimating Conference, the program has been used by 211 motion picture or television productions since 2005, with an average of 11 a year, with awarded tax credits totaling \$237.9 million. The following table shows the programs recent activity.

Year	Productions	Estimated RI		Estimated Tax		Final
		Production Costs	Credits	Production Costs	Credits	Final Tax Credits
2018	6	\$35,999,225	\$8,999,806	\$29,471,136		\$8,741,380
2019	9	49,985,056	14,823,432	45,344,575		12,814,978
2020	16	28,033,333	8,400,000	13,906,917		4,055,880
2021	18	48,423,865	14,527,161	38,593,478		11,513,269
2022	3	101,152,418	30,345,672	105,617,506		30,273,716
2023	27	74,175,917	22,252,775	17,231,566		5,004,089
2024	21	73,514,268	20,912,795	9,202,977		2,699,408
2025	5	47,916,667	14,375,000	-		-
2005-2025	211	\$875,376,741	\$237,917,900	\$616,502,866		\$164,340,940

Source: RIFTVO testimony - May 2025 REC

- **Article 5 Changes:** According to OMB, RIFTVO and the Division of Taxation alerted OMB that a total of \$32.5 million in tax credits were awarded in TY2022, exceeding the \$30.0 million cap. RIFTVO indicated that a project originally planned to complete production in 2023, finished earlier in 2022. The following changes in Article 5 are made to address the impacts of RIFTVO failing to timely administer and report changes in the program.

- **Program Cap Changes:** Section 12 adjusts the total program cap for the state's motion picture production tax credit program for tax years 2022 and 2023 as shown in the table. The changes proposed in the amendment would result in a one-time reduction in business and personal income tax revenue of \$3.2 million in FY2026.

Tax Year	MPPTC Program Cap		
	Current Law	Article 5	Change
2022	\$30.0	\$35.0	\$5.0
2023	40.0	35.0	(\$5.0)
2024	40.0	40.0	-

- **Administrative and Reporting Changes:** Section 12 also requires the Rhode Island Film and Television Office (RIFTVO) to base the initial certification and identification number of a qualified production on its estimated date of completion and requiring the motion picture production company to notify the RIFTVO and the Division of Taxation if it does not expect to complete its production within the same calendar year of its estimated completion date.
- **Fiscal Impact:** According to the Office of Management and Budget (OMB), the RIFTVO and the Division of Taxation indicated to OMB post the May 2025 REC, that the MPPTC program had issued \$33.2 million in tax credits in 2022, \$3.2 million over the \$30.0 million cap. Article 5 increases the cap for 2022 to legally accept the oversubscribed tax credits. Because the program allows credits to be carried over for three years after the first year, all credits awarded in 2022 must be claimed in 2026, with the revenue impact taking place in FY2026. The changes in Article 5 therefore produce a revenue reduction of \$3.2 million in FY2026 as compared to the May 2025 REC. The reduction of the cap in 2023 is not anticipated to impact the program since the estimated tax credit amount of \$22.3 million is well below the proposed \$35.0 million cap.
- **Research and Development Tax Expenditures Changes:** Sections 2, 11, 13,14, and 15 of the Article makes changes to the State's research and development (R&D) tax expenditures. These include:

- **R&D Credit for Qualified Research Expenses – Carryforward (§13):** Extending the period that R&D expense tax credits may be carried forward by a taxpayer from seven years to fifteen. The State allows a taxpayer to claim a credit against certain business taxes for certain research expenses. Unused amounts of the credit earned in a taxable year may be carried forward up to seven succeeding tax years. Article 5 extends this carryforward period to fifteen, bringing Rhode Island in line with Massachusetts and Connecticut. ORA indicates that there is no fiscal impact.
- **New R&D Facilities Deduction/Property Credit – Sunset (§13):** Sunsetting the New R&D Facilities Deduction and Property Credit as of January 1, 2026. The State has allowed eligible taxpayers to deduct expenditures related to the development of any new tangible property related to research and development, including construction and acquisition costs. Eligible taxpayers may also claim a 10.0 percent credit against certain business taxes for tangible property primarily used for R&D. Taxpayers must choose either the deduction or the credit. According to the ORA, these tax expenditures are underutilized, as fewer than 30 taxpayers were projected to claim the deduction in 2024. The fiscal impact of repealing them is shown below.

Tax Expenditure	FY2026	FY2027
Deduction	\$136,993	\$273,984
Property Credit	74,842	149,683
Total	\$211,835	\$423,667

- **Small Business Investment Deduction/Modification – Sunset (§15):** Sunsetting the Small Business Investment Deduction and Modification as of January 1, 2026. Taxpayers may take a deduction or modification to offset their business or income tax liability if they have made a qualifying investment in a certified venture capital partnership. According to the Office of Revenue Analysis (ORA) this is an underutilized tax expenditure. The revenue impact of repealing this tax expenditure is \$6,551 in FY2026 and \$13,102 in FY2027.
- **Jobs Growth Act – Sunset (§2):** Sunsetting the Job Growth Act (JGA) tax incentive as of January 1, 2026. The JGA incentive allows eligible employees of qualified companies to lower their adjusted gross income for tax purposes by up to 50.0 percent of their income earned from bonuses. According to ORA, the modification is taken by fewer than 10 taxpayers annually. The revenue impact of eliminating this underutilized tax expenditure for FY2026 is \$1,489 and \$2,979 in FY2027.
- **Specialized Mill Building Investment Tax Credit – Sunset (§11):** Sunsetting the obsolete Specialized Mill Building Investment Tax Credit as of January 1, 2026. The State has provided credit of 10.0 percent of the rehabilitation and reconstruction costs of a certified rehabilitated mill building. The credit was associated with the Mill Building and Economic Revitalization Act, which sunset in 2009. ORA indicates the credit has not been used since tax year 2019. There is no revenue impact.
- **Welfare Bonus Tax Credit – Sunset (§14):** Sunsetting the Welfare Bonus Tax Credit as of January 1, 2026. The State has provided employers participating in the Welfare Bonus Program (WBP) with a credit equal to \$250 per eligible employee. The WBP was created to provide payments to individuals who came off welfare (Aid to Families with Dependent Children, or AFDC). The credit was designed to incentivize employers to hire previous welfare recipients. AFDC was replaced in 1997 by Temporary Assistance for Needy Families (TANF) through federal legislation making the tax credit statutorily obsolete. ORA indicates that there have been no credits issued since at least TY2019. There is not a fiscal impact.
- **Small Business Capital Investment Wage Credit – Sunset (§15):** Sunsetting the Small Business Capital Investment Wage Credit as of January 1, 2026. The State has provided eligible

entrepreneurs of qualifying businesses a tax credit for 3.0 percent of employee wages in excess of the \$50,000. According to the ORA, this credit is statutorily obsolete. There has been no activity related to this tax expenditure since at least TY2019. There is no fiscal impact.

- **Fiscal Impact:** The ORA estimates the following impact of the tax expenditures changes described above:

Tax Incentive	FY2026	FY2027
Motion Picture Tax Credit Increase	(\$3,239,365)	-
New R&D Facilities Deduction/Property Tax Credit - Sunset	\$211,835	\$423,667
New R&D Facilities Deduction/Property Tax Credit - Carryforward	-	-
Small Business Investment Deduction/Modification - Sunset	6,551	13,102
Jobs Growth Act Tax - Sunset	1,489	2,979
Specialized Mill Building Investment Tax Credit - Sunset	-	-
Welfare Bonus Tax Credit - Sunset	-	-
Small Business Capital Investment Wage Credit - Sunset	-	-
Total	(\$3,019,490)	\$439,748

Financial Institution Data Matching Program

Article 5 authorizes the Division of Taxation to implement a new compliance tool that matches data on non-compliant taxpayers with that of financial institutions.

In order enforce Rhode Island tax laws, the Division of Taxation is authorized to levy bank accounts of non-compliant taxpayers to collect taxes and penalties. According to the Division, this process involves manually contacting each potential financial institution to discover whether an account exists prior to a levy be applied to it. Financial institutions are not required to cooperate with this effort.

According to Taxation, there are 34 financial institutions in Rhode Island that participate in some form of data matching with other states and that there are 22 states that have compulsory tax debt financial institution data matching programs that use contingency-based contractors and require bank participation. The State currently authorizes financial institution data matching to secure child support compliance.

- **Article 5 Changes:** Section 16 of Article 5 amends RIGL 44-53 related to the Division of Taxation's levying powers by adding a new section authorizing a financial institution data match system for state tax collection purposes. The sections specifically;
 - Requires the Division to develop and operate the data match system. A third party may be designated by the Tax Administrator to do this on behalf of the Division subject to confidentiality and disclosure restrictions.
 - Requires all financial institutions doing business in the state to develop, in conjunction with the Division and its designated third party, a data matching system to facilitate the identification and seizure of non-exempt financial assets of delinquent taxpayers as identified by the Division or its designee. The section permits a bank to use its existing data match system if it is used to facilitate data matching and debt seizure for child support in Rhode Island.
 - Requires financial institutions to report data matching information to the Division at least quarterly, including delinquent taxpayers' names, addresses, social security numbers, account numbers, and balances. The section also provides the financial institutions with legal protections associated with the disclosure of this information to Taxation.
 - Prohibits the financial institution and the third party from disclosing information exchanged in the data match system unless authorized by the tax administrator. It includes penalties in the event this is violated.

- Allows the financial institution to disclose to its account holders that Taxation has the authority to request this information for those that are delinquent taxpayers.
- **Fiscal Impact:** The ORA estimates that the data matching program will yield an additional \$5.3 million in general revenue in FY2026, and \$8.0 million in FY2027, based on an October 15, 2026, program start date. The estimate is further broken down by tax type:

Tax	FY2026	FY2027
Personal Income	\$2,216,590	\$3,377,660
Corporate Tax	1,073,532	1635858
Sales Tax	1,550,607	2,362,830
Other	409,271	623,651
Total	\$5,250,000	\$8,000,000

Analyst Note: Section 16 of Article 5 has an effective date of July 1, 2025. The Division of Taxation indicates that is working on a Request for Proposal ahead of the start of FY2026 and then award and contract with a vendor as soon as possible after receiving authorization. The realization of revenue collection would be delayed to October based on the timeline to stand up the program.

According to the Division of Taxation, its compliance unit is already engaged in matching data with financial institutions, only that it is done manually. It indicates that there are no additional personnel costs associated with the initiative. Operationally, there would be a small licensing and administration cost for utilizing the system each year, on a contingent fee basis.

Elimination of Home Occupation Fees

Section 17 of Article 5 makes certain changes to zoning statutes that would preemptively prohibit municipalities from regulating remote work occurring in a person's residence or other space in the community. Section 18 of Article 5 contains these amendments, which do not have a fiscal impact.

RIGL 45-24 governs how municipalities may establish zoning ordinances. The statute includes general provisions on permitted uses of land within a zoning use district. As part of these provision the statute identifies several uses that are permitted in all residential zoning use districts in a municipality and in all industrial/commercial zoning districts. These uses include households, community residences, and family daycare homes. This designation prohibits municipalities from establishing and enforcing restrictions, regulations, permit, or licenses related to these uses.

Furthermore, under the statutory definitions section of the chapter (RIGL 45-24-31), "Home Occupation" is defined as "any activity customarily carried out for gain by a resident, conducted as an accessory use in the resident's dwelling unit".

- **Article 5 Changes:** Section 17 of Article 5 adds remote work to the list of unrestricted uses across residential and industrial/commercial zoning districts, by amending RIGL 45-24-37(b). Remote work is defined as:
 - **Remote Work:** Work flexibility arrangement under which a W-2 employee or full-time contractor routinely performs the duties and responsibilities of such employee's position from an approved worksite other than the location from which the employee would otherwise work. Remote work shall not include activities that:
 - Relate to the sale of unlawful goods and services;
 - Generate on-street parking or a substantial increase in traffic through the residential area;
 - Occur outside of the residential dwelling;
 - Occur in the year or;

- Are visible from the street

Article 5 also clarifies the definition of “home occupation [RIGL 45-24-31(35)] which contains the general definitions under the zoning statute. Specifically, it clarifies that the definition of “home occupation” does include remote work (as defined above).

Sales Tax on Parking

Rhode Island levies a sales and use tax equivalent to 7.0 percent of the retail sales price of certain goods. The tax is charged by retailers at the point of purchase, and retailers are required to remit sales tax receipts monthly. The use tax applies to goods purchased outside of the State, including remote sales, but stored, used or consumed in Rhode Island.

Typically, sales and use taxes are collected on tangible goods. Beginning 2012, the State increased the number of services it collected taxes on, including taxi services, pet care, and room sellers.

- **Article 5 Changes:** Section 6 of Article 5 extends the state’s 7.0 percent sales and use tax to include short-term parking. It does this by expanding the definition of services for sales tax purposes to include parking services. These include parking spaces in or on a parking facility that are occupied by a patron in exchange for a fee for less than a month. The new sales tax collections are estimated to increase general revenue by \$1.6 million based on an October 1, 2025, start date.

Other Tobacco Product Excise Tax Changes

The State assesses a tax equivalent to 80.0 percent of the wholesale cost of tobacco products other than cigarettes, including cigars, chewing tobacco, and pipe tobacco. The tax on cigars is capped at \$0.50 per cigar, and snuff is taxed at \$1.00 per ounce. “Little cigars,” as defined under RIGL 44-20.2, are taxed in the same manner and rate as cigarettes.

Sales and use taxes are also assessed upon tobacco products, and are applied after inclusion of the tobacco taxes into the price.

- **Article 5 Changes:** Sections 8 and 9 of Article 5 amends the definition of Other Tobacco Products (OTP) to include nicotine pouches and similar products. The current definition of OTP under RIGL 44-20-1.8 includes “Any other articles or products made of or containing tobacco, in whole or in part, or any tobacco substitute, except cigarettes.” Nicotine pouches and similar products are small pouches that contain synthetic or natural nicotine which are placed inside the mouth between the lip and gum to deliver nicotine through absorption. The Budget includes language to clarify that these products are OTP and subject to the same 80.0 percent tax rate as chewing tobacco and snuff. The Office of Revenue Analysis estimates that with an assessment of current inventory and an effective date of October 1, 2025, the State will collect \$7.5 million in FY2026 and \$12.0 million in FY2027.

Lodging Tax Changes

Rhode Island levies several types of taxes on temporary lodging accommodations. These taxes are levied individually based on the type of accommodation identified in the Rhode Island general laws. The lodging taxes include:

- **7.0 percent Sales Tax:** The state sales and use tax, equivalent to 7.0 percent of the retail sales price of certain goods, is applied to the sale price of a hotel room. Sales taxes are deposited as state general revenue. A house or condominium rented *in its entirety* for less than 30 days is required to collect the sales and use tax.
- **1.0 percent Occupancy Tax:** Short-term lodging is also subject to a 1.0 percent occupancy tax. The tax is charged, administered, and collected by the Division of Taxation and is fully allocated to the city or town in which the lodging rental is located. A house or condominium rented *in its entirety* for less than 30 days is required to collect the occupancy tax.

- **5.0 percent Hotel Tax:** The State levies a 5.0 percent gross receipts tax, known as the hotel 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). Proceeds from this tax are distributed among state tourism districts, municipalities, state general revenue, and economic development, convention, and visitor agencies, both state and regional. When a house or condominium is rented *in its entirety* for less than 30 days it is exempt from the hotel tax. Hotel tax revenue is deposited as general revenue. The Division of Taxation collects the occupancy tax on behalf of all municipalities except Newport and is responsible for dispersing it. The hotel tax is distributed according to the following table:

Location of Room Rental/ State Hotel Tax Recipient	Share of Hotel Tax (5.0 %)
Providence	
Providence Convention Authority	30.0%
City of Providence	25.0%
RI Commerce Corporation	21.0%
Providence Warwick Convention Visitors Bureau	24.0%
General Revenue	0.0%
Warwick	
Warwick Department of Economic Development	30.0%
City of Warwick	25.0%
RI Commerce Corporation	21.0%
Providence Warwick Convention Visitors Bureau	24.0%
General Revenue	0.0%
Omni Hotel (Providence)	
Providence Convention Authority	30.0%
RI Commerce Corporation	50.0%
Providence Warwick Convention Visitors Bureau	20.0%
General Revenue	0.0%
Statewide District*	
Municipality of Room Rental	25.0%
RI Commerce Corporation	70.0%
Providence Warwick Convention Visitors Bureau	5.0%
General Revenue	0.0%
All Other Locations in the State	
Regional Tourism District of Room Rental	45.0%
Municipality of Room Rental	25.0%
RI Commerce Corporation	25.0%
Providence Warwick Convention Visitors Bureau	5.0%
General Revenue	0.0%
<i>*Rooms rentals in Cranston, Foster, Johnston, N. Providence, Scituate, and W. Warwick</i>	

- **Article 5 Changes:** Section 7 of Article 5 increases the occupancy tax to 2.0 percent. It also amends the hotel tax statute (RIGL 44-18-36.1) by adding a new whole home short-term rental tax, distinct from the hotel tax, that is levied on whole house short-term rentals. The tax is levied at 5.0 percent of gross receipts from rental charges. Section 1 of the article outlines how the proceeds from the tax are to be distributed.
 - **Increase in 1.0 percent Occupancy Tax:** Section 7 of the article increases the occupancy tax from 1.0 percent to 2.0 percent starting January 1, 2026.
 - **Whole-Home Short-Term Rental Tax:** Section 7 also amends the hotel tax statute by adding a new whole home short-term rental (WHSTR) tax, distinct from the hotel tax, that is levied on whole house short-term rentals. Beginning January 1, 2026, the tax will be levied at 5.0 percent of gross

receipts from rental charges and will be administered in the same manner as the hotel tax. Section 1 of the Article directs the proceeds from the whole home short-term rental tax to be distributed as follows:

Location of Room Rental/ WHSTR Tax Recipient	Share of WHSTR Tax (5.0 %)
<i>Providence</i>	
City of Providence	25.0%
Providence Warwick Convention Visitors Bureau	25.0%
Housing Resources and Homelessness Fund	50.0%
<i>Warwick</i>	
City of Warwick	25.0%
Providence Warwick Convention Visitors Bureau	25.0%
Housing Resources and Homelessness Fund	50.0%
<i>Statewide District*</i>	
Municipality of Room Rental	25.0%
Providence Warwick Convention Visitors Bureau	25.0%
Housing Resources and Homelessness Fund	50.0%
<i>All Other Locations in the State</i>	
Municipality of Room Rental	25.0%
Regional Tourism District of Room Rental	25.0%
Housing Resources and Homelessness Fund	50.0%

**Rooms rentals in Cranston, Foster, Johnston, N. Providence, Scituate, and*

- **Fiscal Impact:** The ORA estimates that the new whole home short-term rental tax will yield \$2.1 million in FY2026, and \$4.7 million in FY2027 based on a January 1, 2026, start date. The following table shows the revenue proceeds by recipient:

WHSTR Tax Recipient	FY2026	FY2027
HR&HF	\$1,049,844	\$2,351,916
Municipality	524,922	1,175,958
Regional Tourism Bureau	524,922	1,175,958
Total	\$2,099,687	\$4,703,831

The increase in the occupancy tax is estimated to generate \$2.8 million in FY2026 and \$7.6 million for the full fiscal year FY2027, based also on a January 1, 2026, start.

Real Estate Conveyance Tax Changes

The State imposes a tax on each deed, instrument, or writing by which interests in real estate are conveyed to a purchaser when the value of the transfer is greater than \$100. The tax rate is \$2.30 for each additional \$500 in value, or 0.46 percent. For transactions valued at \$800,000 and above, the RECT rate applied to the value above that amount doubles from \$2.30 to \$4.60 per each \$500, or .92 percent. The distribution of the RECT is shown below:

Real Estate Conveyance Tax Distribution

Fund	Portion < \$800K	Portion > \$800K
	Per \$500	Per \$500
State	\$1.20	\$3.50
General Revenue	0.60	0.60
Distressed Communities	0.30	0.30
Housing Resources and Homelessness Fund	0.30	0.30
Housing Production Fund	-	2.30
Local Government	1.10	1.10
Total	\$2.30	\$4.60
Tax Rate	0.46%	0.92%

Tax payments are due upon the making, execution, delivery, acceptance, or recording of the instrument of conveyance. The municipality where the real estate is located collects the fee at the time the deed is recorded and then remits the State share on a monthly basis. The State collects the fee directly when the transaction involves the sale or transfer of ownership interest in a real estate company. Collections are shared between the State and the municipality in which the property is situated.

- **Article 5 Changes:** Section 10 of Article 5 amends the real estate conveyance tax statute as follows:
 - **Real Estate Conveyance Tax Increase:** The first-tier rate is increased from 0.46 percent to 0.75 percent and the second-tier rate (portion above \$800,000) is increased from 0.92 percent to 1.50 Percent. The article includes a provision that, beginning January 1, 2026, the \$800,000 threshold amount shall be adjusted for inflation by using the Consumer Price Index for all Urban Consumers.

Real Estate Conveyance Tax Distribution: The distribution of the RECT proceeds is shown in the following table:

Fund	Real Estate Conveyance Tax Distribution		Article 5			
	Current		Portion < \$800K		Portion > \$800K	
	Portion < \$800K	Portion > \$800K	Per \$500	Change	Per \$500	Change
State	\$1.20	\$3.50	\$1.95	\$0.75	\$5.70	\$2.20
General Revenue	0.60	0.60	0.95	0.35	0.95	0.35
Distressed Communities	0.30	0.30	0.50	0.20	0.50	0.20
Housing Resources and Homelessness Fund	0.30	0.30	0.50	0.20	1.75	1.45
Housing Production Fund	-	2.30	-	-	2.50	0.20
Local Government	1.10	1.10	1.80	0.70	1.80	0.70
Total	\$2.30	\$4.60	\$3.75	\$1.45	\$7.50	\$2.90
Tax Rate	0.46%	0.92%	0.75%		1.50%	

- **Fiscal Impact:** Based on the changes to the RECT as shown above, the following illustrates the impact Article 5 would have on real estate tax liabilities at various sales values:

Tax Liabilities of Various Real Estate Values

Real Estate Value	Tax Liability (Current)	Tax Liability (Article 5)	Change
\$350,000	\$1,610	\$1,610	0.0%
700,000	3,220	3,220	0.0%
900,000	4,600	7,500	63.0%
1,750,000	12,420	20,250	63.0%

- **RECT Recipient Funding:** The changes to the RECT are estimated to generate \$24.2 million across all fund sources in FY2026 and growing to \$33.4 million in FY2027. The distribution of revenue across recipients is summarized in the following table.

Recipient	FY2026			FY2027		
	Tier 1	Tier 2	Total	Tier 1	Tier 2	Total
General Revenue*	\$8,364,646	-	\$8,364,646	\$11,519,780	-	\$11,519,780
Housing Resources and Homelessness Fund	3,093,556	1,757,117	4,850,673	4,189,011	2,570,665	6,759,676
Housing Production Fund	-	281,139	281,139	-	411,306	411,306
Cities and Towns	10,732,358	-	10,732,358	14,661,538	-	14,661,538
Total	\$22,190,560	\$2,038,256	\$24,228,816	\$30,370,329	\$2,981,971	\$33,352,300

* The Distressed Community State Aid program portion of the RECT is included in the General Revenue amount.

Non-Owner-Occupied Property Tax Act

Section 18 of Article 5 of the FY2026 Budget as Enacted establishes a new tax on non-owner-occupied real estate properties valued at over \$1.0 million. The rate is \$2.50 per \$500 (0.5 percent) on the assessed value over \$1.0 million. Revenue from the tax is deposited into low-income housing tax credit fund. The article also provides the Division of Taxation with the authority and tools to implement the tax.

- **Non-owner Occupied:** A residential property in Rhode Island that does not serve as the owner's primary residence and is not occupied by the owner of the property for a majority of days during a given taxable year.
- **Tax Rate:** Beginning July 1, 2026, the tax will be levied at a rate of \$2.50 for each \$500 or fractional part of the assessed value in excess of \$1.0 million. Beginning July 1, 2027, the assessed value threshold (\$1.0 million) will be adjusted for inflation using the CPI-U index. The adjustments will be compounded annually. Payments are to be made in four installments. The tax year for purposes of the new tax is July 1 through June 30.
- **Restricted Receipt:** Revenue from the tax is to be deposited into the Low-Income Housing Tax Credit Fund and to be used to incentivize the development of affordable housing. It is estimated that the tax will generate \$28.0 million in FY2027, based on the July 1, 2026, start date.
- **Exemption:** The tax does not apply to properties that are rented for a period of 183 days during the tax year. Short-term rental properties such as Airbnb's are also exempt.
- **Tax Liabilities on Various Property Values:**

Real Estate Value	Tax Liability (Article 5)
< \$1.0M	\$0
1,000,000	0
1,500,000	2,500
2,000,000	5,000
3,000,000	10,000
4,000,000	15,000

Article 6: Related to Economic Development

This article makes changes to the various economic development incentives managed by the Rhode Island Commerce Corporation. It also repeals the authorization of municipalities to license retail holiday sales and makes opting out of certain service contracts easier for consumers. Specifically, the article:

- **Economic Development Incentive Changes**
 - **Reauthorization:** Reauthorizes the EOC’s incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2025, to December 31, 2026. The Small Business Assistance Program Act is reauthorized through December 31, 2028. The P-Tech program is not reauthorized, effectively ending the program on December 31 of this year.
 - **Rebuild RI - “Superman Building” Project:** Allows qualifying mixed-use/affordable housing projects a sales tax exemption up to \$4.5 million above the \$15.0 million maximum project credit (111 Westminster St currently only qualifying project).
 - **Wavemaker:** Clarifies that healthcare professionals that operate as sole proprietors or pass-through entities are eligible.
 - **Prevailing Wage Provisions:** Increases the amount of hard construction costs associated with a qualified project needed to require prevailing wages to be paid for both the Rebuild RI and Historic Preservation tax credit programs. The new threshold is \$25.0 million, up from \$10.0 million for each.
- **Deregulation of Retail Sales on Holidays:** Deregulates retail sales operations on legal holidays, other than Christmas and Thanksgiving, by eliminating holiday operations licensing.
- **“Cooling Off” Protections Related to Certain Businesses:** Simplifies how a consumer may be able to opt out of contracts with health clubs and dating services by adding e-mail as an allowed form of contract termination communication.

FISCAL IMPACT

There is no direct quantifiable impact in terms of expenditures or revenue related to the initiatives and amendments contained within Article 6. The Budget does include changes in expenditures related to several of the economic development incentives addressed in the article. These are summarized in the following table.

Incentive	FY2026 Enacted	FY2026 v. FY2025 Enacted
Rebuild RI	\$10.1	\$0.0
Air Service Development Fund	\$2.7	\$1.5
Wavemaker Fellowship	2.6	1.6
Innovate RI	0.3	0.3
Innovation Initiative	-	(1.0)
Main Streets Revitalization	-	(1.0)
Small Business Assistance	-	-
First Wave Closing Fund	-	-
I-195 Redevelopment Fund	-	-
Total	\$15.7	\$1.4

\$ in millions

ANALYSIS AND BACKGROUND

Economic Development Incentives

Article 6 makes changes to several of the State’s economic development incentives. These changes are outlined below.

Reauthorization of Incentive Programs

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. Since then, several incentives have not been reauthorized, but the majority have been extended six times, most recently by the FY2025 Budget as Enacted. Most of the remaining incentive programs are currently set to expire on December 31, 2025. In 2024, the General Assembly extended the authorization of the Air Services Development Fund through the end of 2027.

▪ **Article 6 Changes**

- Reauthorizing the following incentives through December 31, 2026.
 - 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
 - Main Street Rhode Island Streetscape Improvement Fund
 - Innovation Initiative
 - Air Service Development Fund
 - Rhode Island Qualified Jobs Incentive
- Reauthorizing the Small Business Assistance Program through December 31, 2028.
- Allowing the High School, College, and Employer Partnerships program, also known as P-TECH, to sunset on December 31, 2025. The article does not extend the authorization of this program. P-TECH creates long-term partnerships between high schools, colleges, industry associations, and businesses. Students enrolled in P-TECH programs take college-level courses while in high school, benefit from internships and mentoring, and graduate with a high school diploma and an industry-approved associate degree. Business partners help design the program and ensure that changing industry needs are addressed in the curriculum.

According to Commerce, allowing the program to sunset is intentional. The program hasn’t been funded in several years and, with new opportunities in the career and technical education space, new work-based learning efforts, and the implementation of the Promise Scholarship since its inception, additional funding for the program may be duplicative of those new efforts. Furthermore, according to Commerce, the existing P-TECH partnerships are transitioning to a completely self-funded model by the end of 2025 and continue to be successful, yielding strong results for students.

Rebuild RI - “Superman Building” Project

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. The General Assembly has placed

limits on the program that prevent awarded credits from outpacing general revenues and to ensure program performance. First it established the Rebuild RI Tax Credit Fund out of which the general fund is reimbursed when credits and exemptions are exercised. The fund is capitalized by appropriations from the General Assembly. These include a \$225.0 million cap on the total amount of credits and sales tax exemptions permitted to be issued, a \$15.0 million per project cap, and an annual sunset date.

Commerce has awarded \$170.0 million in Rebuild RI tax credits and \$46.1 million in sales tax exemptions across 51 projects, for a combined total of \$216.1 million, or 96.0 percent of the current \$225.0 million program cap.

- **Article 6 Changes:** For qualifying projects involving affordable housing and mixed-use development, the article provides an enhanced sales tax exemption equivalent to 30.0 percent of the \$15.0 million maximum project credit, \$4.5 million. The exemption extends to purchases made through June 30, 2028. The Rebuild RI project located at 111 Westminster Street in Providence, also known as the “Superman Building”, is the only current project qualified under this provision. The \$270.0 million project has received over \$60.0 million in public financing.

Wavemaker

The Stay Invested in RI Wavemaker Fellowship program is a competitive student loan reimbursement program for college and university graduates who take employment within the state in certain specified industry professions. These include science, technology, engineering, and mathematics (STEM) fields, healthcare, and mental health professionals.

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 its inception the General Assembly has appropriated \$21.4 million in general revenue to the fund and 1,432 fellowships awarded.

The Budget includes \$1.0 million in general revenue in FY2026 for the Stay Invested in RI Wavemaker Fellowship Fund, \$3.1 million less than the FY2025 enacted level (an approximately 75.1 percent year-over-year reduction).

- **Article 6 Changes:** The article clarifies that healthcare professionals that operate as sole proprietors or pass-through entities are eligible for the program. Typical Wavemaker fellows work for an employer in an in-demand industry. Within the healthcare industry, however; it is not uncommon for otherwise eligible potential participants to form their own practices. The clarification ensures that the incentive is still available to all healthcare practitioners.

Prevailing Wage Provisions

Prevailing wage is a standard rate of pay (including benefits) that is established by federal and state governments for workers on publicly funded projects. It is meant to ensure that workers are paid comparable to those in the local market. Both the Rebuild RI and Historic Preservation Tax Credit programs provide

significant public investment into economic development. Because of this, the State has required projects with hard construction costs of at least \$10.0 million to pay prevailing wages.

- **Article 6 Changes:** The article also increases the amount of hard construction costs associated with a qualified project needed to require prevailing wages to be paid. The new threshold is \$25.0 million, up from \$10.0 million.

Deregulation of Retail Sales on Holidays

The article deregulates retail sales operations on legal holidays except on Christmas and Thanksgiving.

Background: RIGL 5-23 governs commercial business taking place on an official state holiday. It authorizes municipalities to establish a license that is required to be obtained by a business in order to operate on a holiday (other than Christmas and Thanksgiving). Municipalities do so through ordinances enacted by town or city council and are permitted to set a fee of their choosing. The statute also outlines what types of businesses are exempt, how employees must be paid, how licenses must be displayed, and the penalties allowed for infractions.

Certain defined businesses are allowed to operate on holidays, including Christmas and Thanksgiving, under the law, and these carveouts remain under the Governor’s proposal. These include:

- Pharmacies
- Food establishments that employ fewer than six employees per shift
- Florists and nurseries
- Bakeries

According to the Department of Revenue’s Division of Municipal Finance, 31 municipalities have established a holiday business license. The fees ranged from \$5 (Burrillville) to \$125 (East Providence). ([Municipal License and Permit Fees August 2024](#))

Article 6 Changes: Sections 1 and 2 of Article 6 repeals the statutory authorizing provisions that allow municipalities to establish and administer the holiday license on holidays other than Christmas and Thanksgiving. It also makes technical changes that realign the statute to accommodate the repeal.

“Cooling Off” Protections Related to Certain Businesses

The article simplifies how a consumer may be able to opt out of contracts with health clubs and dating services. These opt out provisions are commonly referred to as “cooling off” protections.

Health Clubs: RIGL 5-50 governs the operation of health clubs within the state and provides for certain consumer protections relating to the termination of contracts. Under current law, an individual who has entered into a contract with a health club in the state has the right to cancel the contract under certain conditions and if done so according to specific methods. Cancellation or modification conditions include such things as if the individual or the health club facility relocates more than 15 miles from each other, if the facility does not open, if the individual becomes significantly physically or medically disabled (contract is suspended during the injury to resume when its medically possible). An individual has an unconditional right to cancel the contract up until midnight of the 10th day after the contract. However, to do so, he or she must notify the health club in writing and in person or by mail.

Dating Services: RIGL 5-78 governs the operation of dating services within the state. Similar to health clubs, the statute provides cooling off protections that allows an individual to opt out of contracts up to midnight of the 3rd business day after it was entered into. Notification of the desire to cancel the contract must be made in writing and delivered by certified or registered mail to the address provided in the contract.

Article 6 Changes: Section 3 of Article 6 expands the methods of notifying an individual’s desire to cancel a contract with a health club or a dating services within those initial allowable cancellation periods to

include the sending of an electronic mail message to the club at an email address that is required to be specified in the contract.

Article 7: Relating to Education

This article repeals the funding formula adjustment and the payment for the Children’s Residential and Family Treatment (CRAFT) Program in group home aid, and provides that the school district of origin is responsible for the education of students in the CRAFT Program. The article also requires the Department of Elementary and Secondary Education to report on the process for matching student participation in human services programs for the purpose of identifying low-income students and for submitted high-cost special education data. In addition, the article caps the reduction on local tuition paid to state and charter schools at 14.0 percent of the district’s per-pupil funding.

FISCAL IMPACT

The article increases state education aid to districts by \$1.6 million, including a \$2.1 million increase by eliminating the formula adjustment in group home aid partially offset by a decrease of \$468,000 in aid to East Providence due to the elimination of CRAFT program beds from the aid calculation.

Based on FY2026 data, 14.0 percent cap in the local tuition reduction imposed by the article is projected to increase costs to districts by \$9,190 in Jamestown and \$1,854 in Johnston.

ANALYSIS AND BACKGROUND

The article makes the following changes to education aid.

Group Home Aid:

Under current law, districts hosting group homes annually receive \$17,000 per bed to provide state support in exchange for relieving the resident sending districts of financial responsibility for the students. East Providence receives \$26,000 per bed for group home beds associated with Bradley Hospital Children’s Residential and Family Treatment (CRAFT) Program. Except for the CRAFT Program beds, the per-bed aid is adjusted downward to deduct the amount of funding formula aid the district receives for the students in the beds. Depending on the district’s share ratio, the \$17,000 per bed would be adjusted downward by the state share of the core instruction amount. For example, a district with a state share ratio of 47.8 percent would receive \$17,000 minus $(0.478 * \$18,651)$, leaving \$8,092 per bed. The article eliminates this adjustment, increasing group home aid to districts by \$2.1 million.

In addition, the article eliminates the aid paid to East Providence for group home beds associated with the Bradley Hospital CRAFT Program and provides that the student’s school district of origin will be responsible for providing education services to students in those beds. This change reduces group home aid to East Providence by \$468,000.

Article 7 - Group Home Aid	
District	Formula Adjustment
Coventry	\$71,266
East Providence	161,985
Lincoln	65,958
Newport	62,591
North Providence	85,468
North Smithfield	30,328
Pawtucket	311,468
Portsmouth	55,390
Providence	914,076
Smithfield	29,741
Warwick	182,445
Bristol-Warren	72,207
Exeter-West Greenwich	57,915
Total	\$2,100,837

Reporting by the Department of Elementary and Secondary Education

Pursuant to the article, as part of the FY2027 budget submission, the Department will submit the following:

- In coordination with the Department of Administration and the Rhode Island longitudinal data system, the Department must provide an overview of the process for matching participation in the human services programs, such as TANF and Medicaid, with student enrollment records for use in the funding

formula. The report must also include recommendations to ensure consistency and accuracy in the matching process.

- The Department must also include an estimate of education aid that uses expanded direct certification with Medicaid matching to identify students whose family income is at or below 185.0 percent of the federal poverty guidelines.

In addition, by December 31, 2025, the Department shall submit a report on the current process and recommended processes to ensure the consistency and validity of the high-cost special education data submitted by local education agencies. This report will be submitted to the Governor, Speaker of the House, and Senate President.

Local Tuition Reduction Cap

To address “the budgetary uncertainty that current law creates for local districts, charter schools, and mayoral academies”, beginning in FY2026, the article caps the reduction in local tuition to charter schools and mayoral academies at 14.0 percent of the district’s per-pupil funding. For illustrative purposes, the table shows the additional costs for districts had the cap been in place in FY2025. Based on the local tuition rates published by the Department of Elementary and Secondary Education, in FY2026 costs to districts from the cap are projected to increase by \$9,190 in Jamestown and \$1,854 in Johnston.

Currently, under RIGL 16-7.2-5, sending districts pay tuition for resident students who attend charter and state schools. The tuition is equivalent to the local, per-pupil cost as calculated by dividing the local appropriation to education from property taxes, minus debt service and capital projects, by the number of resident, full-time equivalent students in the district, including charter and state-school students. The per-pupil amount is then reduced by the greater of:

1. 7.0 percent of the district’s per-pupil funding, or
2. the district’s per-pupil cost of certain, unique expenditures, such as non-public textbooks and retiree health benefits, minus the average charter school per-pupil cost for these items, as reported in the uniform chart of accounts.

If a district triggers option 2, then there is an additional reduction for tuition payments to mayoral academies where teachers do not participate in the state teacher’s retirement system equal to the per-pupil cost of the unfunded liability for the preceding year.

There is a two-year lag in the data such that FY2025 tuition rates are based on FY2023 contributions and expenditures.

The following table shows the districts that have triggered the Option 2 reduction in the last five years, as well as the FY2025 charter and state school enrollment for these districts and the average tuition reduction over the five-year period.

Article 7 - Local Tuition Reduction Capped at 14.0 Percent (Based on FY2025 Data)

Local Tuition	
District	Costs
Jamestown	\$26,760
Johnston	-
Woonsocket	737,504
Bristol-Warren	-
Exeter-West Greenwich	-
Foster-Glocester	-
Central Falls	857,945
District Total	\$1,622,208

Districts	FY2025 Enrollment		FY2021 through FY2025		
	Charter and State Schools	Mayoral Academy	Number of Times Triggered Option 2	Average Charter and State School Tuition Reduction	Average Mayoral Academy Tuition Reduction
Jamestown	12		5	-15.9%	
Johnston	81		4	-11.5%	
Newport	31		3	-9.3%	
North Providence ¹	127	133	1	-10.8%	-10.8%
Pawtucket ¹	1,382	1,064	1	-8.9%	-34.8%
Woonsocket ¹	332	518	3	-17.1%	-51.9%
Bristol-Warren	29		3	-10.8%	
Exeter-West Greenwich	57		3	-8.4%	
Foster-Glocester	2		5	-14.5%	
Central Falls ¹	1,065	682	2	-13.1%	-32.5%

¹ District is currently within the catchment area of a mayoral academy.

Article 8: Relating to Medical Assistance

This article modifies current laws governing the Hospital Licensing Fee (HLF), biannual Caseload Estimating Conference, nursing home and hospital payments, Disproportionate Share Hospitals (DSH), inflationary increases for Home and Community Based services (HCBS), the duties of the Secretary of Health and Human Services, rate review by the Office of the Health Insurance Commissioner (OHIC), and the annual Medicaid Resolution.

FISCAL IMPACT

The article continues the Hospital Licensing Fee (HLF) into FY2026 and shifts the base year for nongovernmental hospitals into 2023. In addition, the article eliminates the inflationary increase to Home and Community Based Services (HCBS) providers, freezes rate increases to nursing homes at the state revenue growth level of 2.3 percent, and adds a nursing home minimum staffing adjustment of 3.0 percent. Disproportionate Share Hospitals (DSH) payments are carried into FY2026 and capped at \$13.9 million, including a limit of \$12.9 million for government-owned hospitals and \$1.0 million for other participating hospitals. Through the annual Medicaid Resolution, the article directs the Secretary of the Executive Office of Health and Human Services to implement state plan amendments needed to establish an interprofessional consultation (e-Consult) program effective October 1, 2025.

The article increases state revenue by \$17.5 million and reduces costs by \$7.3 million, including \$3.1 million in general revenue.

Article 8 Fiscal Impact			
	Revenues	Expenditures	
	General Revenue	General Revenue	All Funds
Increased HLF revenue	\$16.8	\$0.0	\$0.0
Eliminate Inflationary Increase in HCBS	-	(7.2)	(16.9)
Nursing Home Minimum Staffing Enhanced Rate	0.7	5.0	12.0
Medicaid Rate Reduction for Nursing Facilities	-	(3.2)	(7.7)
DSH payments	-	(3.7)	(7.8)
e-Consults Program		(0.2)	(0.6)
Net Impact	\$17.5	(\$9.3)	(\$21.1)

\$ in millions. Total may not add due to rounding

ANALYSIS AND BACKGROUND

Hospital Licensing Fee (HLF): The article includes technical amendments to remove outdated language and continue the HLF fee into FY2026. In FY2026, the base year for nongovernmental hospitals is shifted into 2023, consistent with government-owned hospitals, and hospitals are required to pay the tax prior to June 25 of the fiscal year, instead of June 30. In addition, the article changes the hospitals required to pay the HLF to those licensed on or before July 1, 2024, instead of July 1, 2022.

Caseload Estimating Conferences (CEC): Beginning with the November 2025 CEC, the Executive Office of Health and Human Services (EOHHS) will be required to report separately the amount that Medicaid expenditures have been reduced by the following means:

- Third-party liability payments to providers,
- Supplemental income verification tools,
- DOA's Office of Internal Audit and Program Integrity Unit; and

- Recoveries from ABLE accounts. (An Achieving a Better Life Experience (ABLE) account is a tax-advantaged savings account for individuals with disabilities.)

Prior Authorization for Medicaid Beneficiaries: Medicaid is a payer of last resort; consequently, third party payers such as private insurance, Medicare, or employer-sponsored insurance should be exhausted before Medicaid is billed. To comply with federal requirements, section 3 of the article prevents third-party payers from denying a claim based solely on the failure to obtain prior authorization, and requires that the insurers accept authorization provided by the state Medicaid program as authorization that the service is covered.

In addition, the article requires health insurers and liable third parties to respond to claim inquiries within 60 business days after receiving written documentation from the Medicaid recipient, and updates agency references.

Nursing Facilities: As a cost containment measure for FY2026, section 4 of the article reduces the annual inflationary increases on rates paid to nursing homes to 2.3 percent to match projected state revenue growth. Current law, which requires rate changes based on national price indices, would have increased nursing facility payments by 4.2 percent.

The article also provides a base rate staffing adjustment of 3.0 percent effective October 1, 2025. The budget includes \$5.0 million in general revenue (\$12.0 million all funds) for this purpose. The entire staffing adjustment must be expended to increase compensation and related employer costs, including hiring, for eligible direct-care staff. The article expands direct care staff to include social workers and nursing aids with a valid license, including probationary licenses. Due to the 5.5 percent assessment on nursing facilities provided pursuant to RIGL 44-51-3, the staffing adjustment results in an additional \$660,000 in revenue to the State.

Disproportionate Share Hospitals (DSH): The Disproportionate Share Hospitals (DSH) payments are required under federal statute and intended to offset uncompensated care costs for hospitals in order to improve access for Medicaid and uninsured patients, as well as improving the financial stability of safety-net hospitals. The article adds a base year to allow payments in FY2026, and amends payments for FY2025 and FY2026. In FY2025, the article provides an aggregate limit of \$27.7 million in DSH payments, while capping the allowable payment to government-owned hospitals at \$12.9 million.

In FY2026, the article requires EOHHS to submit a state plan amendment to the federal government to limit aggregate DSH payments to \$13.9 million, including a limit of \$12.9 million for government-owned hospitals and \$1.0 million for other participating hospitals. This represents an increase of \$2.5 million in general revenue DSH payments to Eleanor Slater (\$5.9 million all funds). The cap on the aggregate payments represents a decrease of \$3.4 million in general revenue (\$7.8 million all funds), relative to the May 2025 Caseload Estimating Conference (CEC) and a decrease of \$3.7 million in general revenue (\$7.8 million all funds) relative to the FY2025 Budget as Enacted.

DSH Payment	FY2025 Enacted	FY2025 May CEC	FY2025 Final	Change from Enacted	Change from May CEC	FY2026 Enacted	FY2026 May CEC	Change from Enacted	Change from from CEC
General Revenue	\$9,497,713	\$12,075,423	\$12,075,423	\$2,577,710	\$0	\$5,794,894	\$9,239,021	(\$3,702,819)	(\$3,444,127)
Federal Funds	12,241,159	15,563,449	15,563,449	3,322,290	-	8,105,106	12,499,851	(4,136,053)	(4,394,745)
Total	\$21,738,872	\$27,638,872	\$27,638,872	\$5,900,000	\$0	\$13,900,000	\$21,738,872	(\$7,838,872)	(\$7,838,872)

Payments to both government-owned and other participating hospitals must be made by June 30, 2026, and are conditioned upon approval by the Secretary of the United States Department of Health and Human Services of all state plan amendments necessary to secure the benefit of federal financial participation for the DSH payments in FFY2026.

Home and Community Based Services (HCBS): Since home-care providers are included in the biennial rate review process conducted by the Office of the Health Insurance Commissioner (OHIC), section 6 of the article eliminates the annual rate increase provided in statute. Home care was the only provider type included in the rate review that was also receiving a secondary rate adjustment. The inflationary rate is applied to the base rate for home-care providers, home nursing care providers, and hospice providers to

deliver Medicaid fee-for-service personal care attendant services, skilled nursing and therapeutic services, and hospice.

Pursuant to federal regulation, home hospice care rates cannot be lower than Medicare rates; consequently, the rates are reviewed by EOHHS annually and adjusted as necessary.

Long-Term Care Services: Section 7 of the article eliminates “preventative services” and “preventative” level of care from Medicaid long-term care services and supports; however, these services are provided under “core services”. Under current law, “preventative services” is defined as “homemaker services, minor environmental modifications, personal care assistant services, and respite.” The Center for Medicare and Medicaid Services (CMS) informed EOHHS that retaining “preventative” level of care in the State’s waiver would necessitate complex tracking and reporting requirements.

Duties of the Secretary: Secretary shall convene an advisory working group, in consultation with the Governor, to assist in review and analysis of the potential impact of federal actions related to Medicaid programs. The group shall develop options for administrative action or general assembly consideration that may be needed to address changes to Rhode Island Medicaid programs. The working group may include the Secretary of Health and Human Services, the Director of Management and Budget, and designees from state agencies, businesses, healthcare, public sector unions, and advocates. The working group must forward a report with the findings, recommendations, and options for consideration to comply with federal changes to the Governor, Speaker of the House, and President of the Senate as soon as practicable but no later than October 31, 2025.

Primary Care Rate Review: The article amends RIGL 42-14.5-2.1, the Rhode Island Health Care Reform Act of 2004 – Health Insurance Oversight, to define “primary care services”, and requires the Office of the Health Insurance Commissioner (OHIC) to publish and submit a one-time report making and justifying recommendations for adjustments to primary care services reimbursement and financing, on or before September 1, 2026. The report must include consideration of Medicaid, Medicare, commercial, and alternative contracted payments.

Analyst Note: The Governor’s budget recommendation added primary care services to the Social and Human Services Rate Review process conducted by the Office of the Health Insurance Commissioner on a biennial basis and required a report will be published by September 2027. This article does not contain the language used in the Governor’s recommendation.

Amendments to the Rhode Island Medicaid Reform Act Resolution

The article establishes the legal authority for the Secretary of the Executive Office of Health and Human Services (EOHHS) to review and coordinate amendments to the Medicaid State plan and category II and III changes in the demonstration “with potential to affect the scope, amount, or duration of publicly-funded health care services, provider payments or reimbursement, or access to or the availability of benefits and services provided by Rhode Island general and public laws”. In FY2026, the article authorizes the Secretary of Health and Human Services to seek federal approval for the following changes:

- Align nursing facility rate increases with state revenue growth;
- Eliminate annual rate increases for home care services;
- Create an interprofessional consultation (e-Consults) program, effective October 1, 2025;
- Establish a rate methodology in support of long-term care behavioral health inpatient units for non-governmental-owned hospitals;
- Establish a rate methodology in support of twenty-four-hour mobile response and stabilization services (MRSS) for children age two through 21. The program will convert the existing pilot MRSS into a Medicaid-covered benefit. The request for the state plan amendment must be submitted by October 1, 2025, for a start date no later than October 1, 2026;

- Effectuate a 340B Program. The Executive Office will prohibit certain discriminatory actions related to reimbursement of 340B entities and contract pharmacies as provided in the article;
- Set Medicaid primary care rates at 100.0 percent of Medicare reimbursement rates for primary care and update annually;
- Amend the Medicare Savings Program to implement income disregards effective January 1, 2026, for the Qualified Medicare Savings Program to increase eligibility up to 125.0 percent of federal poverty and for the Qualified Individual Medicare Savings Program eligibility up to 168.0 percent of federal poverty. The Secretary will discontinue enrollment when Part B premiums meet the federal allotment;
- Effectuate a 3-year Prior Authorization Pilot Program within Medicaid fee-for-service and Managed care programs that eliminates prior authorization requirements for any service, treatment, or procedure ordered by a primary care provider in the normal course of treatment. EOHHS will provide an annual report that includes recommendations to further reduce the administrative burden of prior authorizations as well as data and analytics on the impact of the program. The pilot program will take effect from October 1, 2025, and sunset on October 1, 2028.

Article 9: Relating to Housing

This article updates portions of R.I. General Law as it relates to state housing program organization, policy, and oversight following the recommendations of the 2024 Housing Organization Report. Most notably, the article repeals the establishment of the Department of Housing and replaces it with the Executive Office of Housing, transfers the responsibility for lead hazard mitigation from the Housing Resources Commission to the Department of Health, establishes two new interagency councils for addressing housing and homelessness, and consolidates several existing program functions under the new Executive Office of Housing.

FISCAL IMPACT

There is no direct quantifiable impact in terms of expenditures or revenues related to the initiatives and amendments contained within Article 9.

ANALYSIS AND BACKGROUND

Establishment and Authorities of the Executive Office of Housing

Background: The Department of Housing began operations on January 1, 2023, following a series of authorizing statutes enacted by the General Assembly in 2021 and 2022. Prior to 2021, statewide coordination of housing-related planning, policy, and programs was decentralized, with pieces of it occurring in several quasi-public agencies and commissions, including a central role of the Executive Office of Commerce (EOC) and its Secretary.

With Rhode Island experiencing chronic affordable-housing shortages, persistent homelessness, and a significant influx of housing-related federal pandemic-relief funding, the 2021 General Assembly established a new state-level housing capacity centered around a Deputy Secretary of Commerce for Housing within the EOC. This new “Housing Czar” was charged with overseeing all housing initiatives in the State, developing a statewide housing plan, coordinating interagency implementation, policy development, and other housing-related activities, and developing a comprehensive annual report on the status and need of housing in the State.

Reinforcing this priority in 2022, the General Assembly authorized the creation of a new Department of Housing to be led by a new cabinet-level secretary. The Deputy Secretary position was elevated to the position of Secretary of Housing taking with it all of its previous responsibilities. The FY2023 Budget as Enacted established the Department of Housing with only a cursory outline of its structure, power, and responsibilities. Article 6 of the FY2024 Budget as Enacted provided further detail on both the agency and the Secretary’s powers and duties.

Article 9 Changes: The Article removes the language which originally established the Department of Housing and establishes in its place the Executive Office of Housing. The Office is given responsibility for developing plans, policies, standards, programs, interagency coordination, and technical assistance for housing and homelessness. The Article consolidates authority for non-utilization tax exemptions, monitoring agents, the housing production fund, fee-in-lieu payments, delegation of federal programs, and municipal assistance and incentives underneath the Executive Office of Housing. These authorities were previously divided among the Housing Resources Commission, RI Housing, and the Housing Resources Coordinating Committee. These shifts align with recommendations from the 2024 Housing Organization Report, which highlighted the fragmented and overlapping current structure of responsibilities as a main organizational challenge.

Lead Hazard Mitigation

Background: As part of the Lead Poisoning Prevention Act, the Interagency Council on Environmental Lead was established within the Department of Health. The Council was tasked with a series of responsibilities including but not limited to coordinating the activities of member agencies as they relate to environmental lead policy, issuing recommendations for the adoption of policies related to lead exposure, and generating an annual report on progress and recommendations for the comprehensive environmental lead program. Council members were identified as the Directors of the Departments of Health, Environmental Management, and Human Services, as well as the Attorney General, one local government official to be appointed by the president of the Rhode Island League of Cities and Towns, and the Executive Director of the Housing Resources Commission or their designee.

Article 9 Changes: The Article removes the Housing Resources Commission (HRC) from responsibilities on the Interagency Council on Environmental Lead, including removing the Executive Director from the council and reducing the total number of council members from six to five accordingly. The Article also shifts responsibility as the lead state agency for all components of lead hazard mitigation, including the comprehensive strategic plan, from the HRC to the Department of Health. The Department of Health has already been operating the HRC components of lead hazard mitigation through a memorandum of agreement; the new language codifies this responsibility and adds language to ensure that there is no lapse in regulation.

RI Housing and Mortgage Finance Corporation

Background: The Rhode Island Housing and Mortgage Finance Corporation, more commonly known as RI Housing, is Rhode Island's official State-chartered housing finance agency. They administer a wide range of affordable housing and community development programs, including providing mortgage loans and administering affordable housing bonds. RI Housing has broad statutory authority under existing law, including the formation of subsidiary corporations.

Article 9 Changes: The Article makes a series of changes to the responsibilities of RI Housing, including:

- Removes the Director of the Department of Business Regulation from the RI Housing Board and establishes the Secretary of Housing or their designee as ex-officio corporation chair. The Secretary is currently the corporation chair, but in a non-ex-officio capacity.
- Removes the emergency housing assistance program from the Department of Human Services, where it was previously administered in accordance with RI Housing rules and regulations, and shifts it into the Executive Office of Housing.
- Adds language establishing that the Executive Office of Housing work in collaboration with RI Housing on criteria and plans relating to renewable energy developments and federal tax credits for low-income housing.
- Shifts the administration of the Housing Production Fund from RI Housing into the Executive Office of Housing. Also adds language requiring the Office to consider the input of the Advisory Council on Housing and Homelessness for housing production initiatives.

Housing Resources Commission

Background: The Housing Resources Act (HRA) of 1998 established a 28-member Housing Resources Commission (HRC) to be the primary body for policy development and rule-making, as well as to oversee the awarding of certain federal funding. The 28-member commission was established with 15 specified members from various state agencies and state housing and financing institutions; the remaining 13 members were to be appointed by the Governor with the advice and consent of the Senate. Until the creation of the Department of Housing in January 2023, the Office of Housing and Community Development (OHCD) within the Executive Office of Commerce provided administrative support to the HRC. Following the creation of the standalone Department of Housing these support responsibilities shifted to the

Department. Together, the Department and the HRC administer programs related to remediation, lead abatement, tax credits, financing assistance for developers, homelessness, rental assistance, technical assistance, and community development. The HRA also created a coordinating committee linking the HRC, OHCD, and RI Housing.

Article 9 Changes: The Article eliminates the Housing Resources Commission and the related Housing Resources Coordinating Committee and establishes in its place a new Advisory Council on Housing and Homelessness. The Advisory Council is established in a purely advisory capacity, with no role in administering funds and no monitoring or reporting requirements. Membership for the Advisory Council is established at 20 members, all of whom are to be appointed by the Governor to 3-year limited terms. The Article specifies that the Governor shall appoint the chairperson of the Advisory Council, and the Advisory Council will elect a vice-chairperson annually. While there are no monitoring or reporting requirements, the Advisory Council is required to meet at least quarterly and to conform to open meeting and public records laws. The Executive Office of Housing is charged with providing administrative support and staffing. In addition to providing advisory support to the Executive Office of Housing, the Advisory Council is also given advisory responsibility for the Interagency Councils on Homelessness and Housing Production.

With the elimination of the Coordinating Council, the following responsibilities are shifted into the newly established Executive Office of Housing:

- The administration of the Rhode Island Housing Resources and Homelessness Restricted Receipt account
- The adoption of guidelines for higher density developments from the Housing Resources Commission, including the addition of a requirement that these are adopted no less than every five years
- The responsibility for a five-year strategic plan, including the addition of a requirement that this plan be submitted every five years

Interagency Council on Housing and Homelessness

Background: RI General Law 40-17 established the creation of a permanent Interagency Council on Homelessness tasked with coordinating services related to homelessness among state agencies and other stakeholders, developing a strategic plan to end homelessness, and identifying and seeking remedy for gaps in services in particular as relates to permanent supportive housing. The Council was established with 18 members and two ex-officio members and required to meet regularly and provide annual reports to the Governor and General Assembly on progress made on the strategic plan, current data on homelessness in Rhode Island, and other relevant information. A permanent advisory council consisting of advocates, service providers, veterans, and current and/or former members of the homeless community was also established to inform the Council on relevant issues pertaining to homelessness in Rhode Island.

Article 9 Changes: The Article recreates the defunct Interagency Council on Homelessness as the Interagency Council on Housing and Homelessness. The Council is re-established with 17 specified members and the Secretary of Housing or their designee as the chair. The Article outlines duties and responsibilities for the Council, as well as meeting and reporting requirements. These requirements specify that the Council is to meet at least quarterly and submit an annual report to the Governor and General Assembly by March.

Interagency Council on Housing Production and Preservation

The Article establishes a new Interagency Council on Housing Production and Preservation. The Council is to consist of 12 specified members with the Secretary of Housing or their designee as chair. Capacity to invite additional entities to participate in a non-voting capacity is also granted. The Article outlines duties and responsibilities for the Council, as well a requirement that the body meet at least quarterly.

Article 10: Relating to Health and Human Services.

Article 10 makes several changes to Health and Human Services. Specifically, the article:

- **Health Professional Loan Repayment Program:** Shifts administration of the Health Professional Loan Repayment program from the Office of the Postsecondary Commissioner to the Department of Health
- **Minimum Staffing Levels:** Makes numerous changes to the nursing home minimum staffing level criteria, mirroring an agreement with industry workers and unions.
- **Rhode Island Veterans Memorial Cemetery:** Amends regulations related to burial liners, charging the Director of the Office of Veterans Affairs with the ability to update its fees in regulation.
- **Child Care for Child Care Workers:** Appropriates \$2.7 million in federal funds to support the extension of the Child Care for Child Care Workers Pilot through July 31, 2028.
- **Supplemental Nutrition Assistance Program (SNAP):** Charges the Department of Human Services to develop and implement a plan to decrease Rhode Island's SNAP Error Rate to below 6.0 percent, due October 1, 2025. The Article incorporates SNAP error rates into its legislatively mandated monthly reporting.
- **Child Care Rates:** Appropriates \$3.0 million in federal funds to support a 20.0 percent increase to the rates paid for infants, enhancing the rate above what is paid for toddlers.
- **Healthcare Services Funding Contribution:** Establishes an assessment on insurance policies to fund primary care and healthcare support.

FISCAL IMPACT

According to the OMB, the revenue loss resulting from the dissolution of the monetary penalties that are applied to nursing homes in violation of Rhode Island's minimum staffing laws is estimated to be approximately \$60.0 million. However, these fees were suspended by the Governor's Executive Order 24-09 on May 24, 2024, and were not included in revenue forecasts. Additional fiscal impacts related to article 10 are listed below, detailing federal and restricted receipt estimates related to amendments to childcare programs and the healthcare services funding contribution.

Article 10	Federal Funds	Restricted Receipts
Child Care for Child Care Workers	\$2.7	-
Child Care Rates	3.0	-
Healthcare Services Funding Contribution	-	15.0
Total	\$5.7	\$15.0

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

ANALYSIS AND BACKGROUND

Health Professional Loan Repayment Program:

Section 1 proposes changes to the Health Professional Loan Repayment Program including shifting administration of the program from the Office of the Postsecondary Commissioner to the Department of Health, strengthening the programs scope and purpose, and providing the Director of the Department of Health with the legal ability to recover loan repayments

Article 10 shifts the authority for program administration, shifting the charge from the defunct Higher Education Assistance Authority to the Rhode Island Department of Health. The amendment also strengthens the programs' purpose; codifying language intended to recruit and retain health professionals

working with underserved populations in the identified health professional shortage areas (HPSA's). Lastly, the GBA provides the Director of the Department of Health with legal authority to recover loan repayments in the case of a breached contract with a practitioner. RIGL 23-14-1.9 establishes penalties if a health professional fails to begin or complete service, including repayment of grant funds incurred in an amount not less than the damages that would be owed under the National Health Corps Loan Repayment Program, and a sum of the following:

- Payment for the total for any period of obligated service not served.
- Payment of an amount equal to the number of months of obligated service not served multiplied by \$7,500
- Interest in the above amounts at the maximum legal prevailing rate, except that the amount to recover will not be less than \$31,000.

Health professionals are in default or breach if they do not complete the period of obligated service at an eligible site in accordance with their contract, even if no monies have been disbursed.

Nursing Home Minimum Staffing Levels:

Article 10 also makes several changes to RIGL 23-17-5, entitled 'Rights of Nursing Home Patients', intended to alleviate the strain on nursing home resources. Specifically, the article increases the definition of "direct caregiver" to include director of nursing services, and RNs and LPNs with administrative duties. The amendment also increases the direct hours of nursing care per resident from 3.58 hours to 3.81 hours. However, it decreases the time in which direct care is provided by a certified nursing assistant from 2.6 hours to 2.2 hours.

Penalties and Fines: The Article waives all fines prior to the third quarter of FY2025, and implements a new penalty structure beginning July 1, 2025. Article 10 implements a fine of up to \$1,000 per day in a quarter in which the facility fails to comply with the minimum nursing staff requirement. The Department of Health may reduce the penalty to \$250 a day at its discretion. According to the Office of Management and Budget, the estimated net costs of compliance enforcement fines would have totaled approximately \$60.0 million.

Fine Exemption: The Article also introduces exemptions to these fines. The Department may waive the penalties in circumstances where mitigating factors exist. The Article defines mitigating factors as an extraordinary circumstance facing the facility, or an acute labor supply shortage of nurse aides, certified nursing aides, licenses practical nurses, or registered nurses.

Direct Care Waiver: Article 10 also introduces a waiver of minimum direct care staffing requirements for organizations who are unable to meet the requirement. Waivers are granted by the Director of the Department of Health for periods up to one year and will be assessed on the following criteria:

- Acuity levels of residents and how stable those acuity levels are based on the case of mixed residents
- Documented evidence of the facilities' inability to meet the minimum staffing requirements, despite their best efforts, such as offering competitive wages for nursing staff
- Whether the facility has undergone a system-wide culture change
- The quality performance of the nursing facility, as evidenced by a four- or five-star rating from the centers for Medicare and Medicaid

The Director may consult with the Department of Labor and Training concerning labor availability in connection with any waiver request. The legislation does not indicate any processes extending beyond evaluated criteria related to the waiver. However, the legislation charges the Department with the authority to promulgate rules and regulations related to Minimum Staffing Levels.

Rhode Island Veterans Memorial Cemetery

Article 10 amends RIGL 30-25-14, entitled Rhode Island veterans' memorial cemetery, to allow the Office of Veterans Services to promulgate rules and regulations to charge and collect cremation and casket liner fees for eligible spouses and dependents of qualified veterans. The Office of Veterans Services have signaled the expenses to bury an eligible family member create significant strains on the cemetery's budget. Currently, the federal government reimburses the costs of a full basket liner for a veteran's spouse or dependent. The State also charges cremation liners despite fees not outlined in current regulations.

Child Care for Child Care Workers

Article 10 extends the Child Care for Child Care Workers Pilot for three years, from July 1, 2025, to July 1, 2028. Eligible participants' income must be at or below 300.0 percent of the federal poverty level (FPL). According to the Department of Health and Human Services (HHS), the average family of three who earns 300.0 percent of the FPL grosses about \$65,708 a year. The program exempts eligible staff and educators from co-payments and allows them to choose their preferred childcare facility. The Budget includes an additional \$2.7 million in Temporary Assistance to Needy Families (TANF) funds to support this initiative.

Supplemental Nutrition Assistance Program (SNAP)

Article 10 requires the Department of Human Services to include recommendations related to reducing the States payment error rate below 6.0 percent and submit monthly progress reports related to implementation of these recommendations.

Pursuant to the passage of the One Big Beautiful Bill Act (OBBBA), State's with a payment error rate above 6.0 percent will be required to contribute at least 5.0 percent of total SNAP benefits, beginning in FY2028. The table below details the federal regulations related to state shares.

Error Rate	State Cost
0-5.99%	0%
6-7.99%	5%
8-9.99%	10%
10% or More	15%

As of 2024, Rhode Islands payment error rate exceeded 10.0 percent (11.5 percent), resulting in the claw back of 15.0 percent, or \$51.5 million of SNAP benefit funds.

Childcare Rates

The Budget includes a federal funds increase of \$3.0 million, to support a 20.0 percent increase to the rates paid for infants, and creating a separate tiered rate schedule above what is paid for toddlers. Costs related to infant care tend to exceed the costs of care for toddlers, pre-school, and school-aged children. Increasing the Infant rates will account for increased staffing requirements for infants (4:1), which increases affordability and accessibility of childcare.

Healthcare Services Funding Assessment

Article 10 establishes an assessment on health insurers, generating approximately \$30.0 million annually to support primary care and other critical health care programs. The assessments are based on per-member-per-month fee applied to all insured individuals, including those who are self-insured. The fee is estimated to be about \$4.0 per person per month. The FY2026 fiscal impact is \$15.0 million given the enactment date of July 1.

The assessment functions similarly to the child and adult immunization program assessment, which was established in 2015. The vaccine assessment ensures that vaccines are purchased through funds collected through health plans, and has ensured vaccine availability, lowered costs to both individuals and providers,

and improved overall public health. The Healthcare Services assessment has been implemented to have similar effects to primary care availability.

Rhode Island has experienced significant difficulties related to access and costs of providing primary care services to both individuals and providers. Many practitioners are experiencing an overwhelming caseload, which leads to burning out, causing practitioners to leave primary care. In addition to a primary care shortage, Rhode Island is struggling to provide competitive reimbursement rates, which prevents primary care providers from coming to practice in the State. This assessment aims to increase reimbursement rates to primary care providers to incentivize them to continue or begin practicing in Rhode Island, subsequently increasing access of care by increasing the number of providers.

Article 11: Relating to Motor Vehicles and Transportation

This article amends existing statutes relating to motor vehicles and transportation funding within the State by: introducing electric vehicle registration fees, revising the motor fuel tax, amending the Motor Vehicle Excise Tax Reimbursement state aid program, and updating various fines, fees, and penalties.

FISCAL IMPACT

In aggregate, the changes in the article increase total revenue by \$12.9 million from the Governor's Budget, including \$8.7 million in motor fuel tax receipts, \$6.7 million in Rhode Island Highway Maintenance Account receipts, and \$1.6 million in DMV restricted receipts. Moreover, the article includes a net general revenue decrease of \$4.4 million, primarily related to the Motor Vehicle Excise Tax Reimbursement program which is offset by the increased traffic fines.

ANALYSIS AND BACKGROUND

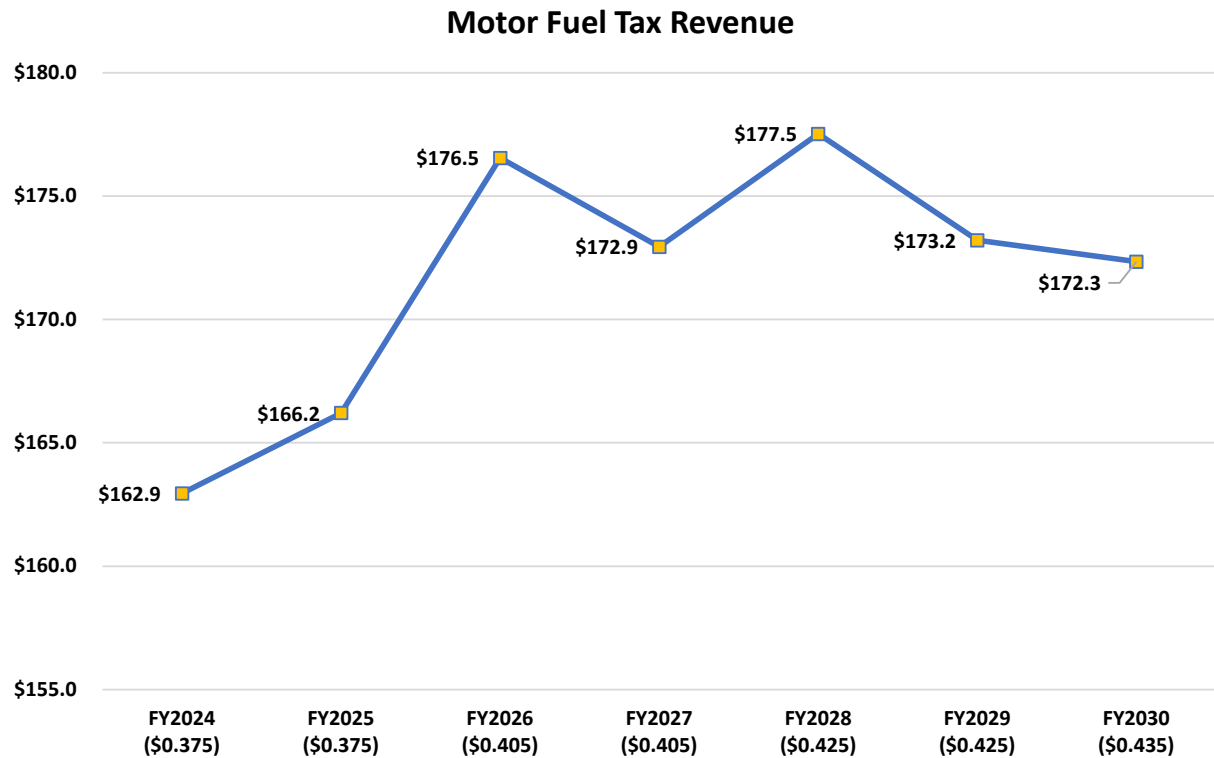
Technology Surcharge Fee

Section 1 increases the Technology Surcharge Fee, which is assessed per transaction at the Division of Motor Vehicles (DMV), from \$2.50 to \$3.50, and requires the entirety of collections be deposited to a restricted receipt account that funds maintenance and enhancements to the Division's computer system. Previously, the State deposited \$1.50 of the Technology Surcharge Fee to the Information Technology Investment Fund and deposited the remaining \$1.00 to the restricted receipt account which funds maintenance and upgrades to the Division's computer system. The increased surcharge is expected to generate \$1.6 million in restricted receipts in FY2026.

Electric Vehicle Registration Fees

Section 2 of the article introduces special registration fees for electric vehicles to be deposited to the Rhode Island Highway Maintenance Account (HMA). Owners of electric vehicles will be annually assessed \$200 per battery electric vehicle (BEV), \$100 per plug-in hybrid vehicle (PHEV), and \$50 per hybrid electric vehicle (HEV). The Budget assumes a \$3.6 million deposit to the HMA as a result of the fee, with \$3.1 million transferred to the Department of Transportation, \$345,843 transferred to RIPTA, and \$182,023 transferred to the general fund to support collection costs at Division of Motor Vehicles (DMV). Additionally, Section 1 of the article requires the Administrator of the Division of Motor Vehicles to submit a report to the General Assembly regarding available options and recommendations to index or update the proposed electric vehicle fees, by January 1, 2027.

Background: The State partially supports infrastructure projects and other transportation expenditures with revenue collected from the motor fuel tax (gas tax) and fees assessed at the DMV. Drivers of both electric and gasoline-powered vehicles equally benefit from the infrastructure projects supported with gas tax revenue but are not equally contributing, as electric vehicles are less reliant on gasoline. As such, projections from the Office of Revenue Analysis (ORA) estimate that gas tax revenue will decrease in future years. The ORA's latest estimate indicates that the State will collect \$176.5 million in FY2026 at the current rate of \$0.405 /gallon and \$172.3 million in FY2030, assessed at the projected rate of \$0.435 /gallon, reflecting a \$4.2 million revenue decrease, despite the \$0.03 increase to the rate. The following graph illustrates FY2024's motor fuel tax revenue and ORA's most recent projection through FY2030.



\$ in millions. Totals may vary due to rounding
Source: Office of Revenue Analysis, June 2025
Figures in brackets represent the tax rate

Data from the National Conference of State Legislatures dated July 2025 indicates that 41 states require a special registration fee for battery-powered electric vehicles or other non-emission motor vehicles. Of those states, 34 also assess a registration fee for either plug-in hybrid electric vehicles or non-plug-in hybrid electric vehicles with combustible engines. New Hampshire, Vermont, and now Rhode Island, are the only New England states that assess special registration fees for electric vehicles. The following table illustrates the cost to register an electric vehicle throughout the 6 states in New England.

State	EV Fee	Plug-in Hybrid Fee	Hybrid Fee
Connecticut	\$0	\$0	\$0
Maine	-	-	-
Massachusetts	-	-	-
New Hampshire	100	50	-
Rhode Island	200	100	50
Vermont	89	45	-

Source: National Conference of State Legislatures, July 2025

Article Changes: The article amends RIGL 31-6-1 to require a special registration fee for battery electric (BEV), plug-in hybrid (PHEV), and hybrid electric vehicles (HEV). The article assesses an annual fee of \$200 for each BEV, which is defined as, “A motor vehicle which operates solely by use of a battery or battery pack. The term includes a motor vehicle which is powered mainly through the use of an electric battery or battery pack, but which uses a flywheel that stores energy produced by the electric motor or through regenerative braking to assist in operation of the motor vehicle.” The article assesses a special registration fee of \$100 for each PEV, which is defined as, “A motor vehicle that can deliver power to the

drive wheels solely by a battery-powered electric motor, but which also incorporates the use of another fuel to power a combustion engine. The battery of the vehicle must be capable of receiving energy from an external source, such as an outlet or charging station.” The article levies a \$50 special registration fee for each HEV, which is defined as “A motor vehicle which is primarily powered by an internal combustion engine in conjunction with an electric motor.” The revenue collected from the registration fees will be deposited to the HMA, which partially funds the Department of Transportation and RIPTA alongside transferring 5.0 percent of collections to the DMV for collection costs.

To account for inflation, Section 1 of the article requires the Administrator of the DMV to submit a report to the General Assembly by January 1, 2027, regarding available options and recommendations to index or update the proposed electric vehicle fees.

Fiscal Impact: The fees imposed on electric vehicles in the article are estimated to generate \$3.6 million for the HMA in FY2026 and \$9.1 million in FY2027. The following tables illustrate the annual special registration fee of each vehicle, the projected collection total, as well as the distribution from the HMA for FY2026.

Revenue Collection	Fee Amount	FY2026 Enacted
Battery Electric Vehicles	\$200	\$1,856,400
Plug-In Hybrid Electric Vehicles	100	556,900
Hybrid Electric Vehicles	50	1,227,150
Total Deposited to HMA		\$3,640,450

Transfer from HMA	FY2026 Enacted
General Fund	\$182,023
RIPTA	345,843
RIDOT	3,112,585
Total Transferred from HMA	\$3,640,450

Motor Fuel Tax

Section 8 of the article increases the base rate of the motor fuel tax (gas tax) to \$0.40 per gallon, revises the inflation adjustment formula to include the change in the CPI-U for a two-year period, and increases RIPTA’s share of the revenue by \$0.02 per gallon.

Background: The FY2025 Budget as Enacted authorized a \$0.37 motor fuel tax rate and a \$0.01 environmental protection fee on each gallon of motor fuel sold and transferred the proceeds according to the disposition set forth in RIGL 31-36-20. The FY2025 disposition includes transferring the following amounts per gallon to their respective agencies: \$0.2125 to the Department of Transportation, \$0.0975 to RIPTA, \$0.0350 to RITBA, \$0.02 to service debt from GARVEE bonds and \$0.01 to the Office of Healthy Aging. Additionally, the Office of Healthy Aging transfers 79.0 percent of their gas tax receipts to RIPTA, which provides financial support for the Authority’s paratransit service.

Pursuant to RIGL 31-36-7, the State is required to biennially adjust the motor fuel tax rate for inflation with all related increases to the Department of Transportation, with the next adjustment scheduled for the start of FY2026. To adjust for inflation, the State will multiply the current motor fuel tax rate to the change in the Consumer Price Index for All Urban Consumers (CPI-U) from September 2023 to September 2024, and round the total to the nearest cent. While the adjustment period encompasses two years of inflation, the calculation applies inflation from only a single year. The November 2024 projection from the ORA indicated that the rate will be increased to \$0.385 per gallon in FY2026, reflecting an inflationary increase of \$0.01.

The State began adjusting the gas tax for inflation at the start of FY2016, where the rate increased to \$0.33 per gallon from the base rate of \$0.32 per gallon. The base rate serves as the minimum amount that the motor fuel tax can be assessed and does not include any inflation adjustments. The following table illustrates the inflation adjustments for FY2016-FY2024.

Fiscal Year	Effective Date	Change	Rate /Gallon
FY2024	7/1/2023	+\$0.03	\$0.37
FY2022	7/1/2021	-	0.34
FY2020	7/1/2019	+\$0.01	0.34
FY2018	7/1/2017	-	0.33
FY2016	7/1/2015	+\$0.01	0.33

Source: RI Department of Revenue

Does not include the \$0.01 Environmental Protection Fee

Article Changes: Section 8 of the article amends RIGL 31-36-7 and 31-36-20 to revise the inflation adjustment formula to include the change in the CPI-U for a two-year period, increase the motor fuel tax base rate to \$0.40 per gallon, and increase RIPTA's share of the gas tax by \$0.02 per gallon. The article also requires the next inflation adjustment to occur on July 1, 2027, which will apply the CPI-U delta from September 2024 to September 2026 to the new base rate of \$0.40. The ORA projects inflationary rate increases of \$0.02 in FY2028 and \$0.01 in FY2030. All funds collected through the increase will be transferred to the Department of Transportation, pursuant to RIGL 31-36-20.

The following tables illustrate the motor fuel tax disposition and projected revenue transfers included in the FY2025 Budget as Enacted and the FY2026 Budget as Enacted, in addition to the most recent out-year projections from the ORA.

Motor Fuel Tax Revenue Disposition (In Cents)	FY2025 Enacted (May 2024)	FY2026 Gov (Nov. 2024)	FY2026 Enacted†	FY2027 Projected	FY2028 Projected†	FY2029 Projected	FY2030 Projected†
Department of Transportation	21.25¢	22.25¢	22.25¢	22.25¢	24.25¢	24.25¢	25.25¢
RIPTA*	9.75	9.75	11.75	11.75	11.75	11.75	11.75
RITBA	3.50	3.50	3.50	3.50	3.50	3.50	3.50
GARVEE Bond Debt Service	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Office of Healthy Aging	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	37.50¢	38.50¢	40.50¢	40.50¢	42.50¢	42.50¢	43.50¢

Motor Fuel Tax Revenue Transfers

Department of Transportation	\$90.8	\$94.4	\$97.0	\$95.0	\$101.3	\$98.8	\$100.0
RIPTA*	41.7	41.4	51.2	50.2	49.1	47.9	46.6
RITBA	15.0	14.9	15.3	14.9	14.6	14.3	13.9
GARVEE Bond Debt Service	8.5	8.5	8.7	8.5	8.4	8.2	7.9
Office of Healthy Aging	4.3	4.2	4.4	4.3	4.2	4.1	4.0
Total	\$160.3	\$163.4	\$176.5	\$172.9	\$177.5	\$173.2	\$172.3

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

Source: Office of Revenue Analysis May 2024, November 2024, and June 2025 projections

* RIPTA figures include the \$0.005 share of the \$0.01 Environmental Protection Fee

† Indicates projected rate increase

Fiscal Impact: The ORA projects that the State will collect \$176.5 million of gas tax revenue in FY2026, reflecting an increase of \$16.3 million when compared to the previous year's enacted amount of \$160.3 million. The \$0.02 per gallon increase to the motor fuel tax rate is projected to yield \$8.7 million in FY2026, based on a yield per penny of \$4.359 million. The following table compares the projected gas tax revenue and transfer amounts included in the FY2025 Budget as Enacted with the revenue and transfers included in the FY2026 Budget as Enacted.

Motor Fuel Tax Revenue Transfers	FY2025 Enacted	FY2026 Enacted	Change
Rhode Island Public Transit Authority	\$41.7	\$51.2	\$9.6
Department of Transportation	90.8	97.0	6.2
Rhode Island Turnpike and Bridge Authority	15.0	15.3	0.3
GARVEE Bond Debt Service	8.5	8.7	0.2
Office of Healthy Aging	4.3	4.4	0.1
Total	\$160.3	\$176.5	\$16.3

\$ in millions. Totals may vary due to rounding

Source: Office of Revenue Analysis May 2024 and June 2025 projections

**RIPTA figures include the \$0.005 share of the \$0.01 Environmental Protection Fee*

Highway Maintenance Account

Section 12 of the article increases various fees assessed at the DMV and increases RIPTA's statutory share of the Highway Maintenance Account receipts to 10.0 percent of net proceeds.

Background: The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account (HMA) within the Intermodal Surface Transportation Fund. The FY2015 Budget as Enacted provided additional funding for transportation projects by increasing the fees and surcharges assessed at the Division of Motor Vehicles (DMV) that fund the account. These fees included a surcharge of \$25.00 on all dismissals based upon a good driving record, in addition to the \$5.00 administration fee; an increase in the vehicle inspection fee from \$39.00 to \$55.00; transfer of existing revenue from inspection stickers (\$16.00 per inspection), motor vehicle title (\$50.00 per title), and car rental surcharges (8.0 percent of gross receipts per rental vehicle for the first thirty days) from the general fund to the HMA; and, the phased-in transfer of all vehicle license and registration fees into the HMA beginning in FY2016.

Article 8 of the FY2020 Budget as Enacted, altered the percentage of fees going into the HMA such that 5.0 percent of the total fees collected each year are retained by the Division of Motor Vehicles (DMV) and the remaining 95.0 percent are deposited into the Account. The funds retained by the DMV are intended to help partially offset personnel costs associated with collecting the fees associated with the HMA. The remaining 95.0 percent of fees deposited into the HMA are shared between DOT and RIPTA, with RIPTA receiving 5.0 percent of the funds deposited and DOT receiving the remaining amount. Article 8 also extended RIPTA's \$5.0 million annual appropriation to support the Free-Fare program indefinitely.

Article 2 of the FY2024 Enacted Budget shifted the revenue collected from the Division of Motor Vehicles (DMV) duplicate license fee to the HMA from general revenue.

Article Changes: Section 12 amends RIGL 39-18.1-4 and RIGL 39-18.1-5 to increase RIPTA's statutory share of the HMA proceeds from 5.0 percent to 10.0 percent as well as to increase motor vehicle license and registration fees. In general, license and registration fees increase by \$10 and vehicle registration surcharges increase by \$5, effective January 1, 2026. The article also eliminates the requirement for RIPTA to convene a Coordinating Council and submit a report by November 2018, as the report was submitted over 7 years ago.

Fiscal Impact: The ORA projects that the HMA will collect \$117.7 million in total receipts throughout FY2026, reflecting a \$5.2 million increase from previous year's enacted amount. The increase includes \$3.6 million collected by the special electric vehicle registration fee with the remainder reflecting the increased license and registration fees as well as updated projections.

The Budget provides RIPTA with \$16.2 million in HMA receipts, of which, \$11.2 million reflect the Authority's 10.0 percent share, representing a \$5.8 million increase from the FY2025 enacted level. The Budget provides the Department of Transportation with \$95.6 million, reflecting a reduction of \$899,806

when compared to the previous year's enacted level. The following table compares the HMA receipts and distributions included in the FY2025 Budget as Enacted, FY2026 Governor's Recommended and FY2026 Budget as Enacted.

RIHMA Allocation Comparison	FY2025 Enacted (May 2024)	FY2026 Governor (Nov. 2024)	FY2026 Enacted (June 2025)	Change from Enacted
Percentage Share to RIPTA*	\$5,343,900	\$5,643,598	\$11,181,588	\$5,837,688
DOT Share	96,534,101	102,228,356	95,634,295	(899,806)
5% Share General Fund	5,625,158	5,940,629	5,885,047	259,889
\$5.0 Million Base to RIPTA	5,000,000	5,000,000	5,000,000	-
Total RIHMA Funds	\$112,503,159	\$118,812,583	\$117,700,930	\$5,197,771

Source: Office of Revenue Analysis, RIHMA Forecasts: May 2024, November 2024, June 2025

*RIPTA's Percentage Share increased from 5.0% to 10.0% in the FY2026 Enacted Budget

The following table illustrates the State's FY2024 audited collections for the Highway Maintenance Account by revenue source, as well as the receipts provided in the FY2025 Final and FY2026 Enacted Budgets, and ORA's projections for FY2027 - FY2030. FY2026-FY2030 include the special electric vehicle registration fee in addition to the increased license and registration fees.

Rhode Island Highway Maintenance Account Forecast

Fees and Surcharges	FY2024 Audited	FY2025 Final	FY2026 Enacted	FY2027 Projected	FY2028 Projected	FY2029 Projected	FY2030 Projected
Licenses Base	\$6.7	\$6.7	\$6.7	\$6.7	\$6.6	\$6.5	\$6.5
Registrations Base	50.6	49.7	50.2	50.2	50.0	50.1	50.1
Licenses Surcharge	5.3	5.3	6.1	7.0	6.9	6.9	6.8
Registrations Surcharge	14.9	14.7	16.3	19.0	19.5	19.9	20.3
Rental Vehicle Surcharge	9.6	10.7	10.7	10.6	10.7	10.8	11.0
Emission Inspection Fees	13.7	13.5	12.9	13.1	13.5	13.8	14.0
Motor Vehicle Title Fees	10.5	11.2	10.7	10.9	11.2	11.4	11.6
Good Driving Fees	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4
EV Fees	0.0	0.0	3.6	9.1	12.5	16.4	21.0
RIHMA Total	\$111.8	\$112.3	\$117.7	\$126.9	\$131.4	\$136.3	\$141.8
5% Share to DMV	\$5.6	\$5.6	\$5.9	\$6.3	\$6.6	\$6.8	\$7.1
Remaining RIHMA Funds	\$106.2	\$106.6	\$111.8	\$120.6	\$124.8	\$129.5	\$134.7
10.0% Share to RIPTA*	\$5.3	\$5.3	\$11.2	\$12.1	\$12.5	\$12.9	\$13.5
\$5.0 million Transfer to RIPTA	5.0	5.0	5.0	5.0	5.0	5.0	5.0
DOT Share	\$95.9	\$96.3	\$95.6	\$103.5	\$107.3	\$111.5	\$116.2

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

Source: Office of Revenue Analysis, June 2025

*RIPTA's share increased to 10.0% in FY2026 and was previously 5.0%.

Traffic Fines and Penalties

Sections 3-7, 9-11, and 14 of the article increase various traffic fines and penalties by \$10 to \$15. Specifically, the article increases the fines and penalties for: operating a vehicle without evidence of registration, littering, violating the restrictions surrounding time of driving or presence of a supervising driver for individuals with learner's permits, wearing headphones while driving, driving an overweight vehicle, driving a bus, commercial vehicle or other large vehicle in the far-left lane, amongst other offenses. The Budget assumes an additional \$511,492 of general revenue to reflect the increased collections.

Motor Vehicle Excise Tax

In FY2023, the General Assembly phased-out the local motor vehicle excise tax, one year earlier than originally planned in a phase-out process that began in FY2018.

With the phase-out complete, the General Assembly enacted legislation in FY2023 that repealed the now obsolete statutory provisions related to the original phase-out halted in FY2008 and the subsequent provisions resulting in the complete phase-out. The legislation also repeals the formula for the reimbursement amounts over the course of the phase-out period and replaces it with the specific amounts each municipality will receive in FY2024 (the amounts total \$234.7 million). The legislation advancing the phase-out preserved the formula for reimbursements in FY2025 and beyond, specifically retaining a sales tax adjustment, that would modify reimbursements based on growth in the state's 7.0 percent sales tax. The legislation also repealed the statutory sections establishing a permanent vehicle valuation oversight commission, since it is no longer needed.

Section 13 of Article 11 further amends the initiative by changing the sales tax escalator provision. This adjustment was originally enacted to mitigate potential foregone revenue loss subsequent to the elimination of the car tax due to changes in the economy. The Governor's FY2026 Budget proposed to eliminate this adjustment, which would have produced an estimated expenditure savings of \$9.7 million. The Budget does not include this proposal. Article 11 instead caps the escalator at 2.0 percent growth. This results in an increase of \$4.9 million in expenditures as compared to the Governor's recommendation.

Effective Dates

Section 15 sets the effective dates for the revisions included in the article. Sections 1, 13, and 14 take effect upon passage. Sections 3-7 and 9-11 also take effect upon passage but will apply to offenses committed on or after July 1, 2025. Sections 8 and 12 will take effect on July 1, 2025, and Section 2 will take effect on January 1, 2026.

Article 12: Relating to Leases

This article authorizes two lease agreements for the renewal of office and operating spaces for the Department of Children, Youth, and Families, and the Rhode Island Emergency Management Agency. Pursuant to RIGL 37-6-2(d), leases meeting certain conditions require the approval from the General Assembly.

FISCAL IMPACT

State Agency	Renewal or New Lease	Location	Sq. Ft.	Lease Term	Aggregate Rent	Max. Annualized	Current Lease Expires
Children, Youth, and Families	Renewal	101 Friendship Street, Providence	99,500	10-years	\$23,919,517.90	\$2,293,826.79 *	November 30, 2025
Emergency Management Agency	Renewal	2700 Plainfield Pike, Cranston	73,770	10-years	\$7,188,368.21	\$718,836.82 **	July 31, 2025

*Annual base rent is not to exceed \$2,293,826.79 in the first five (5) years and \$2,490,076.79 in the remaining years six (6) through ten (10)

**This number represents the expected annual value based on the provided aggregate rent. The article does not provide a max annualized amount at this time.

ANALYSIS AND BACKGROUND

The article authorizes two lease agreements pursuant to RIGL 37-6-2(d), which requires the approval of the General Assembly for any new or extended lease or rental agreements with a term of five (5) years or longer where the State is the tenant and the aggregate rent during the proposed term is more than five hundred thousand dollars (\$500,000).

For agreements meeting these specifications, the law states that the State Properties Committee must submit a resolution including the following information: the purpose of the lease or rental agreement, the agency's current lease or rental costs, the expiration date of the present lease or rental agreement when applicable, the total range of costs of a new lease or rental agreement, the proposed term length of a new agreement, and the location and current owner of the property.

The article authorizes the following two lease renewal agreements.

Department of Children, Youth, and Families – 101 Friendship Street, Providence

The article authorizes the Department of Children, Youth, and Families to renew its current lease with Provident Property, LLC, for a term not to exceed ten years. The current lease for 99,500 square feet of office space is set to expire on November 30, 2025. The property is located at 101 Friendship Street, Providence, and is currently used as the main office space for the Department. The article stipulates that the aggregate fixed rent is not to exceed \$2.3 million in the first five years and \$2.5 million in the second five years, for a total aggregate fixed rent of up to \$23.9 million over the ten-year period.

Analyst Note: While this lease was intended to be approved in July 2025, as of August 22, 2025, the State Properties Committee still has not voted on the renewal. A public hearing has been proposed but not yet scheduled following union pushback to the continued use of the building due to health and safety concerns.

Rhode Island Emergency Management – 2700 Plainfield Pike, Cranston

The article authorizes a lease agreement for warehouse space to be administered by the Rhode Island Emergency Management Agency (RIEMA). The article authorizes the renewal of the existing lease of 73,770 square feet of warehouse space located at 2700 Plainfield Pike in the City of Cranston and owned by EIM Plainfield Pike LLC. The existing lease expires on July 31, 2025, and the warehouse needs continue. The lease terms state that the length of the lease is not to exceed 10 years and the aggregate base rent is not to exceed \$7.2 million.

The warehouse space has been co-administered between the Department of Administration and RIEMA as part of the State's pandemic response using federal funding from ARPA SFRF for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. The FY2023 Budget as Enacted included \$2.0 million in federal funding from ARPA SFRF for this purpose. The FY2024 Budget

as Enacted included an appropriation of \$1.4 million, and the FY2025 Budget as Enacted included \$778,347, for a total appropriation of \$4.2 million.

Article 13: Relating to Making Revised Appropriations in Support of FY2025

Article 13 outlines the appropriation amounts from all fund sources for the FY2025 Final Budget. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; expenditure limits for internal service funds; and, disbursements of Lottery, Temporary Disability Insurance, Employment Security, and University and College Funds. This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 13 also includes the following items:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,772.8 FTE positions, consistent with the authorized level set in the FY2025 Budget as Enacted.
- Details Community Service Objective grant funding recipients and amounts.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2026. In addition, the Office of the Postsecondary Commissioner shall provide \$6.9 million be allocated to the Rhode Island Promise Scholarship program, \$3.4 million to support the Rhode Island Hope Scholarship Program, \$455,000 to support the Onward We Learn, \$200,000 to the Rhode Island School for Progressive Education, \$151,410 to support the State's membership in the New England Board of Higher Education, and \$75,000 to Best Buddies Rhode Island.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.4 million. It requires Judiciary to provide \$500,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and provides \$90,000 to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- Amends federal funds, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund pursuant to the American Rescue Plan Act of 2021.
- Extends the quarterly reporting period to April 30, 2025, for the Pandemic Recovery Office to identify programs that are at risk of significant under spending or noncompliance with federal or state requirements. The reports are provided to the chairpersons of the House and Senate Finance Committees. Commencing with the report due on April 30, 2025, the report will be made on a biannual basis until October 31, 2026. The report must include an assessment on how programs that are risk can be remedied.
- Funds \$1.9 million in general revenue for a pending special education settlement to provide compensatory special education services, related administrative costs, and attorney fees to support a settlement authorized by the Rhode Island Board of Education. The case was brought under the federal Individuals with Disabilities Education Act (IDEA) for a class of students with a disability who did not earn a regular high school diploma due to turning 21, but would have qualified for a free appropriate education until age 22.
- Allows the Governor to reclassify any State Fiscal Recovery Funds that are at risk of forfeiture from the SFRF program to other eligible uses as determined by the U. S. Treasury. The Governor is required to notify the General Assembly and the proposal will be referred to the General Assembly to go into effect 30-days later, unless formally rejected by the House of Representatives and Senate acting concurrently within those 30-days.

- Requires the Department of Environmental Management to transfer \$3.0 million from the Underground Storage Tank Trust Fund to the State Controller by June 30, 2025.
- Requires the Rhode Island Student Loan Authority to transfer \$2.7 million to the State Controller by June 30, 2025.
- Requires the Rhode Island Infrastructure Bank (RIIB) to transfer \$2.0 million to the State Controller by June 30, 2025.
- Requires the Department of Revenue to transfer \$579,788 from the Marijuana Trust Fund restricted receipt account to the State Controller by June 30, 2025.

APPROPRIATIONS

Article 13 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2025.

<u>Expenditures by Source</u>	<u>FY2024 Actual</u>	<u>FY2025 Enacted</u>	<u>FY2025 Final</u>	<u>Change to Enacted</u>
General Revenue	\$5,236.1	\$5,594.9	\$5,597.6	\$2.7
Federal Funds	4,936.5	5,066.5	5,612.7	546.2
Other Funds	2,948.6	3,471.7	3,728.5	256.8
Restricted Receipts	473.7	463.1	491.6	28.5
Total	\$13,594.9	\$14,596.3	\$15,430.4	\$834.1

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

Section 1 also provides language directing the disbursement of specific appropriations including:

- **Office of Energy Resources:** The article shifts \$500,000 in general revenue from the Department of Administration to provide \$250,000 for the Electric Bike Rebate Program and \$250,000 for the Electric Leaf Blower Rebate Program, and authorizes the reappropriation of unexpended or unencumbered balances to FY2026.
- **Commerce:** The Budget allocates \$900,000 in general revenue for the annual support for the Rhode Island Science and Technology Council (STAC).
- **Commerce – Wavemaker Fellowship:** The Budget provides that at least \$500,000 is reserved for awards for medical doctor, nurse practitioner, and physician assistant healthcare applicants, consistent with the enacted budget.
- **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. The State has agreed to an action plan to ensure that the requirements of the Consent Decree are fulfilled. Article 1 provides that of both general revenue and federal funds within the Services for the Developmentally Disabled program, an amount to be certified by the Department will be allocated to direct support professional wage increases. In addition, \$982,957 in general revenues and \$508,803 in federal funds is specified to be expended on a Transformation Fund for integrated day activities and supportive employment.
- **RIDE - Individualized Education Programs (IEPs):** The Article provides that \$450,000 and 3.0 FTE positions are allocated to support special education functions that facilitate IEPs and 504 services.

- **RIDE – Learn365RI:** Requires that all unexpended or unencumbered balances from FY2025 relating to the Learn365RI program are automatically reappropriated to the following fiscal year.
- **RIDE - Rhode Island Vision Education and Services Program and Auditory Oral Program:** The Article requires that \$684,000 from the Department of Elementary and Secondary’s administrative share of federal Individuals with Disabilities Education Act funds, be allocated to the Sherlock Center on Disabilities to support the Rhode Island Vision Services Program.
- **RIDE - Education Aid:** The Budget provides that the criteria for the allocation of early childhood funds must prioritize prekindergarten seats and classrooms for four-year-olds with a family income at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low performing schools.
- **Public Safety - Body-worn Camera:** The article includes \$11.5 million of one-time general revenue to support the 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. All unexpended or unencumbered balances as of June 30, 2025, shall be reappropriated to FY2026.

FUND TRANSFERS

Article 7, Section 9 of the FY2018 Budget as Enacted (RIGL 35-3-7(a)(2) requires that when a state budget submitted to the General Assembly includes monetary transfers to the general fund from public corporations, it must be accompanied by alternative funding proposals that may be considered in lieu of the public corporation transfers.

Analyst Note: The Governor’s Budget does not contain the alternative proposal language. This typically has appeared in the budget transmittal letter in the past. Instead of removing the fund transfers, the letter indicates that if the State’s fiscal condition improves the Governor would supplement educational investments to close the achievement gap with Massachusetts, and invest in primary care providers.

- **Department of Environmental Management - Underground Storage Tank Trust Fund:** The Budget requires the Department of Environmental Management to transfer \$3.0 million from the Underground Storage Tank Trust Fund to the State Controller by June 30, 2025.

Rhode Island has 1,822 registered and active underground storage tanks, 35 more than last year, all of which pose a potential environmental threat if leakage should occur. The Underground Storage Tank (UST) Clean-up Fund was created in 1994 to provide an effective mechanism for UST owners to comply with financial responsibility requirements and to ensure that the environmental and public health impacts of UST leaks are addressed in an effective and timely manner. This fund is capitalized from a \$0.005 per gallon surcharge on motor fuel to owners/operators of underground storage tanks; however, the surcharge will be suspended once the balance of the fund reaches \$8.0 million and reinstated when it falls below \$5.0 million (RIGL 46-12.9-11). Payments from the fund are made to qualified applicants on a reimbursement basis.

Article 3 of the FY2024 Budget as Enacted repealed the Underground Storage Tank Advisory Board. According to the Department of Environmental Management (DEM), the Board was largely defunct. The Board did not have any members and hadn’t held any meetings since 2016 when legislation was passed changing the Board from a review to an advisory body and transferring the Board’s authority over funding to DEM. Since the Board has been vacant and inactive for years, there was no impact on current activities or expenditures and DEM continues to supervise the clean-up process and insuring that each project meets state requirements.

The first payment was made from the fund in 1997 and since then, reimbursements of over \$64.0 million have been made to clean up contamination from 262 UST sites. From FY2019 to FY2024, the fund has experienced average, annual expenditures of \$838,461. In the FY2024 Revised Budget, \$2.0 million from the fund was shifted into general revenues.

UST	Current Balance (1.27.2025)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (as of 1.27.2025)	AVERAGE FY2019 to FY2024
	\$6,054,088								
Expenditures		\$1,034,157	\$913,690	\$756,260	\$804,406	\$882,077	\$640,177	\$887,609	\$838,461
Receipts		2,108,431	1,830,778	1,767,545	1,838,247	1,331,015	1,318,699	731,433	1,699,119
<i>difference</i>		<i>\$1,074,275</i>	<i>\$917,088</i>	<i>\$1,011,285</i>	<i>\$1,033,842</i>	<i>\$448,938</i>	<i>\$678,522</i>	<i>(\$156,177)</i>	<i>\$860,658</i>
Transfers to the State							(\$2,000,000)		

Source: RIDEM

- **Rhode Island Student Loan Authority:** The article requires the Rhode Island Student Loan Authority to transfer \$2.7 million in FY2025 from their unrestricted fund balance to the General Fund to fund Rhode Island's Dual and Concurrent Enrollment. Pursuant to RIGL 16-100, Rhode Island began offering the Dual Enrollment program, which allows students to take college courses to earn credits at both secondary and higher education institutions. In 2015, the Board of Education adopted provisions that ensure that all Rhode Island high school students, have the opportunity to access college level work while still in high school. All three of the State institutions offer dual enrollment courses.

The Office of the Postsecondary Commission indicated that the Dual and Concurrent Enrollment has faced a budget gap of \$300,000 in previous fiscal years, but, were able to close that gap with RI Higher Education Assistance Authority (RIHEAA) funds. However, the fund had been depleted in FY2024. The RISLA transfer will close the gap and ensure that the program will continue.

Analyst Note: While the amounts of the RISLA fund transfer and the funding for Dual and Concurrent Enrollment are the same, there is no legislation formally tying the two initiatives.

- **Rhode Island Infrastructure Bank (RIIB):** The article requires the Rhode Island Infrastructure Bank (RIIB) to transfer \$2.0 million to the General Fund by June 30, 2025. RIIB is a quasi-public agency that assists municipalities, businesses, and homeowners with financing infrastructure improvements through a revolving fund. It supports water and wastewater projects, roads and bridges, energy efficiency and renewable energy projects, and brownfield remediation.

According to the Office of Management and Budget, the \$2.0 million represents 6.1 percent of RIIB's unrestricted fund balance of \$32.6 million at the end of FY2024. RIIB indicates that \$16.4 million of that amount, consists of long-term loans receivable and capital assets which are not readily available for operations. Moreover, \$11.2 million in reserves are restricted to specific programs at the Bank and are similarly unavailable. RIIB further indicates that only \$8.6 million is in unrestricted cash. This amount serves as the Bank's working capital, ensuring liquidity to cover monthly operating expenses for the current and following fiscal year. It also supports the Bank in delivering no cost technical advisory services to municipalities and enables the interim pre-funding of loans until long-term financing is secured. The proposed transfer of \$2.0 million would come from Bank operating funds, which would decrease its working capital position and potentially lessen the Bank's financial flexibility.

- **Department of Revenue – Marijuana Trust Fund:** The article requires the Department of Revenue to transfer \$579,788 from the Marijuana Trust Fund restricted receipt account to the State Controller by June 30, 2025. Pursuant to RIGL 23-28-11.13, restricted receipt accounts were established in the Office of the Attorney General and the Judiciary, appropriating a total of \$1.4 million in restricted receipts. These funds facilitated the implementation of the automatic expungement provision of the Rhode Island Cannabis Act, which authorized the automatic expungement of any convictions for cannabis possession, use, or purchase. Rhode Island expunged more than 23,000 cannabis convictions under the Cannabis Act. All cannabis expungements were completed July 1, 2024.

INTERNAL SERVICE FUNDS

Article 13 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	FY2025 Enacted	FY2025 Final	Change
State Assessed Fringe Benefits	\$36,946,270	\$37,207,570	\$261,300
Administration Central Utilities	30,029,111	29,958,823	(70,288)
State Central Mail	8,419,019	8,487,528	68,509
State Telecommunications	3,748,530	3,791,031	42,501
State Automotive Fleet	15,496,081	20,954,252	5,458,171
Surplus Property	44,789	44,789	-
Health Insurance	272,804,635	272,713,059	(91,576)
Other Post-Employment Benefits	63,854,008	63,854,008	-
Capitol Police	1,466,975	1,589,194	122,219
Corrections Central Distribution Center	7,659,339	8,619,679	960,340
Correctional Industries	8,247,332	8,448,513	201,181
Secretary of State Records Center	1,166,547	1,205,296	38,749
Human Resources Internal Service Fund	17,669,248	18,075,166	405,918
DCAMM Facilities Internal Service Fund	53,327,083	53,946,171	619,088
Information Technology Internal Service Fund	62,092,295	63,523,776	1,431,481
Total	\$582,971,262	\$592,418,855	\$9,447,593

FTE POSITIONS

Article 13 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. The Budget recommends no change in FTE positions as compared to the authorized level set in the FY2025 Budget as Enacted. The following table illustrates the FTE levels by government function:

FTE Positions by Function	FY2025 Enacted	FY2025 Final	Change to Enacted
General Government	2,570.3	2,570.3	-
Human Services	3,848.5	3,848.5	-
Education	4,269.8	4,269.8	-
Public Safety	3,338.4	3,338.4	-
Natural Resources	471.0	471.0	-
Transportation	755.0	755.0	-
Subtotal	15,253.0	15,253.0	-
<i>Higher Ed. Sponsored Positions</i>	<i>519.8</i>	<i>519.8</i>	<i>-</i>
Total FTE Positions	15,772.8	15,772.8	-

STATE FISCAL RECOVERY FUNDS

Sections 5 and 6 of this article pertain to the authorization and appropriation of the State Fiscal Recovery Fund (SFRF) and Capital Projects Fund (CRF) federal funds.

- Section 5 clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021 for FY2025. The purpose of this language is to specify that these federal funds are not part of the generic federal fund line items and that a specific SFRF or CPF line item, by project, constitutes the authority to expend the SFRF or CPF. The Budget generally does not appropriate federal funds at an individual or specific level. This language ensures that state agencies are not expending the SFRF or CPF funds under the authority of a general federal fund line item. The section also specifies and describes the SFRF appropriations.

- Section 6 maintains the Pandemic Recovery Office within the Department of Administration is to oversee and ensure compliance with the rules, regulations, and guidance issued by the United States Department of the Treasury of expenditures from the SFRF and Capital Projects Fund. This section extends the quarterly reporting period to April 30, 2025, for the Pandemic Recovery Office to identify programs that are at risk of significant underspending or noncompliance with federal or state requirements. The reports are provided to the Speaker of the House of Representatives, the President of the Senate, and to the chairpersons of the House and Senate Finance Committees. Commencing with the report due on April 30, 2025, the report will be made on a biannual basis until October 31, 2026. The report must include an assessment on how programs that are at risk can be remedied.

Allows the Governor to reclassify any State Fiscal Recovery Funds that are at risk of forfeiture from the SFRF program to other eligible uses as determined by the U. S. Treasury. For a state fiscal recovery fund program, if the amount of the underspend or receipt of program income is less than or equal to \$1.0 million and less than or equal to 20.0 percent of its total appropriation, the Governor's proposed reclassification shall take effect immediately. For a state fiscal recovery fund program, if the amount of the underspend or receipt of program income is greater than \$1.0 million or greater than 20.0 percent of its total appropriation, the Governor's proposed reclassification shall go into effect 30-days hence after its referral to the General Assembly by the Governor, unless rejected by formal action of the House and Senate acting concurrently within that time.

Article 14 - Relating to Effective Date

This article provides that the Act will take effect on July 1, 2025, except as otherwise provided herein.



APPENDIX

GENERAL REVENUE SURPLUS

Opening Surplus	FY2024 Audited	FY2025 Enacted	FY2025 Final	FY2026 Enacted
Free Surplus	\$412,262,973	\$279,019,055	\$326,355,037	\$230,213,058
Reappropriated Surplus	45,152,130	-	34,569,423	-
Adjustment to Opening Surplus	6,530,494	-	-	-
Adjustment to Fund Balance	23,811,475	-	-	-
Subtotal	\$487,757,072	\$279,019,055	\$360,924,460	\$230,213,058
Revenues	\$5,418,703,841	\$5,489,117,361	\$5,624,275,831	\$5,766,583,094
To Cash Stabilization Fund	(175,124,919)	173,044,092	(178,518,926)	(179,903,885)
Total Available Resources	\$5,731,335,994	\$5,595,092,324	\$5,806,681,365	\$5,816,892,267
Expenditures	\$5,236,111,578	\$5,594,861,257	\$5,597,598,073	\$5,809,363,121
Total Surplus	\$495,224,416	\$231,067	\$209,083,292	\$7,529,146
Free Surplus	\$326,355,037	\$131,067	\$230,213,058	\$1,029,146
Rainy Day Fund	291,548,341	289,306,286	297,531,543	299,839,808

ALL FUNDS EXPENDITURES

General Government	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted	FY2026 Enacted	Change from Enacted
Department of Administration	\$1,129,501,444	\$1,168,634,915	\$1,271,309,798	\$102,674,883	\$1,004,237,427	(\$164,397,488)
Office of Energy Resources	-	-	68,374,151	68,374,151	\$106,678,669	106,678,669
Department of Business Regulation	30,956,165	44,120,539	40,812,969	(3,307,570)	39,094,954	(5,025,585)
Executive Office of Commerce	86,281,871	70,777,163	189,471,202	118,694,039	58,832,824	(11,944,339)
Department of Housing	144,022,286	58,335,416	213,635,726	155,300,310	45,079,456	(13,255,960)
Department of Labor and Training	568,629,725	594,071,262	627,476,761	33,405,499	632,267,683	38,196,421
Department of Revenue	775,352,928	834,605,599	860,607,926	26,002,327	873,248,086	38,642,487
Rhode Island Cannabis Control Commission	-	-	-	-	7,303,563	7,303,563
General Assembly	50,114,870	55,789,931	66,737,273	10,947,342	61,424,920	5,634,989
Office of Lieutenant Governor	1,255,657	1,447,015	1,370,103	(76,912)	1,519,219	72,204
Secretary of State	12,570,221	16,539,342	16,932,349	393,007	16,523,206	(16,136)
Office of the General Treasurer	20,746,999	23,886,874	24,589,119	702,245	25,974,916	2,088,042
Board of Elections	4,694,420	5,682,615	5,726,638	44,023	4,474,931	(1,207,684)
Rhode Island Ethics Commission	2,028,758	2,234,502	2,415,211	180,709	2,419,632	185,130
Office of the Governor	7,532,310	8,471,265	8,973,819	502,554	9,334,918	863,653
Rhode Island Commission for Human Rights	2,427,174	2,505,726	2,769,857	264,131	2,772,687	266,961
Public Utilities Commission	11,444,997	14,607,520	15,042,977	435,457	15,508,274	900,754
Total	\$2,847,559,825	\$2,901,709,684	\$3,416,245,879	\$514,536,195	\$2,906,695,365	\$4,985,681
Health and Human Services						
Executive Office of Health and Human Services	\$3,609,697,895	\$4,017,751,873	\$3,914,212,815	(\$103,539,058)	\$4,226,436,784	\$208,684,911
Department of Children, Youth, and Families	315,679,819	399,055,263	416,292,563	17,237,300	394,390,394	(4,664,869)
Department of Health	313,950,321	356,254,973	381,872,187	25,617,214	295,526,774	(60,728,199)
Department of Human Services	790,632,083	814,741,554	853,438,400	38,696,846	837,388,626	22,647,072
Behavioral Healthcare, Developmental Disabilities and Hospitals	654,099,937	672,361,552	714,187,682	41,826,130	716,698,599	44,337,047
Governor's Commission on Disabilities	1,638,907	1,936,931	2,820,433	883,502	1,806,042	(130,889)
Commission on the Deaf & Hard of Hearing	800,166	914,184	804,509	(109,675)	929,154	14,970
Office of the Child Advocate	1,395,026	1,891,426	1,763,740	(127,686)	2,264,613	373,187
Office of the Mental Health Advocate	769,628	981,608	730,673	(250,935)	1,117,164	135,556
Total	\$5,688,663,782	\$6,265,889,364	\$6,286,123,002	\$20,233,638	\$6,476,558,150	\$210,668,786
Education						
Elementary and Secondary Education	\$2,042,451,600	\$2,003,162,178	\$2,010,811,631	\$7,649,453	\$2,009,450,142	\$6,287,964
Public Higher Education	1,376,283,616	1,470,837,483	1,531,187,263	60,349,780	1,597,894,736	127,057,253
Rhode Island Council on the Arts	3,445,440	3,976,337	4,084,272	107,935	4,242,454	266,117
Rhode Island Atomic Energy Commission	1,485,128	1,593,911	1,654,687	60,776	1,714,495	120,584
Historical Preservation and Heritage Commission	2,141,261	3,727,660	3,840,840	113,180	3,448,631	(279,029)
Total	\$3,425,807,045	\$3,483,297,569	\$3,551,578,693	\$68,281,124	\$3,616,750,458	\$133,452,889
Public Safety						
Office of Attorney General	\$42,453,865	\$46,456,627	\$50,178,621	\$3,721,994	\$52,487,807	\$6,031,180
Department of Corrections	299,681,950	344,085,761	340,007,783	(4,077,978)	383,508,190	39,422,429
Judiciary	142,092,516	147,968,237	158,909,579	10,941,342	159,224,433	11,256,196
Military Staff	34,565,140	101,622,845	102,309,746	686,901	41,647,731	(59,975,114)
Rhode Island Emergency Management Agency	58,432,960	36,520,428	45,430,586	8,910,158	43,657,584	7,137,156
Department of Public Safety	149,100,696	212,605,180	225,529,970	12,924,790	199,527,584	(13,077,596)
Office of Public Defender	14,758,301	16,670,594	17,261,971	591,377	18,263,714	1,593,120
Total	\$741,085,428	\$905,929,672	\$939,628,256	\$33,698,584	\$898,317,043	(\$7,612,629)
Natural Resources						
Department of Environmental Management	\$113,585,143	\$143,732,584	\$150,341,063	\$6,608,479	\$164,424,187	\$20,691,603
Coastal Resources Management Council	5,228,629	6,176,963	11,226,436	5,049,473	14,860,746	8,683,783
Total	\$118,813,772	\$149,909,547	\$161,567,499	\$11,657,952	\$179,284,933	\$29,375,386
Transportation						
Department of Transportation	\$772,960,768	\$889,560,237	\$1,075,256,161	\$185,695,924	\$882,795,591	(\$6,764,646)
Total	\$772,960,768	\$889,560,237	\$1,075,256,161	\$185,695,924	\$882,795,591	(\$6,764,646)
Grand Total	\$13,594,890,620	\$14,596,296,073	\$15,430,399,490	\$834,103,417	\$14,960,401,540	\$364,105,467

GENERAL REVENUE EXPENDITURES

General Government	FY2024 Actual	FY2025 Enacted	FY2025 Final	Change from Enacted	FY2026 Enacted	Change from Enacted
Department of Administration	\$279,490,231	\$255,026,334	\$223,182,559	(\$31,843,775)	\$249,311,650	(\$5,714,684)
Office of Energy Resources	-	-	500,000	500,000	-	-
Department of Business Regulation	22,113,016	24,091,628	24,496,492	404,864	25,769,781	1,678,153
Executive Office of Commerce	66,223,935	40,380,983	40,431,623	50,640	33,532,824	(6,848,159)
Department of Housing	4,275,215	9,840,596	5,167,713	(4,672,883)	6,464,465	(3,376,131)
Department of Labor and Training	18,297,863	17,790,653	20,198,193	2,407,540	18,179,242	388,589
Department of Revenue	372,380,447	400,471,730	402,288,592	1,816,862	413,452,869	12,981,139
Rhode Island Cannabis Control Commission	-	-	-	-	-	-
General Assembly	48,096,219	53,358,280	64,146,864	10,788,584	58,734,623	5,376,343
Office of Lieutenant Governor	1,255,657	1,447,015	1,370,103	(76,912)	1,519,219	72,204
Secretary of State	10,786,209	12,462,241	12,807,184	344,943	12,861,732	399,491
Office of the General Treasurer	3,879,697	4,915,333	5,100,717	185,384	4,600,223	(315,110)
Board of Elections	4,694,420	5,682,615	5,726,638	44,023	4,474,931	(1,207,684)
Rhode Island Ethics Commission	2,028,758	2,234,502	2,415,211	180,709	2,419,632	185,130
Office of the Governor	7,532,310	8,471,265	8,973,819	502,554	9,334,918	863,653
Rhode Island Commission for Human Rights	2,117,476	2,055,616	2,221,997	166,381	2,249,158	193,542
Public Utilities Commission	-	-	-	-	-	-
Total	\$843,171,453	\$838,228,791	\$819,027,705	(\$19,201,086)	\$842,905,267	\$4,676,476
Health and Human Services						
Executive Office of Health and Human Services	\$1,265,714,998	\$1,416,418,232	\$1,388,921,238	(\$27,496,994)	\$1,490,421,244	\$74,003,012
Department of Children, Youth, and Families	215,101,489	261,358,200	261,352,456	(5,744)	262,775,058	1,416,858
Department of Health	34,032,134	40,053,947	38,533,357	(1,520,590)	40,825,075	771,128
Department of Human Services	135,284,255	142,790,800	142,053,994	(736,806)	136,022,692	(6,768,108)
Behavioral Healthcare, Developmental Disabilities and Hospitals	311,396,797	305,694,995	320,841,750	15,146,755	318,778,838	(13,083,843)
Governor's Commission on Disabilities	1,298,970	1,530,392	2,331,664	801,272	1,386,032	(144,360)
Commission on the Deaf & Hard of Hearing	745,740	782,651	662,680	(119,971)	786,233	3,582
Office of the Child Advocate	1,429,015	1,891,426	1,763,740	(127,686)	2,264,613	373,187
Office of the Mental Health Advocate	769,628	981,608	730,673	(250,935)	1,117,164	135,556
Total	\$1,965,773,026	\$2,171,502,251	\$2,157,191,552	(\$14,310,699)	\$2,254,376,949	\$82,874,698
Education						
Elementary and Secondary Education	\$1,493,846,918	\$1,588,830,390	\$1,597,274,317	\$8,443,927	\$1,659,208,810	\$70,378,420
Public Higher Education	309,805,902	314,514,386	315,128,906	614,520	327,246,516	12,732,130
Rhode Island Council on the Arts	2,297,463	2,395,211	2,412,492	17,281	2,414,685	19,474
Rhode Island Atomic Energy Commission	1,119,280	1,180,419	1,231,639	51,220	1,278,282	97,863
Historical Preservation and Heritage Commission	1,204,647	1,898,100	1,622,211	(275,889)	1,969,751	71,651
Total	\$1,808,274,210	\$1,908,818,506	\$1,917,669,565	\$8,851,059	\$1,992,118,044	\$83,299,538
Public Safety						
Office of Attorney General	\$35,044,452	\$35,103,418	\$36,677,279	\$1,573,861	\$38,244,427	\$3,141,009
Department of Corrections	263,728,600	293,746,087	303,521,067	9,774,980	324,014,603	30,268,516
Judiciary	118,821,246	124,336,261	132,962,235	8,625,974	133,516,539	9,180,278
Military Staff	3,392,720	3,276,320	3,195,718	(80,602)	3,424,058	147,738
Rhode Island Emergency Management Agency	6,671,412	7,007,474	7,062,596	55,122	7,457,256	449,782
Department of Public Safety	117,775,568	135,410,334	143,141,583	7,731,249	132,842,119	(2,568,215)
Office of Public Defender	14,670,119	16,585,559	17,176,936	591,377	18,178,679	1,593,120
Total	\$560,104,117	\$615,465,453	\$643,737,414	\$28,271,961	\$657,677,681	\$42,212,228
Natural Resources						
Department of Environmental Management	\$55,457,397	\$57,238,872	\$56,014,410	(\$1,224,462)	\$58,380,368	\$1,141,496
Coastal Resources Management Council	3,331,464	3,607,384	3,957,427	350,043	3,904,812	297,428
Total	\$58,788,861	\$60,846,256	\$59,971,837	(\$874,419)	\$62,285,180	\$1,438,924
Transportation						
Department of Transportation	-	-	-	-	-	-
Total	-	-	-	-	-	-
Grand Total	\$5,236,111,667	\$5,594,861,257	\$5,597,598,073	\$2,736,816	\$5,809,363,121	\$214,501,864

PERSONNEL

	FY2024 Actual	FY2025 Enacted	FY2025 Revised	Change from Enacted	FY2026 Enacted	Change from Enacted
General Government						
Administration	674.6	683.6	667.6	(16.0)	684.6	1.0
Office of Energy Resources	-	-	16.0	16.0	17.0	17.0
Business Regulation	181.0	181.0	181.0	-	155.0	(26.0)
RI Cannabis Control Commission	-	-	-	-	26.0	26.0
Executive Office of Commerce	5.0	5.0	5.0	-	5.0	-
Housing	38.0	38.0	38.0	-	38.0	-
Labor and Training	461.7	461.7	461.7	-	461.7	-
Revenue	587.5	599.5	599.5	-	605.5	6.0
Legislature	298.5	298.5	298.5	-	298.5	-
Lieutenant Governor	8.0	8.0	8.0	-	8.0	-
Secretary of State	61.0	62.0	62.0	-	62.0	-
General Treasurer	91.0	91.0	91.0	-	92.0	1.0
Board of Elections	13.0	13.0	13.0	-	13.0	-
Ethics Commission	12.0	12.0	12.0	-	12.0	-
Office of the Governor	45.0	45.0	45.0	-	45.0	-
Commission for Human Rights	15.0	15.0	15.0	-	15.0	-
Public Utilities Commission	54.0	57.0	57.0	-	57.0	-
Total	2,545.3	2,570.3	2,570.3	-	2,595.3	25.0
Human Services						
Office of Health and Human Services	218.0	233.0	233.0	-	243.0	10.0
Children, Youth, and Families	705.5	714.5	714.5	-	713.5	(1.0)
Health	575.6	572.6	572.6	-	572.6	-
Human Services	1,070.0	1,079.0	1,079.0	-	1,079.0	-
BHDDH	1,204.4	1,221.4	1,221.4	-	1,223.4	2.0
Office of the Child Advocate	10.0	13.0	13.0	-	13.0	-
Governor's Commission on the Deaf	4.0	4.0	4.0	-	4.0	-
Governor's Commission on Disabilities	5.0	5.0	5.0	-	5.0	-
Office of the Mental Health Advocate	6.0	6.0	6.0	-	6.0	-
Total	3,798.5	3,848.5	3,848.5	-	3,859.5	11.0
Education						
Elementary and Secondary Education	334.1	340.1	340.1	-	342.1	2.0
Public Higher Education	3,874.5	3,895.5	3,895.5	-	3,972.5	77.0
Council on the Arts	10.0	10.0	10.0	-	10.0	-
Atomic Energy Commission	8.6	8.6	8.6	-	8.6	-
Historical Preservation and Heritage Commission	15.6	15.6	15.6	-	15.6	-
Total	4,242.8	4,269.8	4,269.8	-	4,348.8	79.0
Public Safety						
Attorney General	264.1	264.1	264.1	-	268.1	4.0
Corrections	1,461.0	1,461.0	1,461.0	-	1,461.0	-
Judiciary	743.3	745.3	745.3	-	749.3	4.0
Military Staff	93.0	93.0	93.0	-	93.0	-
Emergency Management	37.0	38.0	38.0	-	38.0	-
Public Safety	632.0	633.0	633.0	-	634.0	1.0
Public Defender	104.0	104.0	104.0	-	104.0	-
Total	3,334.4	3,338.4	3,338.4	-	3,347.4	9.0
Natural Resources						
Environmental Management	425.0	439.0	439.0	-	439.0	-
Coastal Resources Management Council	32.0	32.0	32.0	-	32.0	-
Total	457.0	471.0	471.0	-	471.0	-
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	353.8	353.8	353.8	-	378.8	25.0
Total	519.8	519.8	519.8	-	544.8	25.0
Grand Total	15,652.8	15,772.8	15,772.8	-	15,921.8	149.0

FY2026 DIRECT AID TO MUNICIPALITIES

Municipality	FY2025 Enacted ⁴	Payment in Lieu of Taxes	Distressed Communities Relief Fund	Library Aid	Motor Vehicle Excise Tax	Tangible Property	FY2026 Enacted	Change from FY2025
Barrington	\$6,371,907	\$18,467	-	\$363,559	\$6,013,312	\$83,638	\$6,478,976	\$107,069
Bristol	4,596,713	1,388,333	-	228,644	2,970,720	147,284	4,734,981	138,268
Burrillville	5,424,751	64,050	-	226,290	5,150,845	72,656	5,513,841	89,090
Central Falls	2,735,313	-	305,400	37,420	2,132,210	351,907	2,826,937	91,624
Charlestown	1,107,383	-	-	70,183	1,030,171	18,324	1,118,678	11,295
Coventry	6,507,745	-	804,459	270,579	5,989,355	365,715	7,430,108	922,363
Cranston	28,889,700	3,525,471	-	845,964	22,783,506	1,738,596	28,893,537	3,836
Cumberland	6,940,855	-	-	379,507	6,204,972	505,178	7,089,657	148,801
East Greenwich	3,936,750	961,042	-	151,498	2,467,614	546,636	4,126,790	190,040
East Providence	14,071,455	312,444	-	514,759	11,667,263	1,883,783	14,378,249	306,794
Exeter	2,360,044	-	-	69,192	2,275,955	53,418	2,398,565	38,522
Foster	1,795,928	-	-	44,961	1,677,019	100,687	1,822,667	26,739
Glocester	2,684,522	-	-	99,782	2,419,699	203,566	2,723,047	38,524
Hopkinton	1,863,296	-	-	45,698	1,653,062	189,737	1,888,497	25,201
Jamestown	767,799	-	-	121,905	646,850	23,473	792,228	24,429
Johnston	11,904,200	-	-	137,708	10,589,179	1,391,119	12,118,006	213,805
Lincoln	6,440,032	-	-	272,688	5,797,695	483,036	6,553,419	113,388
Little Compton	447,331	-	-	48,338	383,319	35,997	467,654	20,323
Middletown	2,457,372	-	-	180,903	2,012,423	300,020	2,493,346	35,975
Narragansett	2,154,632	-	-	213,764	1,868,679	77,223	2,159,666	5,034
Newport	4,419,882	1,483,160	-	112,867	2,275,955	304,205	4,176,187	(243,695)
New Shoreham	677,845	-	-	516,192	167,702	14,181	698,075	20,230
North Kingstown	6,034,422	51	-	365,865	5,486,249	329,980	6,182,145	147,722
North Providence	11,910,456	-	1,275,820	246,816	9,822,542	907,238	12,252,416	341,960
North Smithfield	4,946,190	-	-	98,311	4,480,037	449,370	5,027,718	81,528
Pawtucket	20,197,901	2,622	2,021,793	526,294	16,842,066	1,377,212	20,769,987	572,087
Portsmouth	2,722,357	-	-	144,364	2,467,614	168,858	2,780,836	58,479
Providence	86,142,245	39,807,256	8,185,589	1,501,739	34,834,087	6,101,330	90,430,001	4,287,756
Richmond	1,586,007	-	-	30,114	1,485,360	104,948	1,620,422	34,415
Scituate	2,261,709	-	-	145,945	2,012,423	146,895	2,305,263	43,553
Smithfield	10,022,892	1,298,117	-	382,758	7,235,141	1,331,050	10,247,066	224,174
South Kingstown	4,590,615	188,759	-	280,456	4,000,889	211,379	4,681,483	90,867
Tiverton	2,051,926	-	-	153,750	1,772,849	153,001	2,079,600	27,674
Warren	2,349,062	-	-	79,754	2,132,210	179,960	2,391,924	42,862
Warwick	30,943,692	1,746,777	-	927,993	25,778,183	3,080,934	31,533,887	590,195
Westerly	6,473,128	156,006	-	74,315	5,893,525	485,171	6,609,017	135,889
West Greenwich	1,706,126	-	-	231,839	1,365,573	163,578	1,760,990	54,864
West Warwick	8,114,297	-	1,295,536	463,542	5,797,695	829,938	8,386,711	272,414
Woonsocket	11,644,406	365,090	995,860	237,964	9,511,095	834,588	11,944,597	300,191
SRL ¹	1,145,585	-	-	1,169,541	-	-	1,169,541	23,956
ILG ²	79,671	-	-	81,264	-	-	81,264	1,593
LCA ³	2,232,819	-	-	2,115,628	-	-	2,115,628	(117,191)
Fire Districts	421,271	-	-	-	455,191	162,660	617,851	196,580
Total	\$336,132,233	\$51,317,647	14,884,458	\$14,210,650	\$239,550,236	\$25,908,469	\$345,871,460	\$9,739,223

¹SRL: Statewide Reference Library Resources Grant²ILG: Grant-in-Aid to Institutional Libraries³LCA: Library Construction Aid

FY2026 INDIRECT AID TO MUNICIPALITIES

Municipality	FY2025 Enacted	Public Service Corp. Tax	Hotel Tax ²	Meals and Beverage Tax	Airport Impact Fees ¹	FY2026 Enacted	Change from FY2025 Enacted
Barrington	\$443,580	\$244,996	\$6,902	\$178,485	\$0	\$430,383	(\$13,197)
Bristol	1,124,216	319,498	125,102	756,508	-	1,201,108	76,892
Burrillville	509,179	232,541	1,011	280,710	-	514,262	5,083
Central Falls	549,085	321,846	1,408	293,862	-	617,116	68,031
Charlestown	442,097	114,774	169,288	242,419	-	526,481	84,384
Coventry	1,258,218	511,910	148,653	624,993	-	1,285,556	27,338
Cranston	4,084,890	1,182,989	57,606	2,944,173	-	4,184,768	99,878
Cumberland	1,254,096	520,972	1,078	757,476	-	1,279,526	25,430
East Greenwich	1,245,529	206,256	7,643	1,169,261	-	1,383,160	137,631
East Providence	2,232,558	672,439	96,576	1,501,608	-	2,270,623	38,065
Exeter	265,783	101,646	1,230	171,263	-	274,139	8,356
Foster	92,948	64,152	1,628	25,112	-	90,892	(2,056)
Glocester	262,888	144,123	3,927	134,243	-	282,293	19,405
Hopkinton	194,185	120,558	3,612	64,319	-	188,489	(5,696)
Jamestown	269,916	79,384	76,271	151,734	-	307,389	37,473
Johnston	1,503,372	423,177	19,646	1,125,530	-	1,568,353	64,981
Lincoln	1,554,252	323,135	337,707	1,043,702	25,034	1,729,578	175,326
Little Compton	159,548	51,553	58,583	57,889	-	168,025	8,477
Middletown	2,903,992	242,233	1,984,717	1,169,905	33,482	3,430,337	526,345
Narragansett	1,591,633	208,160	586,609	1,022,842	-	1,817,611	225,978
Newport	7,707,451	358,324	5,065,156	3,790,711	-	9,214,191	1,506,740
New Shoreham	1,497,829	11,868	1,277,686	613,239	44,684	1,947,477	449,648
North Kingstown	1,504,552	397,079	197,367	961,913	56,332	1,612,691	108,139
North Providence	1,137,190	485,897	5,757	737,208	-	1,228,862	91,672
North Smithfield	654,160	180,143	8,130	488,498	-	676,771	22,611
Pawtucket	2,577,052	1,077,736	138,043	1,373,424	-	2,589,203	12,151
Portsmouth	718,822	253,972	54,610	476,032	-	784,614	65,792
Providence	13,146,755	2,723,172	3,701,502	8,672,635	-	15,097,309	1,950,554
Richmond	372,814	116,063	65,820	218,907	-	400,790	27,976
Scituate	258,566	149,134	12,172	111,608	-	272,914	14,348
Smithfield	1,793,630	316,034	309,346	1,265,306	25,034	1,915,720	122,090
South Kingstown	2,087,518	458,195	503,601	1,262,483	-	2,224,279	136,761
Tiverton	697,790	232,784	16,201	469,664	-	718,649	20,859
Warren	673,063	159,456	6,685	586,016	-	752,157	79,094
Warwick	7,557,900	1,186,411	1,807,228	4,213,753	769,903	7,977,295	419,395
Westerly	3,026,270	333,829	1,609,813	1,412,853	55,567	3,412,062	385,792
West Greenwich	428,449	94,459	175,267	184,664	-	454,390	25,941
West Warwick	1,196,404	444,165	222,659	576,966	-	1,243,790	47,386
Woonsocket	1,522,435	616,663	81,694	833,585	-	1,531,942	9,507
Total	\$70,500,615	\$15,681,726	\$18,947,935	\$41,965,502	\$1,010,036	\$77,605,199	\$7,104,580

¹FY2026 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in May 2026.

Final FY2026 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2026. The state aid for each municipality is an estimate provided by the Senate Fiscal Office.

² FY2026 hotel tax consists of the 1.0 percent local occupancy tax and the 25.0 percent local share of the 5.0 percent tax on traditional hotel rentals as well as the rental of rooms or residential dwellings via roomsellers. The amounts also reflect the impact of Article 5's budget initiative that increases the local occupancy tax to 2.0 percent. It does not reflect the impact of the whole-home short term rental tax that is included in Article 5.

FY2025 DIRECT AID TO MUNICIPALITIES

Municipality	FY2025 Enacted	Payment in Lieu of Taxes	Distressed Communities Relief Fund	Library Aid	Motor Vehicle Excise Tax	Tangible Property	FY2025 Enacted	Change from FY2025
Barrington	\$6,371,907	\$18,976	-	\$374,472	\$5,891,868	\$83,638	\$6,368,954	(\$2,954)
Bristol	4,596,713	1,324,937	-	218,673	2,910,724	147,284	4,601,618	4,906
Burrillville	5,424,751	60,737	-	237,425	5,046,819	72,656	5,417,637	(7,113)
Central Falls	2,735,313	-	268,136	37,296	2,089,148	351,907	2,746,487	11,174
Charlestown	1,107,383	-	-	68,182	1,009,366	18,324	1,095,872	(11,511)
Coventry	6,507,745	-	-	269,635	5,868,395	365,715	6,503,745	(4,001)
Cranston	28,889,700	4,037,181	-	801,676	22,323,373	1,738,596	28,900,826	11,126
Cumberland	6,940,855	-	-	362,208	6,079,657	505,178	6,947,043	6,188
East Greenwich	3,936,750	819,440	-	153,342	2,417,779	546,636	3,937,197	447
East Providence	14,071,455	296,967	-	457,226	11,431,633	1,883,783	14,069,609	(1,846)
Exeter	2,360,044	-	-	65,245	2,229,990	53,418	2,348,653	(11,391)
Foster	1,795,928	-	-	42,989	1,643,150	100,687	1,786,826	(9,101)
Glocester	2,684,522	-	-	99,016	2,370,831	203,566	2,673,413	(11,109)
Hopkinton	1,863,296	-	-	44,300	1,619,677	189,737	1,853,714	(9,582)
Jamestown	767,799	-	-	121,534	633,787	23,473	778,793	10,994
Johnston	11,904,200	-	-	130,296	10,375,322	1,391,119	11,896,737	(7,463)
Lincoln	6,440,032	-	-	273,980	5,680,606	483,036	6,437,622	(2,410)
Little Compton	447,331	-	-	44,558	375,577	35,997	456,133	8,802
Middletown	2,457,372	-	-	180,903	1,971,781	300,020	2,452,704	(4,668)
Narragansett	2,154,632	-	-	246,158	1,830,939	77,223	2,154,320	(311)
Newport	4,419,882	1,773,418	-	500,366	2,229,990	304,205	4,807,979	388,097
New Shoreham	677,845	-	-	118,589	164,315	14,181	297,085	(380,761)
North Kingstown	6,034,422	50	-	325,575	5,375,449	329,980	6,031,054	(3,369)
North Providence	11,910,456	-	1,140,776	243,155	9,624,167	907,238	11,915,337	4,881
North Smithfield	4,946,190	-	-	98,289	4,389,559	449,370	4,937,218	(8,972)
Pawtucket	20,197,901	3,087	1,808,532	513,563	16,501,926	1,377,212	20,204,320	6,419
Portsmouth	2,722,357	-	-	139,256	2,417,779	168,858	2,725,893	3,536
Providence	86,142,245	37,273,505	7,107,546	1,528,268	34,130,583	6,101,330	86,141,232	(1,014)
Richmond	1,586,007	-	-	32,604	1,455,362	104,948	1,592,914	6,907
Scituate	2,261,709	-	-	137,687	1,971,781	146,895	2,256,363	(5,347)
Smithfield	10,022,892	1,217,452	-	375,697	7,089,021	1,331,050	10,013,219	(9,673)
South Kingstown	4,590,615	186,342	-	262,439	3,920,088	211,379	4,580,247	(10,368)
Tiverton	2,051,926	-	-	150,750	1,737,045	153,001	2,040,796	(11,130)
Warren	2,349,062	-	-	78,191	2,089,148	179,960	2,347,299	(1,763)
Warwick	30,943,692	1,691,043	-	925,461	25,257,570	3,080,934	30,955,008	11,317
Westerly	6,473,128	151,026	-	453,238	5,774,500	485,171	6,863,935	390,808
West Greenwich	1,706,126	-	-	71,408	1,337,994	163,578	1,572,980	(133,146)
West Warwick	8,114,297	-	1,157,378	210,823	5,680,606	829,938	7,878,745	(235,552)
Woonsocket	11,644,406	347,251	902,090	235,701	9,319,011	834,588	11,638,641	(5,766)
SRL ¹	1,145,585	-	-	1,145,585	-	-	1,145,585	-
ILG ²	79,671	-	-	79,671	-	-	79,671	-
LCA ³	2,232,819	-	-	2,232,819	-	-	2,232,819	0
Fire Districts	421,271	-	-	-	445,998	162,660	608,658	187,387
Total	\$336,132,233	\$49,201,412	\$12,384,458	\$14,088,248	\$234,712,313	\$25,908,469	\$336,294,899	\$162,667

¹SRL: Statewide Reference Library Resources Grant²ILG: Grant-in-Aid to Institutional Libraries³LCA: Library Construction Aid

FY2025 INDIRECT AID TO MUNICIPALITIES

Municipality	FY2025 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	FY2025 Enacted	Change from FY2025 Enacted
Barrington	\$443,580	\$242,251	\$5,114	\$283,949	\$0	\$531,314	\$87,734
Bristol	1,124,216	317,229	100,010	743,870	-	1,161,109	36,893
Burrillville	509,179	229,290	842	266,431	-	496,563	(12,616)
Central Falls	549,085	316,365	1,051	298,409	-	615,825	66,740
Charlestown	442,097	113,167	101,651	239,938	-	454,756	12,659
Coventry	1,258,218	504,509	122,225	641,542	-	1,268,276	10,058
Cranston	4,084,890	1,170,024	47,240	3,141,602	-	4,358,866	273,976
Cumberland	1,254,096	513,282	688	753,138	-	1,267,108	13,012
East Greenwich	1,245,529	202,124	5,960	1,152,239	-	1,360,323	114,794
East Providence	2,232,558	665,190	78,653	1,630,994	-	2,374,837	142,279
Exeter	265,783	98,366	835	159,015	-	258,216	(7,567)
Foster	92,948	63,545	1,459	3,685	-	68,689	(24,259)
Glocester	262,888	142,045	3,266	141,220	-	286,531	23,643
Hopkinton	194,185	118,883	2,829	55,781	-	177,493	(16,692)
Jamestown	269,916	78,586	44,754	121,614	-	244,954	(24,962)
Johnston	1,503,372	418,043	15,192	1,149,785	-	1,583,020	79,648
Lincoln	1,554,252	318,021	270,465	1,053,741	25,034	1,667,261	113,009
Little Compton	159,548	51,249	39,015	49,169	-	139,433	(20,115)
Middletown	2,903,992	240,666	1,640,626	1,264,583	33,482	3,179,357	275,365
Narragansett	1,591,633	206,906	431,596	1,033,760	-	1,672,262	80,629
Newport	7,707,451	354,965	4,040,889	3,702,688	-	8,098,542	391,091
New Shoreham	1,497,829	13,612	911,638	610,746	44,684	1,580,680	82,851
North Kingstown	1,504,552	392,206	152,654	972,274	56,332	1,573,466	68,914
North Providence	1,137,190	480,300	4,173	842,962	-	1,327,435	190,245
North Smithfield	654,160	177,362	6,532	502,855	-	686,749	32,589
Pawtucket	2,577,052	1,063,692	110,954	1,449,304	-	2,623,950	46,898
Portsmouth	718,822	252,509	40,541	480,009	-	773,059	54,237
Providence	13,146,755	2,684,345	2,924,743	8,954,837	-	14,563,925	1,417,170
Richmond	372,814	114,284	45,876	245,105	-	405,265	32,451
Scituate	258,566	147,210	9,700	104,050	-	260,960	2,394
Smithfield	1,793,630	312,503	246,412	1,381,946	25,034	1,965,895	172,265
South Kingstown	2,087,518	451,761	389,745	1,335,211	-	2,176,717	89,199
Tiverton	697,790	230,974	12,112	467,074	-	710,160	12,370
Warren	673,063	157,298	4,692	589,146	-	751,136	78,073
Warwick	7,557,900	1,171,326	1,443,072	4,400,529	769,903	7,784,830	226,930
Westerly	3,026,270	330,204	1,341,586	1,480,890	55,567	3,208,247	181,977
West Greenwich	428,449	92,466	143,583	161,557	-	397,606	(30,843)
West Warwick	1,196,404	437,342	180,548	610,738	-	1,228,628	32,224
Woonsocket	1,522,435	608,833	65,749	884,163	-	1,558,745	36,310
Total	\$70,500,615	\$15,482,934	\$14,988,672	\$43,360,549	\$1,010,036	\$74,842,188	\$4,341,573

¹FY2025 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in March 2026.

Final FY2025 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2025. The state aid for each municipality is an estimate provided by the Senate Fiscal Office.

FY2026 ENACTED EDUCATION AID¹

District	FY2025 Enacted (excludes group home and categoricals)	FY2026 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education (>\$74,600) ⁴	Group Home Aid ²	Stabilization Funding	FY2026 Aid
Barrington	\$11,418,578	(\$1,512,551)	\$106,986	\$1,039,957	\$248,979	\$350,449	\$0	\$0	\$11,652,398
Burrillville	13,266,956	239,780	144,015	-	101,798	336,018	-	-	14,088,567
Charlestown	1,514,709	(76,849)	39,123	39,756	-	-	-	-	1,516,739
Coventry	26,569,935	1,747,013	439,016	-	10,669	590,472	136,000	-	29,493,104
Cranston	77,102,194	2,844,958	616,592	-	1,004,724	1,461,188	-	-	83,029,655
Cumberland	26,341,736	1,886,617	16,591	-	42,137	175,913	-	-	28,462,994
East Greenwich	6,243,354	(1,737,106)	49,316	1,012,068	118,752	613,600	-	-	6,299,984
East Providence	37,431,252	1,889,895	256,779	-	10,046	751,111	289,000	-	40,628,084
Foster	1,178,178	37,639	-	34,469	16,264	4,659	-	-	1,271,209
Glocester	2,902,861	58,585	32,927	78,860	40,906	67,052	-	-	3,181,190
Hopkinton	6,709,736	467,230	29,014	-	-	-	-	-	7,205,980
Jamestown	297,632	74,716	9,060	-	-	199,649	-	-	581,057
Johnston	23,368,076	760,161	-	405,941	255,166	658,621	-	-	25,447,965
Lincoln	18,481,613	2,410,034	121,787	-	-	275,525	136,000	-	21,424,959
Little Compton	326,439	(23,625)	13,405	5,047	-	323	-	-	321,589
Middletown	6,722,115	(569,729)	163,272	261,850	-	184,695	-	-	6,762,203
Narragansett	1,757,494	(28,861)	72,691	-	-	121,123	-	-	1,922,447
Newport	14,971,701	(732,432)	352,675	441,039	-	181,036	119,000	-	15,333,020
New Shoreham	74,570	21,620	2,316	-	-	-	-	-	98,506
North Kingstown	13,120,180	(613,365)	50,592	737,038	-	93,317	-	-	13,387,762
North Providence	29,606,271	818,454	271,278	-	202,936	581,315	136,000	-	31,616,254
North Smithfield	7,857,620	1,379,936	78,421	-	28,505	149,721	68,000	-	9,562,204
Pawtucket	107,328,506	3,286,812	1,182,732	-	277,971	906,497	340,000	-	113,322,518
Portsmouth	2,830,867	(24,438)	29,163	80,184	-	268,684	510,000	-	3,694,460
Providence	284,752,093	12,769,194	1,548,914	-	726,751	4,874,564	986,000	-	305,657,515
Richmond	6,228,750	(20,975)	102,279	96,444	-	-	-	-	6,406,497
Scituate	3,357,790	941,231	10,808	-	75,024	66,163	-	-	4,451,016
Smithfield	9,812,560	774,559	131,218	-	90,472	74,083	85,000	-	10,967,892
South Kingstown	4,997,562	64,959	160,295	-	177,916	534,993	-	-	5,935,724
Tiverton	5,361,007	(50,035)	69,836	164,401	-	432,463	-	-	5,977,672
Warwick	44,822,207	3,764,069	286,445	-	47,750	783,891	408,000	-	50,112,362
Westerly	7,912,662	235,371	207,892	-	-	405,776	-	-	8,761,700
West Warwick	39,595,027	2,499,139	456,911	-	54,826	217,612	-	-	42,823,516
Woonsocket	82,151,150	5,969,010	833,791	-	-	551,361	-	-	89,505,313
Bristol-Warren ³	10,538,060	114,090	264,512	243,027	2,786,555	768,784	170,000	-	14,885,027
Exeter-West Greenwich ³	5,395,150	1,728,215	47,401	-	1,796,117	487,380	153,000	-	9,607,263
Chariho	-	-	-	-	3,328,715	111,550	-	-	3,440,265
Foster-Glocester ⁵	5,590,751	(291,190)	162,055	143,931	971,266	37,951	-	-	6,614,764
Central Falls	42,508,401	842,849	390,458	-	56,557	143,641	-	10,826,174	54,768,079
District Total	\$990,445,746	\$41,944,981	\$8,750,565	\$4,784,011	\$12,470,802	\$17,461,177	\$3,536,000	\$10,826,174	\$1,090,219,455
Charter School Total	178,322,887	16,910,746	-	-	-	38,823	-	-	195,272,457
Davies	10,117,360	483,193	-	-	-	-	-	7,931,599	18,532,152
Met School	9,080,898	712,785	-	-	-	-	-	3,173,244	12,966,926
Nowell Academy	2,311,758	352,354	-	-	-	-	-	-	2,664,112
Urban Collaborative	2,111,614	184,833	-	-	-	-	-	-	2,296,446
Youth Build Academy	2,137,890	(319,645)	-	-	-	-	-	-	1,818,245
Total	\$1,194,528,153	\$60,269,246	\$8,750,565	\$4,784,011	\$12,470,802	\$17,500,000	\$3,536,000	\$21,931,017	\$1,323,769,794

¹ Based on March 2025 enrollment updated for projected PSOC.² Based on the final 12/31/2024 report from the Department of Children, Youth and Families. In the FY2025 Revised Budget, a total of 18 beds were added relative to the enacted level, including 4 in North Smithfield, 1 in Pawtucket, 12 in Portsmouth, and 1 in Providence.³ Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.⁴ Updated in February to account for an error in the data.

STATE DESIGNATED GRANTS

Agency	Grant Recipient	FY2025	FY2026	Change
		Enacted	Enacted	
Executive Office of Commerce	Polaris Manufacturing Technical Assistance Program	\$500,000	\$500,000	\$0
Executive Office of Commerce	Chafee Center at Bryant	476,200	476,200	-
Executive Office of Commerce	Urban Ventures	140,000	140,000	-
Executive Office of Commerce	East Providence Waterfront Commission	50,000	50,000	-
Executive Office of Commerce	Blackstone Valley Visitor Center	75,000	75,000	-
Labor and Training	Year Up	200,000	-	(200,000)
Secretary of State	Rhode Island Historical Society	125,000	125,000	-
Secretary of State	Newport Historical Society	18,000	18,000	-
Secretary of State	RI Council for the Humanities	100,000	100,000	-
Secretary of State	We the People Civics Challenge	50,000	50,000	-
Secretary of State	RI Black Heritage Society	25,000	25,000	-
OHHS	Linn Health and Rehabilitation	200,000	-	(200,000)
Health	Gloria Gemma Breast Cancer Research	-	50,000	50,000
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	Elderly Nutrition	50,000	50,000	-
Human Services - Healthy Aging	Meals on Wheels	630,000	680,000	50,000
Human Services - Healthy Aging	Senior Center Support	1,400,000	1,600,000	200,000
Human Services	Coalition Against Domestic Violence	400,000	400,000	-
Human Services	Project Reach - Boys and Girls Club	450,000	450,000	-
Human Services	Day One	300,000	300,000	-
Human Services	RI Community Food Bank	800,000	950,000	150,000
Human Services	Crossroads Rhode Island	500,000	500,000	-
Human Services	Institute for the Study and Practice of Nonviolence	250,000	250,000	-
Human Services - Veterans Services	Operation Stand Down	50,000	50,000	-
Human Services - Veterans Services	Veterans' Organizations	200,000	200,000	-
Human Services - Veterans Services	Veterans Services Officers Program	100,000	100,000	-
Human Services	Community Action Fund	600,000	600,000	-
Human Services	United Way's 211 System	200,000	200,000	-
Human Services	Higher Ground International	125,000	125,000	-
Human Services	Refugee Dream Center	50,000	50,000	-
Human Services	Substance Use and Mental Health Leadership Council of RI	100,000	150,000	50,000
Human Services	Center for Southeast Asians	25,000	25,000	-
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-
Education	Child Opportunity Zones	395,000	395,000	-
Education	City Year - Whole School Whole Child Program	130,000	130,000	-
Office of Postsecondary Commissioner	Onward We Learn	455,000	455,000	-
Office of Postsecondary Commissioner	Best Buddies Rhode Island	75,000	75,000	-
Office of Postsecondary Commissioner	RI School for Progressive Education	200,000	100,000	(100,000)
University of Rhode Island	Small Business Development Center	700,000	700,000	-
University of Rhode Island	Institute for Labor Studies and Research	125,000	125,000	-
University of Rhode Island	Special Olympics Rhode Island	50,000	50,000	-
Arts Council	WaterFire Providence	400,000	400,000	-
Arts Council	Other Grants	200,000	200,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-
Historical Preservation	Rhode Island Slave History Medallions	25,000	25,000	-
Historical Preservation	Other Grants	17,000	-	(17,000)
Corrections	Crossroads Rhode Island	1,050,000	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	500,000	500,000	-
Judicial	Rhode Island Legal Services	90,000	90,000	-
Public Safety	Family Services of RI GO Team Program	400,000	400,000	-
Environmental Management	Wildlife Rehabilitators Association of RI	100,000	100,000	-
Environmental Management	Conservation Districts	180,000	180,000	-
Total		\$13,851,200	\$13,749,200	(\$102,000)

STATE FISCAL RECOVERY FUNDS

Project	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Final	FY2026 Enacted	Total
9-8-8 Hotline	-	\$238,583	\$1,598,759	\$1,712,688	1,800,000	\$5,350,000
Adult Education Providers	-	-	1,320,361	3,551,266	128,373	5,000,000
Affordable Housing Predevelopment Program	-	2,500,000	7,500,000	0	-	10,000,000
Aid to the Convention Center	-	10,000,000	-	-	-	10,000,000
Assistance to Impacted Industries	8,000,000	5,000,000	(0)	2,000,001	-	15,000,000
Auto-Enrollment Program	-	337,478	1,110,525	166,065	-	1,614,068
Bioscience Investments	-	-	2,000,600	42,999,400	-	45,000,000
Butler Hospital Short Term Stay Unit	-	600,180	7,399,820	-	-	8,000,000
Certified Community Behavioral Health Clinics	-	4,903,960	16,931,614	6,959,131	205,295	29,000,000
Child Care Support	12,624,421	9,849,160	16,836,629	2,689,791	-	42,000,000
COVID-19 Operational Support	-	-	19,963,772	12,233,311	-	32,197,083
Crisis Intervention Trainings	-	-	550,114	1,649,886	-	2,200,000
Destination Marketing	-	899,632	2,100,368	0	-	3,000,000
Development of Affordable Housing	14,740,825	-	25,203,299	60,055,876	-	100,000,000
Down Payment Assistance	-	10,000,000	20,000,000	-	-	30,000,000
Early Intervention Recovery	4,051,215	5,498,785	1,450,000	-	-	11,000,000
Electric Heat Pump Grant Program	-	-	10,366,288	14,033,712	-	24,400,000
Enhanced Real Jobs	-	9,605,558	14,451,386	5,943,056	-	30,000,000
Foster Home Lead Abatement & Fire Safety	-	-	-	-	-	-
Fresh Start Scholarship	-	-	1,997,253	3,002,747	-	5,000,000
Health Care Facilities	-	77,500,000	(0)	10,000,000	-	87,500,000
Home Repair and Community Revitalization	-	-	6,997,899	17,502,101	-	24,500,000
Homelessness Assistance Program	-	5,557,603	10,146,558	23,095,840	-	38,800,000
Homelessness Infrastructure	-	3,714,912	23,669,137	17,615,951	-	45,000,000
Housing Related Infrastructure	-	-	-	3,000,000	-	3,000,000
Minority Business Accelerator	-	1,000,060	2,593,278	2,406,662	-	6,000,000
Municipal Homelessness Support Initiative	-	-	312,535	1,887,465	-	2,200,000
Municipal Planning	-	-	-	2,300,000	-	2,300,000
Municipal Public Safety Infrastructure	-	-	3,666,232	7,333,768	-	11,000,000
Municipal Roads Grant Program	-	-	3,816,585	23,183,415	-	27,000,000
Nonprofit Assistance	-	20,000,000	-	-	-	20,000,000
Ongoing COVID-19 Response	-	-	-	-	-	-
Out of School Time Education Providers	-	-	-	6,000,000	-	6,000,000
Pandemic Recovery Office	6,093,604	3,800,863	2,208,150	1,839,770	1,436,547	15,378,934
Pediatric Recovery	5,965,100	5,336,890	3,697,881	129	-	15,000,000
Personnel and Operating Support	-	-	20,000,000	-	-	20,000,000
PFAS Water Treatment	-	-	-	-	-	-
Port of Davisville	-	6,000,000	13,364,010	45,635,990	-	65,000,000
Predevelopment and Capacity Building	78,609	531,660	632,906	256,825	-	1,500,000
Preservation of Affordable Housing Units	-	-	-	500,000	-	500,000
Proactive Housing Development	-	-	-	1,400,000	-	1,400,000
Provider Workforce Stabilization	6,827,796	7,814,659	7,849,545	1,967,672	-	24,459,674
Psychiatric Residential Treatment Facility	-	2,425,448	892,598	5,781,955	-	9,100,000
Public Health Clinics	-	279,882	2,736,091	984,027	-	4,000,000
Public Health Response Warehouse Support	-	380,993	1,868,381	1,928,972	-	4,178,347
Rhode Island College Foster Care Youth Scholarship	-	-	-	1,021,859	-	1,021,859
Rhode Island Community Food Bank	-	-	3,000,000	0	-	3,000,000
RI Reconnect	-	-	803,079	7,196,921	-	8,000,000
RIC Cybersecurity Center	-	-	404,678	1,595,322	-	2,000,000
RIPTA Operating Subsidy	-	-	-	15,000,000	-	15,000,000
RIPTA R-Line Free Service Pilot	-	2,500,000	750,000	-	-	3,250,000
Site Acquisition	6,000,000	9,000,000	9,999,100	900	-	25,000,000
Small Business Assistance	18,613,433	10,798,715	(569,664)	2,457,517	-	31,300,000
SNAP Retail Incentive Pilot	-	-	-	4,500,000	-	4,500,000
South Quay Marine Terminal	-	-	-	-	-	-
Statewide Broadband Planning and Mapping	269,200	230,800	-	0	-	500,000
Statewide Housing Plan	-	-	38,649	1,961,351	-	2,000,000
Support for Survivors of Domestic Violence	-	-	1,121,318	9,348,929	29,753	10,500,000
Targeted Housing Development	-	-	-	26,000,000	-	26,000,000
Turnpike and Bridge Authority – Safety Barriers Study	-	134,808	973,428	641,764	-	1,750,000
Unemployment Insurance Trust Fund Contribution	-	100,000,000	-	-	-	100,000,000
Washington Bridge Project	-	-	-	35,000,000	-	35,000,000
Workforce Housing	-	-	3,672,503	16,327,497	-	20,000,000
Total	83,264,203	\$316,440,627	\$275,425,664	\$452,669,531	3,599,968	\$1,131,399,965

Senate Fiscal Office

Stephen H. Whitney

Senate Fiscal Advisor

Emmery Brakke-Lautman

Legislative Fiscal Analyst I

Arts Council
Behavioral Healthcare, Developmental
Disabilities, and Hospitals
Children, Youth, and Families
Child Advocate
Department of Housing
Mental Health Advocate
RIHMFC (RI Housing)

Robert C. Bromley

Senior Legislative Fiscal Analyst

Administration
Office of Energy Resources
Board of Elections
Commission on Disabilities
Convention Center Authority
General Treasurer
Governor
Historic Preservation and Heritage Commission
Human Rights Commission
I-195 Redevelopment Commission
Lieutenant Governor
Military Staff
Public Utilities Commission
Quonset Development Corporation
RI Emergency Management Agency
Secretary of State

Kelly M. Carpenter

Senior Legislative Fiscal Analyst

Coastal Resources Management Council
Elementary and Secondary Education
Environmental Management
Executive Office of Health and Human Services
Health & Educational Building Corporation
Judiciary
Narragansett Bay Commission
Resource Recovery Corporation
RI Infrastructure Bank

MaKenzie Pratt

Legislative Fiscal Analyst I

Atomic Energy Commission
Business Regulation
Cannabis Control Commission
Commission on Deaf and Hard of Hearing
Ethics Commission
Health
HealthSource RI
Higher Education
Human Services
Student Loan Authority

David Schultz

Legislative Fiscal Analyst I

Attorney General
Corrections
Labor and Training
Public Defender
Public Safety
RI Airport Corporation
RI Public Transit Authority
RI Turnpike & Bridge Authority
Transportation

David Tremblay

Deputy Senate Fiscal Advisor

Executive Office of Commerce
Legislature
Revenue
RI Commerce Corporation

