

House Fiscal Advisory Staff

Governor's FY 2023 Budget at First Glance January 25, 2022



Submitted to the 2022 House of Representatives

House Committee on Finance

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Budget at First Glance

Governor's FY 2023 Budget at First Glance

The Governor's budget recommendations for FY 2023 are contained in 2022-H 7123, introduced on January 20, 2022; his revisions to the FY 2022 enacted budget were also introduced that day as separate legislation in 2022-H 7122. This was in compliance with the law requiring the budget be submitted by the third Thursday in January.

This *First Glance* is the House Fiscal Staff's initial review of the proposed legislation, briefing materials and supporting documents. It will be revised in one week to include additional information and will reflect deeper review by staff.

The table below shows the total budget by fund source and how it compares to the budget adopted for FY 2022. General revenue spending would increase by \$180.5 million or 4.0 percent.

FY 2023	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2022 Enacted	\$ 4,550.8	\$ 5,862.7	\$ 372.7	\$ 2,334.6	\$ 13,120.8
Governor	4,731.3	5,311.0	432.2	2,350.4	12,825.0
Change to Enacted	\$ 180.5	\$ (551.7)	\$ 59.5	\$ 15.8	\$ (295.8)
Percent Change	4.0%	-9.4%	16.0%	0.7%	-2.3%

Revised general revenue spending recommended for the current year is \$448.1 million more than the enacted budget or 9.8 percent; it is \$920.2 million or 22.6 percent more than estimated FY 2021 expenditures. Total revised expenditures from all sources are \$641.8 million more than enacted and \$775.7 million or 6.0 percent more than spent in FY 2021, primarily from general revenues.

FY 2022 Revised	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2021 Final	\$ 3,982.6	\$ 7,538.6	\$ 348.7	\$ 2,455.0	\$ 14,325.0
FY 2021 Reported	4,078.6	6,603.3	237.5	2,067.5	12,986.9
Difference	\$ 96.0	\$ (935.3)	\$ (111.2)	\$ (387.5)	\$ (1,338.1)
FY 2022 Enacted	\$ 4,550.8	\$ 5,862.7	\$ 372.7	\$ 2,334.6	\$ 13,120.8
Governor's FY 2022 Revised	4,998.9	6,051.1	448.0	2,264.6	13,762.6
Governor's Change to Enacted	\$ 448.1	\$ 188.4	\$ 75.3	\$ (70.0)	\$ 641.8
Percent Change	9.8%	3.2%	20.2%	-3.0%	4.9%

Budget Issues

- **ARPA - Fiscal Recovery.** Rhode Island received \$1.1 billion from the state fiscal recovery funds through the American Rescue Plan Act in March 2021. Funds are intended to respond to the coronavirus pandemic and its negative economic impacts, and may be provided to households, small businesses, nonprofits, essential workers, or to impacted industries including tourism, travel, and hospitality, or infrastructure supports for water, sewer, or broadband systems. Federal guidance was finalized in January 2022. In adopting its FY 2022 budget in June, the Assembly preserved the full value of the American Rescue Plan Act fiscal recovery funds for a more robust public process on the proposed uses.

In October, Governor McKee requested authorization for use of \$113.0 million, roughly 10 percent of the state's allocation. The Assembly enacted \$119.0 million contained in 2021-H 6494, Substitute A, which became law on January 4, 2022. The Governor's revised budget recommendations for FY 2022 and his plan for FY 2023 commits the remaining funds on over 50 separate projects in several distinct spending categories to be used through FY 2027.

- ***FY 2023 Gap.*** When the FY 2022 budget became law in July, the House Fiscal Staff’s out-year forecast showed a structural imbalance averaging about \$200 million annually. It assumed no policy solution that reduces state expenses at Eleanor Slater Hospital and that the \$39.0 million set aside in the event of an early end to the enhanced Medicaid match is not available for use in FY 2023. It noted that these both presented opportunities to close the FY 2023 budget gap. It also did not assume use of any of the \$1.1 billion in American Rescue Plan Act stabilization funds for general use over the next few years, which is an allowable use of these funds in accordance with revenue replacement guidelines.

A significant revenue uptick in the preliminary closing data as well as the November consensus revenue estimate for FY 2022 alone resulted in nearly \$500 million in additional resources, effectively eliminating the budget gap, though most of that would be considered non-recurring. The consensus revenue forecast for FY 2023 also exceeded prior estimates, but to a much lower degree. On the expenditure side, the federal government further extended its enhanced Medicaid support for the current year, freeing up over \$80 million of additional one time resources. The Governor’s FY 2023 budget uses most of the one-time general revenues to fund capital projects and other non-recurring expenses, some of which will produce savings in later years. It also proposes a solution to resume a higher level of federal cost sharing at the state hospital. The budget does include considerable resources to fund agreements reached with public employee unions for wage increases. The adjustments for FY 2023 include retroactive increases that combine to add 7.5 percent to base wage assumptions; out-year forecasts typically assume more modest growth.

- ***Out-Year Projections.*** The out-years continue to be unbalanced. The forecast included with the Governor’s budget estimates a \$215.3 million gap for FY 2024, declining somewhat in later years but still averaging about \$200 million annually. The FY 2024 gap includes the impact of use of about \$130 million of surplus funds in FY 2023 as well as the last increment of ongoing car tax phase-out. The forecast also assumes the impact of new proposals including increased commitments for Medicaid program expansion, tax exemptions and child care expenses. Some of that is offset by growth in newly proposed revenues and expenditure savings from one-time investments. Staff review of these assumptions including education aid projections and the impact of expiring federal funds is ongoing.

Taxes and Revenues

- ***Corporate Minimum Tax.*** The Governor proposes reducing the corporate minimum tax from \$400 to \$375 effective January 1, 2023. This was last decreased from \$450 to \$400 effective January 1, 2017 and had been as high as \$500. The proposed change is expected to impact 65,000 entities. The FY 2023 recommendation lowers revenues by \$0.8 million to account for a half year impact; annualized the loss would be \$1.6 million.
- ***Military Pensions.*** The Governor proposes phasing out the taxation of military service pensions over the next five years with a 20.0 percent reduction for tax year 2023. The recommended budget reduces FY 2023 revenues by \$0.7 million to account for the first year’s impact. The lost revenues would grow incrementally to \$5.8 million when the exemption is fully phased in.
- ***Delinquent Taxpayer Penalty.*** The Governor proposes changing the interest rate associated with certain delinquent tax payments, such as from income and corporate taxes, from 18.0 percent to 12.0 percent beginning tax year 2023. The budget assumes a revenue loss of \$2.5 million for FY 2023 and annualizes to \$6.4 million in FY 2024 and grows further as a greater share of delinquent taxes are subject to the lower rate.
- ***Motorcycle Trade-in Exemption.*** The Governor proposes exempting the trade-in value of motorcycles from the sales tax on a new motorcycle purchase and assumes a revenue reduction of \$0.1 million for FY 2023 which is based on an October 1 implementation. This would analyze to \$0.2 million for FY 2024.

- ***Adult-Use Marijuana Program.*** The Governor’s budget authorizes and establishes regulation of an age 21 and older adult-use marijuana program. The proposal includes automatic expungement of cannabis-related offenses but is otherwise similar to the Governor’s FY 2022 proposal, which the Assembly did not enact. The FY 2023 budget recommendation assumes \$0.6 million in new revenues from the program. It includes new excise and weight based taxes plus the sales tax; it assumes an effective 20.0 percent tax rate. The proposal would allocate 25.0 percent of revenue for regulatory costs across various agencies, 15.0 percent to municipalities, and 60.0 percent to the general fund. The Governor’s budget assumes revenues annualize to \$16.9 million. The Governor’s budget also adds 24.0 full-time equivalent positions across five departments, including 13.0 positions for Business Regulation, 4.0 positions for Revenue, 2.0 positions for Health, 2.0 positions for Behavioral Healthcare, Development Disabilities and Hospitals, and 3.0 positions for Public Safety.
- ***DEM Regulatory Fees.*** The Governor’s budget includes \$0.6 million in additional revenue from new or increased Department of Environmental Management regulatory fees. This represents 13 distinct adjustments relating to air, ground and water quality. The Governor’s recommendation also adds \$500,000 and 6.0 new full-time equivalent positions for the Bureau of Environmental Protection to enhance customer service, support businesses, and manage the increase in recent permitting activity.
- ***Cottage Food Manufacturers.*** The Governor proposes allowing individuals to use home kitchens to make baked goods for retail sale, with sales capped at \$25,000 effective November 1, 2022. The budget assumes revenues of \$12,610 from a new \$65 licensing fee. It also adds \$0.1 million from general revenues to support 2.0 new full-time equivalent positions in the Department of Health to oversee the program.
- ***Rebuild Rhode Island Tax Credit.*** The Governor’s budget raises the award cap for the Rebuild Rhode Island Tax Credit program from \$210.0 million to \$225.0 million and extends the sunset date one year to December 31, 2023. The program provides real estate development tax credits for qualified construction, which are redeemed over time. The budget also includes \$13.5 million from general revenues to continue funding existing commitments. Through FY 2022 the state has allocated \$134.7 million to satisfy commitments already made.
- ***Wavemaker Fellowships.*** The Governor’s budget includes \$2.4 million from general revenues to fund the student loan forgiveness program enacted by the 2015 Assembly that provides up to four years of loan forgiveness for degrees in the fields of natural or environmental sciences, computer technology, engineering or medicine. Recipients must work at least 35 hours per week for an employer located in the state; two-thirds of the awardees must be permanent residents of the state. The Governor’s proposal includes \$0.8 million more to expand eligibility to healthcare professionals. It also extends the sunset one year to December 31, 2023.

Commerce and Workforce

- ***Air Service Development Fund.*** The Governor’s budget includes \$2.3 million from general revenues to recapitalize the Air Service Development Fund used to reimburse marketing expenses for airlines connecting to T.F Green Airport. The program currently has no funds, as the 2020 Assembly recaptured \$0.5 million of unspent excess funds. The proposal also extends the sunset date one year to December 31, 2023.
- ***ARPA - Blue Economy Investment.*** The Governor’s budget includes \$70.0 million from State Fiscal Recovery funds for blue economy-related capital investments. Investment areas include, but are not limited to, ports and shipping, defense, marine trade, ocean-based renewables, aquaculture, and tourism.
- ***ARPA - Bioscience Investments.*** The Governor’s budget includes \$30.0 million from State Fiscal Recovery funds for a new project to finance a wetlab facility and technology development supports. The

investment is intended to make it easier for academic research to find private sector applications. Lack of wetlab space appropriate for use by newly founded life science companies is specifically noted as an obstacle for biomedical innovation in Rhode Island's 2020 Comprehensive Economic Development Strategy.

- **Commerce Corporation - Operations.** The Governor's budget includes \$8.0 million from general revenues to support operations of the Rhode Island Commerce Corporation. This is \$0.3 million more than enacted to reflect updated staffing and lease costs.
- **Experimental Program to Stimulate Competitive Research (EPSCoR).** The Governor recommends the enacted amount of \$0.9 million for the National Science Foundation's Experimental Program to Stimulate Competitive Research.
- **Innovate RI Small Business Programs.** The Governor's budget includes the enacted level of \$1.0 million to support Small Business Innovation Research grants and the Bioscience and Engineering Internship programs.
- **Innovation Initiative.** The Governor's budget includes the enacted level of \$1.0 million from general revenues to support the innovation voucher and network matching grant initiatives. Vouchers up to \$50,000 are for small businesses with less than 500 employees for research and development assistance from a Rhode Island university, research center or medical center, or to a small business manufacturer for internal research and development. Network matching grants are available for specified industries for technical assistance or access to capital.
- **I-195 Redevelopment Fund.** The Governor's budget proposes to extend the sunset of the I-195 Redevelopment Fund one year to December 31, 2023. Recent prior budgets included a total of \$28.0 million from general revenues to support the fund which provides developers and businesses with financing for capital investment, including land acquisition to promote the development of the former highway land administered by the I-195 Redevelopment District Commission. The Commission had active commitments of \$25.5 million as of December 2021.
- **ARPA - Minority Business Accelerator.** The Governor's budget includes \$10.0 million from State Fiscal Recovery funds to establish a new minority business accelerator. The proposal includes technical assistance, loans, and programming space.
- **P-Tech Initiative.** Recent prior budgets included a total of \$2.3 million to establish partnerships between high schools, higher education institutions, and employers to offer courses towards high school diplomas and associate's degrees. The program is estimated to have \$0.6 million of available resources after administrative costs. The Governor proposes extending the sunset one year to December 31, 2023.
- **Polaris Manufacturing Extension Partnership.** The Governor's budget includes the enacted amount of \$350,000 from general revenues to support Rhode Island manufacturers by continuing to deploy technical experts to provide LEAN training facilities layout and to provide assistance in manufacturing optimization. Polaris Manufacturing Extension Partnership is a Providence-based nonprofit organization that also receives funding from the National Institute of Standards and Technology to subsidize its consulting services to smaller manufacturing business owners, and fund awareness activities and educational seminars.
- **Small Business Assistance Program.** The Governor's budget includes the enacted level of \$0.7 million from general revenues to recapitalize the Small Business Assistance Program for businesses with less than 200 employees that are having difficulties obtaining financing from traditional lending organizations. The program has \$2.1 million in loanable funds as of December 2021. The maximum amount that any one

business can obtain from the fund is \$750,000. The program provides a set aside provision for between 10.0 percent and 25.0 percent of the funding for a microloan program to be administered by a third-party with expertise in microloans. The Governor also proposes extending the sunset one year to December 31, 2023.

- **ARPA - Small Business Access to Capital.** The Governor's budget includes \$20.0 million from State Fiscal Recovery funds for a new program to provide working capital, refinancing assistance and low cost financing for small business capital purchases. The proposal includes grants and loans to support direct payments, lines of credit, loan insurance, and other lending supports.
- **ARPA - Small Business Technical Assistance.** The Governor's budget includes \$45.0 million from State Fiscal Recovery funds to provide grants and technical assistance to businesses impacted by the COVID-19 pandemic. The recommendation includes \$32.0 million contained in 2021-H 6494, Substitute A, signed into law on January 4.
- **Small Business Development Center.** The Governor's budget includes the enacted amount of \$700,000 from general revenues for the Small Business Development Center at the University of Rhode Island.
- **Supply RI.** The Governor's budget includes \$0.7 million from general revenues for the Supply RI program, which connects small suppliers with the state's largest commercial purchasers by developing infrastructure to facilitate engagements, including supporting Commerce Corporation staff. This is \$0.4 million more than enacted.
- **Back to Work Rhode Island.** The Governor's revised budget includes \$7.2 million, \$2.3 million less than enacted from federal Coronavirus Relief funds for the Back to Work Rhode Island program. The funding was available through December 31, 2021. Created in response to the pandemic, the program provides resources and training to create job opportunities for Rhode Islanders. Functionally similar to Real Jobs RI, the program partners directly with businesses which provide training program ideas.
- **ARPA - Enhanced Real Jobs.** The Governor's budget proposes to utilize \$40.0 million from State Fiscal Recovery Fund resources to further support the Real Jobs RI workforce training program.
- **Real Jobs RI.** The Governor's budget also includes \$9.6 million from other sources for the Real Jobs RI program. This includes of \$6.1 million from general revenues, \$0.4 million from federal funds and \$3.2 million from Governor's Workforce Board restricted receipts.
- **Back to Business.** The Governor's revised budget includes \$7.7 million from federal Coronavirus Relief funds for a program announced in November 2021 to connect businesses with job seekers. The funding was available through December 31, 2021 and provided grants to employers with fewer than 200 employees that have experienced pandemic-related job losses and continue to experience a labor shortage. Grants were used for sign-on bonuses for new hires, referral incentives for existing employees that recruit new hires, and other recruitment activities. The maximum grant amount was \$5,000, with a \$1,000 cap on recruitment incentives.
- **Inmate Apprenticeship, Training and Employment.** The Governor's budget includes \$0.5 million from general revenues for the inmate workforce development program authorized in the enacted budget for the Department of Corrections through the Real Jobs RI program in conjunction with the Department of Labor and Training. State and contracted staff train and connect individuals with post-release employment opportunities.
- **ARPA - Assistance to Impacted Industries.** The Governor's budget includes \$28.5 million from State Fiscal Recovery funds to address the negative impacts of the pandemic to the tourism, hospitality, and

events industry. The revised recommendation includes \$13.0 million authorized in 2021-H 6494, Substitute A, which became law on January 4; the remaining \$15.5 million is programmed for FY 2023.

- ***Small Business Development Fund.*** The Governor proposes to modify the Small Business Development Fund Act. Changes include expanding lender eligibility, altering the selection process, expanding the types of taxes that credits apply against, and allowing credits to be transferred and sold.
- ***Urban Ventures.*** Consistent with the enacted budget, the Governor's budget includes \$140,000 for Urban Ventures, a 501 (c)(3) urban minority business incubator. This is assumed to satisfy the state's responsibility to support a non-profit urban business incubator, pursuant to Rhode Island General Law, Section 42-64-13.1(e).
- ***Chafee Center at Bryant.*** The Governor's budget includes the enacted amount of \$476,200 for the Chafee Center at Bryant University. As the state's designated State International Trade Office, its consultants work with local companies to offer guidance and advice to initiate and/or develop international trade opportunities.
- ***ARPA - Main Streets Revitalization.*** The Governor's budget includes \$5.0 million from State Fiscal Recovery funds to recapitalize the Main Street RI Streetscape Improvement Fund. The 2015 Assembly authorized the Commerce Corporation to award loans, matching grants and other forms of financing to enhance sidewalks, wayfinding signage, and lighting in order to create an attractive environment in local business districts. The program has been appropriated \$3.0 million, all of which has been awarded. The proposal also extends the scheduled sunset date one year to December 31, 2023.
- ***ARPA - South Quay Terminal.*** The Governor's budget includes \$35.0 million from State Fiscal Recovery funds to support infrastructure at South Quay Marine Terminal in East Providence. This is intended to represent phase one of a larger project, and would fund design and initial waterfront development.
- ***ARPA - Port of Davisville.*** The Governor's budget includes \$60.0 million from State Fiscal Recovery funds to support infrastructure at the Port of Davisville. The proposal would expand on existing funding to develop port infrastructure intended to create job opportunities, invest in marine transportation, and make capital improvements to prepare for offshore wind development.
- ***Port of Davisville Modernization.*** The Governor's budget includes \$20.0 million of general obligation bond proceeds approved by the voters in a March 2, 2021 special election for infrastructure improvements at the Port of Davisville for its existing businesses and offshore wind projects.
- ***Port of Providence.*** The Governor's budget includes \$20.0 million from general obligation bond funds approved by the voters on the November 2016 ballot to increase terminal capacity at the Port of Providence by funding the acquisition of up to 25 acres of land located between Allens Avenue in Providence and the Providence River and associated infrastructure improvements. Only \$28,808 has been spent since 2016.
- ***Quonset Piers.*** The Governor's budget includes a total of \$83.1 million for extension and renovation of the Quonset Business Park's pier 2. This includes \$50.0 million of general obligation bond proceeds approved by the voters in November 2016, \$13.1 million from Rhode Island Capital Plan funds, and \$20.1 million from Quonset Development Corporation resources, including \$12.8 million from bonds authorized by the 2016 Assembly, secured with its own revenues. This shifts \$3.1 million more in costs to state resources instead of corporation resources.
- ***Industrial Site Development.*** The Governor's budget includes \$40.0 million from general obligation bond proceeds approved by the voters in a March 2, 2021 special election for an initiative administered by

the Quonset Development Corporation to provide small grants for pre-development purposes and competitively fund other projects to acquire industrial sites and develop facilities that create job-producing activities.

- ***Innovation Campus Bond.*** The Governor’s budget includes \$20.0 million from general obligation bonds approved by the voters on the November 2016 ballot for the construction of one or more innovation campuses affiliated with the University of Rhode Island. Through October 2019, the Executive Office of Commerce has announced five awards totaling \$14.4 million; \$5.6 million remains available for future awards. Through FY 2021, \$1.1 million has been spent.
- ***I-195 Redevelopment Commission Capital.*** The Governor’s budget includes \$1.4 million from Rhode Island Capital Plan funds for professional, legal, and engineering services related to the maintenance and marketability of the I-195 land. This includes \$0.6 million in FY 2022 and \$0.8 million in FY 2023.
- ***I-195 Park Infrastructure.*** The Governor’s budget includes \$4.0 million from general obligation bond funds approved by the voters in March 2021 for the development of physical infrastructure at the I-195 Redevelopment District’s parks. This includes facilities for concessions, restrooms, expanded utility services, and trash receptacles.
- ***Liquor-To-Go Sunset Repeal.*** The Governor’s budget proposes to repeal the March 1, 2022 sunset provision for the temporary provisions which allow brewpubs, restaurants, and tavern liquor license holder to sell limited amounts of wine, beer, or mixed liquors in sealed containers with take-out food orders, making the policy permanent.
- ***ARPA - Broadband Infrastructure.*** The Governor’s revised budget includes \$0.5 million from State Fiscal Recovery funds enacted in 2021-H 6494, Substitute A, which became law on January 4, for broadband infrastructure planning work. It includes a needs assessment, statewide mapping of broadband access and cost, and one new Broadband Director Position at the Commerce Corporation.
- ***ARPA Capital - Last-Mile Broadband.*** The Governor’s budget includes \$25.0 million from State Fiscal Recovery Capital Projects funds for a new project to expand reliable, high-speed internet. The proposal will provide municipalities, public housing authorities, businesses, and internet service providers with funding to expand internet access to underserved communities. Funds are meant to serve as the state match for at least \$100.0 million in federal broadband funds that Rhode Island is eligible for under the Infrastructure Investment and Jobs Act.
- ***ARPA - Unemployment Insurance Trust Fund Contribution.*** The Governor’s budget proposes to reserve \$30.0 million from State Fiscal Recovery funds in the event it is needed to prevent an increase in the unemployment tax rate.
- ***Unemployment Insurance Benefits.*** The Governor’s budget includes \$203.5 million from the Unemployment Insurance Trust Fund for the payment of unemployment insurance benefits. This is \$453.8 million less than enacted to reflect projected benefit recipients. Of the reduction, \$347.0 million reflects the end of enhanced benefits provided in response to the coronavirus emergency.
- ***Temporary Disability Insurance Benefits.*** The Governor recommends \$185.0 million from the Temporary Disability Insurance Trust Fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. This is \$7.0 million more than enacted, based on updated data.

- **Temporary Caregiver Insurance Benefits.** The Governor recommends \$16.0 million from the Temporary Disability Insurance Trust Fund for the payment of caregiver benefits. This is \$1.0 million more than enacted, based on updated data.
- **Uninsured Employers Fund.** The Governor's budget includes \$0.1 million, \$0.8 million less than enacted, from workers' compensation restricted receipts for settlement payments from the Uninsured Employers Fund. Effective for injuries which occur on or after September 1, 2019, the fund pays employees for injuries on the job of an uninsured employer.

Housing

- **Affordable Housing.** The Governor's budget includes \$105.0 million from general obligation bonds for affordable housing support, including rehabilitation of existing structures and new construction for FY 2022 through FY 2026. This includes \$65.0 million approved by voters in March 2021 and \$40.0 million from general obligation bond funds approved by the voters in November 2016. The voters also approved \$10.0 million on the November 2016 ballot to improve properties that are blighted or in need of revitalization, of which the budget anticipates spending the last \$40,892 in the current year.
- **ARPA - Affordable Housing Development.** The Governor's budget includes \$90.0 million from State Fiscal Recovery funds to provide an enhanced level of gap financing. This creates an additional directed subsidy as a match to multiple sources of financing for affordable housing developments. The total includes \$15.0 million authorized in 2021-H 6494, Substitute, A signed into law on January 4.
- **ARPA - Down Payment Assistance.** The Governor's budget includes \$50.0 million from State Fiscal Recovery funds for a new program to provide down payment assistance to eligible first time homebuyers. The Governor proposes to grant awards of \$17,500 which would support approximately 2,800 households.
- **ARPA - Predevelopment Program.** The Governor's budget includes \$10.0 million from State Fiscal Recovery funds for a new program to reduce pre-construction barriers to housing development including prerequisite environmental studies and legal work.
- **ARPA - Home Repair and Community Revitalization.** The Governor's budget includes \$25.0 million from State Fiscal Recovery funds for a new program to support critical home repairs and redeveloping residential or commercial properties, and public and community spaces. This is similar to the program administered by Rhode Island Housing funded with \$10.0 million from general obligation bonds approved by the voters in November 2016; all remaining funds will be exhausted in FY 2022.
- **ARPA - Site Acquisition.** The Governor's budget includes \$25.0 million from State Fiscal Recovery funds to continue a site acquisition program administered by Rhode Island Housing which began during 2020 in response to the coronavirus pandemic. The program subsidizes developers to acquire property to develop into long-term affordable and supportive housing for people experiencing homelessness. The total includes \$12.0 million authorized in 2021-H 6494, Substitute A, which became law on January 4.
- **ARPA - Workforce Housing.** The Governor's budget includes \$20.0 million from State Fiscal Recovery funds to increase the supply of housing for Rhode Island families earning up to 120 percent of area median income.
- **ARPA - Homelessness Infrastructure.** The Governor's budget includes \$5.0 million from State Fiscal Recovery funds for a new program to increase facility capacity for individuals experiencing homelessness.
- **ARPA - Homelessness Assistance Program.** The Governor's budget includes \$21.5 million from State Fiscal Recovery funds to provide housing navigation, stabilization and mental health services for people

experiencing homelessness. The recommendation includes the \$1.5 million authorized in 2021-H 6494, Substitute A, which became law on January 4 and monthly progress reports regarding achievement of these efforts.

- ***ARPA - Housing Strategic Plan.*** The Governor's budget includes \$2.0 million from State Fiscal Recovery funds for a 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. These funds will support municipal planning efforts.
- ***ARPA - Affordable Housing Capacity.*** The Governor's budget includes \$1.5 million from State Fiscal Recovery funds for contracted consultants to provide administrative support to the Office of Housing and Community Development. The funding is intended to assist with managing the increased resources for federal and other housing related programs and address the lack of administrative capacity as a barrier to implementing affordable housing initiatives. The total includes \$0.5 million authorized in 2021-H 6494, Substitute A, which became law on January 4.
- ***Office of Housing and Community Development Expansion.*** The Governor's budget includes 5.0 new full-time equivalent positions for the Office of Housing and Community Development. The funding is intended to assist with managing the increased resources for federal and other housing related programs and address the lack of administrative capacity as a barrier to implementing affordable housing initiatives.
- ***Livable Home Modification Grant Program.*** The Governor recommends unspent funds from the Livable Home Modification Grant Program be reappropriated to the following fiscal year, prospectively. The program provides 50.0 percent of the total retrofit costs, up to \$4,000 in funding to support home modifications and accessibility enhancements to allow individuals to remain in community settings.

Health Insurance

- ***ARPA - HealthSource RI Automatic Enrollment.*** The budgets include a total of \$0.8 million from State Fiscal Recovery funds, including \$0.5 million in FY 2022 and \$0.3 million in FY 2023 for HealthSource RI to automatically enroll qualified individuals who are transitioning off Medicaid at the end of the COVID-19 emergency into a qualified public health plan. The funding also supports one month of premiums.
- ***Health Insurance Market Integrity Fund.*** The Governor's budget includes \$18.6 million from all sources, including \$12.4 million from federal funds and \$6.2 million in revenue from the Shared Responsibility Payment penalty for individuals who do not have health insurance coverage, with certain exemptions. This includes \$18.0 million to make reinsurance payments to health insurance carriers and \$0.6 million is for program administration.
- ***Health Exchange Modernization Grant.*** The FY 2022 revised recommendation includes \$1.1 million from federal funds made available from the American Rescue Plan Act to upgrade the exchange's information technology systems.
- ***HealthSource RI.*** The Governor's budget includes \$11.6 million from all sources, including \$2.8 million from general revenues to support ongoing operating expenses for HealthSource RI.
- ***ARPA - Health Spending Transparency and Containment.*** The Governor's budget includes \$0.5 million from State Fiscal Recovery funds to support data analysis of healthcare claims. Data analysis of healthcare claims is intended to develop an annual cost growth target to be used as the benchmark to track and curb healthcare spending in the state.

Local Government

- ***Distressed Communities Relief Fund.*** The Governor recommends \$12.4 million from general revenues for the Distressed Communities Relief Fund; there is a redistribution of funding among qualifying communities based on updated tax levies.
- ***Motor Vehicles Excise Tax.*** The Governor's budget funds the Motor Vehicles Excise Tax Phase-out program at the current law estimate of \$166.6 million for FY 2023; the FY 2022 revised amount includes \$126.5 million, \$13.1 million less than enacted based on updated data. The recommendation reflects \$40.1 million to fund the next increment of the phase down to reimburse communities for lowering the assessed value percentage and rates and raising the minimum exemption amount.
- ***Payment in Lieu of Taxes Program.*** The Governor recommends \$46.1 million from general revenues for the Payment in Lieu of Taxes program that reimburses cities and towns for property taxes that would have been due on real property exempted from taxation by state law. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. This recommendation is the same funding enacted for FY 2022 and equivalent to 25.7 percent and \$2.3 million less than full funding based on updated data. The enacted level represented 26.0 percent and \$1.8 million less than full funding based on prior data.
- ***Library Resource Sharing Aid.*** The Governor recommends the enacted amount of \$9.6 million from general revenues for state support of public libraries. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funds represent 22.4 percent; the FY 2022 budget provides a 21.8 percent reimbursement.
- ***Library Construction Aid.*** The Governor recommends \$1.9 million from general revenues to fully fund library construction aid requirements. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project.
- ***Property Valuation Reimbursement.*** The Governor recommends \$0.4 million from general revenues for FY 2023 to reimburse communities conducting property valuation updates. Current law requires that municipalities complete full revaluations every nine years with statistical updates every third and sixth year following a full revaluation.
- ***Municipal Tangible Tax.*** The Governor's budget proposes to allow municipalities to set a minimum threshold for tangible tax collections.
- ***Airport Impact Aid.*** The Governor recommends the enacted level of \$1.0 million for FY 2023 to the Commerce Corporation so that the Airport Corporation can provide impact aid payments to the seven communities that host the six state airports. The community payments are made proportionately based on the number of total landings and takeoffs.
- ***ARPA - Municipal Learning Centers.*** The Governor recommends \$15.0 million from State Fiscal Recovery funds to pilot municipal learning centers in 11 communities. Centers would provide educational programming year-round, outside of school time. Programs would be available to students for free or through a fee-for-service rate structure. Funding is programmed from FY 2023 through FY 2025.
- ***ARPA - Municipal and Higher Ed Matching Grants.*** The Governor's budget includes \$46.7 million from State Fiscal Recovery Capital Project funds for matching grants to cities and towns to renovate or build community wellness centers that comply with the work, education and health monitoring

requirements in federal guidelines for these funds. Subsequent information indicates that these funds are intended to be used in conjunction with the \$15.0 million proposed for municipal learning centers.

- **Local Fiscal Recovery Fund.** The Local Fiscal Recovery Fund from the American Rescue Plan Act provides for three distinct fund allocations: entitlement communities, non-entitlement communities, and counties. For local governments, this provides \$536.8 million, disbursed in two tranches of \$268.4 million each not less than one year apart. The Governor's budget includes the enacted level of \$132.0 million from federal funds to pass-through the second tranche of the non-entitlement and county aid allocations to municipalities. The enacted budget includes the first tranche, distributed in July and August 2021. Entitlement communities including Cranston, East Providence, Pawtucket, Providence, Warwick and Woonsocket will be provided \$136.5 million from each tranche directly. For those communities, only the county allocation will pass through the state budget.

Education Aid

- **Education Stabilization Funds to Districts.** Rhode Island has been awarded \$184.8 million under the Coronavirus Response and Relief Supplemental Appropriations Act and another \$415.0 million authorized under the American Rescue Plan Act of which at least 90.0 percent is for local education agencies. Across both bills, the state will receive \$599.9 million for elementary and secondary education. The enacted budget includes total awards of \$539.8 million from funds authorized in both acts to be directly distributed to districts. The Governor recommends \$88.2 million for FY 2022 and \$183.3 million for FY 2023; \$268.3 million would be available for use for FY 2024.

- **Funding Formula Assumptions.** The Governor funds the twelfth year of the education funding formula adopted by the 2010 Assembly. The calculation uses March 15, 2021 student enrollment data including projected charter school enrollments, a per pupil core instruction amount of \$11,050 and state share ratio variables updated with June 30, 2021 data. Aid amounts are subject to final student enrollment data collected in March 2022. The recommendation also holds local education agencies harmless from any reductions that would occur under the implementation of data updates in the funding formula for FY 2023. Those entities that receive more through the update would keep that increase. In the case where the update means less aid than FY 2022, districts would receive funding consistent with the FY 2022 enacted budget. The Governor includes \$49.7 million to implement this proposal which does not account for natural changes in enrollment related to school of choice attendance.

- **FY 2022 Data Correction.** The Governor's budget also holds local education agencies harmless from the impact of correcting data used to calculate FY 2022 aid for input errors by some communities. Following enactment of the FY 2022 budget, the Division of Municipal Finance adjusted local property value data used to determine the state's share of education costs to account for these errors. Correcting the data affects the state's share of education formula aid for 24 districts and 16 charter schools, with some getting more and some getting less and current law calls for those adjustments to be made the following year. The recommended budget does not reduce funding for districts that were overpaid.

- **FY 2023 Formula Education Aid.** The Governor recommends \$1,004.4 million for education aid for local school districts pursuant to the funding formula, excluding state schools and Central Falls. This is \$22.6 million more than enacted based on the assumptions noted above. The recommendation adds \$48.3 million to hold districts harmless from aid reductions produced by the funding formula and \$0.8 million for districts that were underpaid in FY 2022 from correcting data used in the aid calculation.

- **Central Falls.** The Governor recommends \$48.7 million of education aid for Central Falls, including \$38.5 million from formula aid and \$10.2 million in stabilization funding to assist the school district until the city can begin to pay its local share. The recommendation is \$1.0 million more than enacted from

stabilization funding and includes \$1.3 million to hold the district harmless from a reduction in aid produced by the funding formula.

- ***Davies Career and Technical Center.*** The Governor’s budget includes \$15.4 million of education aid for Davies Career and Technical Center. This includes \$9.3 million from funding formula aid and \$6.1 million from supplemental funding, which mitigates some of the losses in funding from the implementation of the funding formula and recognizes the additional costs associated with running a stand-alone school that offers both academic and career and technical education. Total funding is \$1.0 million more than enacted.
- ***Metropolitan Career and Technical School.*** The Governor recommends \$9.5 million of education aid for the Metropolitan Career and Technical School. This includes \$8.4 million from funding formula aid and \$1.1 million from supplemental funding, which mitigates some of the losses in funding from the implementation of the funding formula and recognizes the additional costs associated with running a stand-alone school that offers both academic and career and technical education. Total funding is \$0.1 million more than enacted.
- ***Early Childhood Funds/Prekindergarten.*** The education funding formula has an early childhood education category of aid that allows for additional resources from the state to increase access to voluntary, free, high-quality prekindergarten programs. The Governor recommends \$14.9 million from general revenues, consistent with the enacted budget.
- ***English Language Learners Funds.*** The Governor’s budget includes \$5.0 million to support English language learners that are in the most intensive programs, consistent with the enacted budget. The funding is calculated at the level of 10.0 percent of the core instruction amount, applied to students in the most intensive English learner programs and ratably reduced to the appropriation. Funds may only be used on evidence-based programs proven to increase outcomes for English learners and are monitored by the Department of Elementary and Secondary Education.
- ***Career and Technical Education Funds.*** The education funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and offset the higher than average costs of maintaining highly specialized programs. The Governor recommends \$4.5 million for FY 2023, which is consistent with the six prior years.
- ***Special Education Funds.*** The education funding formula allows for additional resources from the state for high-cost special education students when those costs exceed five times the district’s combined per pupil core instruction amount and student success factor amount. The Governor recommends \$4.5 million for FY 2023, consistent with the six prior years.
- ***Non-Public School Transportation Funds.*** The education funding formula allows for additional resources from the state to districts for some out-of-district non-public school transportation costs. The Governor recommends \$3.5 million for FY 2023, which is consistent with the enacted level.
- ***Regional District Transportation Funds.*** The education funding formula allows for additional resources from the state to districts for some transportation costs within regional school districts. The Governor recommends \$4.2 million for FY 2023, which is consistent with the enacted level.
- ***School of Choice Density.*** The Governor recommends \$1.0 million from general revenues for traditional school districts with 5.0 percent or more resident students enrolled in schools of choice, including charter schools, Davies and the Met. Total funding for FY 2023 is consistent with the enacted and provides

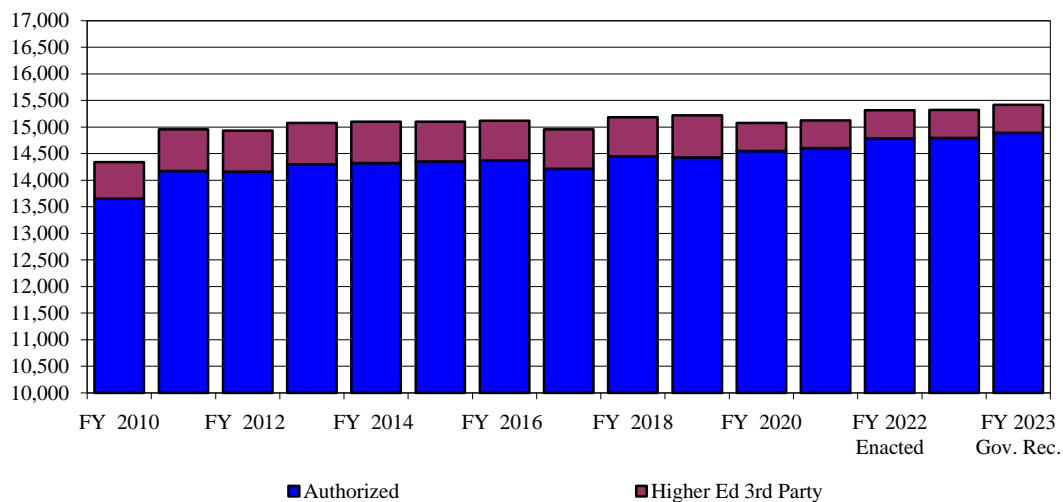
\$500 per pupil for any students enrolling in new and expanding charter schools since FY 2022. Actual aid would be subject to the March 2022 funding formula data update.

- **School Construction Aid.** The Governor recommends a total of \$88.5 million to fund projected costs of school housing aid to local districts for FY 2023, \$8.5 million more than enacted. This reflects funding for the traditional reimbursement program only; the Governor proposes to use \$50.0 million from general obligation bonds to be put before the voters on the November 2022 ballot for the School Building Authority Capital Fund.
- **Recovery High School.** Consistent with the enacted budget, the Governor’s budget provides \$0.5 million from general revenues to support the state’s recovery high school, which provides programs to students recovering from substance abuse.
- **Textbook Reimbursement.** The Governor recommends the enacted level of \$240,000 for reimbursements allowed under the textbook reimbursement program. Under current law, the state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade.
- **School Breakfast.** The Governor recommends the enacted level of \$270,000 from general revenues for the administrative cost reimbursements to districts for the school breakfast program. Food is paid from federal sources.
- **Teacher Retirement.** The state funds 40.0 percent of the employer’s share of retirement contributions on behalf of teachers who are members of the teacher retirement system. The Governor recommends \$130.9 million from general revenues, or \$6.9 million more than enacted for the estimated costs of the state’s share.

State Government

The Governor recommends \$2,467.5 million for personnel expenditures and 15,416.5 full-time equivalent positions, including 523.8 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$139.6 million less than the enacted budget, including \$93.3 million more for salaries and benefits and \$232.9 million less for contracted services, primarily one-time COVID-19 related expenses.

Full-Time Equivalent Positions



The recommendation includes staffing of 15,416.5 full-time equivalent positions, which is 103.3 more than enacted. The new positions include: 24.0 relating to the adult-use marijuana proposal, 11.0 for a Mental Health Court, 7.0 for the Pandemic Recovery Office, 6.0 to enhance the permitting process in the Department of Environmental Management, and 4.0 for implementation of the Act on Climate. The recommendation also reflects the conversion of eight contracted staff in the Executive Office of Health and Human Services to full-time equivalent positions.

As of January 1, 2022, there were 13,502.5 full-time equivalent positions filled, leaving 1,694.2 non-research vacancies. In FY 2021, the state averaged 13,896.5 filled full-time equivalent positions filled, and an average of 1,228.2 vacancies.

- **Statewide Cost-of-Living Adjustments.** In late 2021, Governor McKee reached agreements with a majority of state employee unions that include cost-of-living adjustments of 2.5 percent annually from FY 2021 through FY 2024, for a total of 10.0 percent. It also includes two \$1,500 bonuses with one payable to current union employees as of the ratification of the contract and the second for those employed on July 1, 2022. His budget includes \$73.1 million in FY 2022 and \$100.9 million in FY 2023 to account for these agreements and assuming the pay increases also apply to non-union state employees. It does not account for potential costs where settlements have not yet been reached. The general revenue share is \$44.3 million in FY 2022 and \$61.3 million in FY 2023. The value of the bonus payments alone is \$18 million over the two year period with \$9.1 million from general revenues; it is applicable only to union employees.
- **Deferred Pension Liability.** The Governor's budget allocates \$62.0 million from general revenues to the state pension system to pay off the liability remaining when the pension contributions were deferred in 1991 and 1992. The annual cost of this component of the unfunded pension liability is \$6.0 million from general revenues for the next 12 years.
- **Workforce Efficiency, Classification and Compensation Study.** The Governor recommends \$2.0 million from general revenues to conduct a statewide compensation and job classification study.
- **ARPA - Enterprise Resource Planning System - Implementation.** The 2021 Assembly provided \$50.0 million to develop a multi-year Enterprise Resource Planning System to include human resources, payroll, and financial management. The recommended budget includes \$2.2 million from State Fiscal Recovery funds for implementation costs. It also includes \$0.2 million from general revenues to fund an information technology project manager to support the system's implementation.
- **Information Technology Staffing.** The Governor's budget includes \$0.7 million to fund four information technology project manager positions within the Department of Administration's existing staffing authorization. The positions would be financed through agency charges.
- **Capital Asset Management and Maintenance Staffing.** The Governor's budget includes \$0.6 million to fund four capital projects related positions, including an associated director, a senior planner, a project manager and a wastewater monitor. The positions would be financed through agency charges and would be filled within the Department's existing staffing authorization.
- **Emergency Preparedness.** The budget includes \$230,000 to be financed through agency charges to improve safety and security at state facilities.
- **Transition Costs for General Officers.** The budget includes \$350,000 from general revenues for transition expenses for newly elected general officers. Current law requires that all newly elected general officers, prior to their engagement of office, shall be entitled to space for transition staff, adequate funds from the outgoing general office from the budget of that department for use to hire transition staff, obtain office supplies and equipment.

- **City Year.** The Governor’s budget includes the enacted amount of \$130,000 from general revenues to City Year for the Whole School Whole Child Program, which provides individual support to at-risk students.
- **ARPA - Convention Center.** The budget includes \$47.0 million from the State Fiscal Recovery Fund, for the Convention Center Authority and Entities under its purview, including \$38.0 million for capital projects and \$9.0 million for operating expenses.
- **Information Technology Investment Fund.** The Governor recommends transferring \$50.0 million from one-time general revenues to the Information Technology Investment Fund for new information technology projects. The largest ones are \$19.4 million to replace the Department of Labor and Training’s Temporary Disability Insurance and the Employer Tax functions and \$22.4 million for an electronic Medical Records System for Eleanor Slater Hospital.
- **Police and Fire Relief Fund.** The Governor’s budget includes \$4.1 million for FY 2022 and \$3.5 million for FY 2023 for the Police and Fire Relief program for annuity payments and in-state tuition to eligible spouses, domestic partners and dependents of certain injured or deceased police officers and firefighters. The revised recommendation includes an additional \$0.4 million for death benefit liabilities disclosed in the first quarter report.
- **ARPA - Tax Modernization.** The Governor’s budget proposes to use \$2.3 million from State Fiscal Recovery funds to update the State Tax Administration and Revenue System.
- **Commission on Human Rights.** The Governor recommends \$85,000 from general revenues for a new case management system in FY 2022 and \$25,000 from general revenues for its annual maintenance costs in FY 2023.
- **Public Financing of Elections.** The Governor’s budget includes \$2.7 million for the public financing of elections required by Rhode Island General Law, Section 17-25-19. General officers are elected every four years, and the Board of Elections is responsible for administering and carrying out the mandates of the Campaign Contributions and Expenditures Act and the state’s Matching Public Funds program.
- **Rhode Island Historical Society.** The Governor recommends the enacted level of \$125,000 in general revenue support for the Rhode Island Historical Society.
- **Newport Historical Society.** The Governor recommends the enacted level of \$18,000 in general revenue support for the Newport Historical Society.
- **Contingency Fund.** The Governor’s budget includes the enacted amount of \$150,000 for the Governor’s Contingency Fund.
- **Taxpayer Steward.** The Governor’s budget includes \$0.1 million for 1.0 new full-time position within the Division of Taxation to assist individual and small business taxpayers resolve issues and provide recommendations and reporting.
- **ARPA - Blockchain Pilot.** The Governor’s budget includes \$2.5 million from State Fiscal Recovery funds to implement a pilot program using blockchain technology for a limited number of certified public accountants for use in credential issuance, authentication, and automated compliance.
- **E-Permitting Expansion.** The Governor’s budget includes \$1.2 million from general revenues to implement online construction permitting for all Rhode Island municipalities and hire one new systems

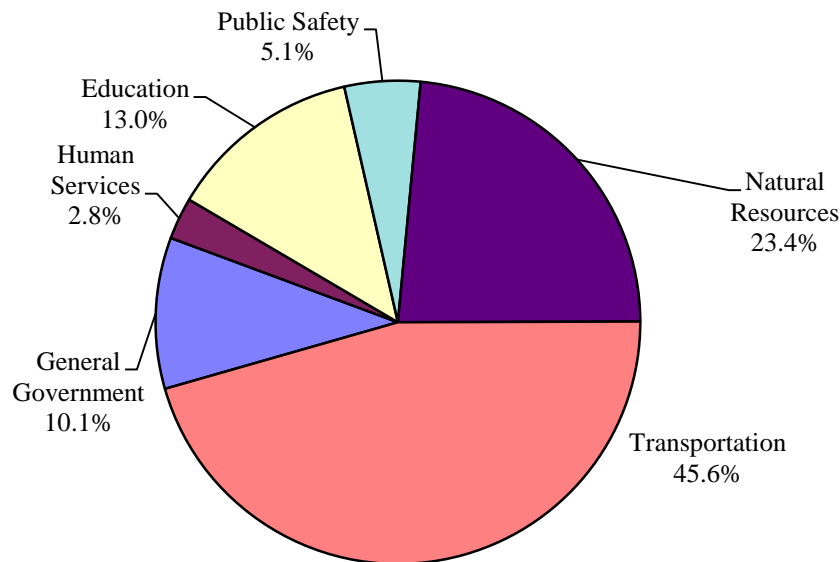
administrator position. Municipalities are required under Rhode Island General Law, Chapter 27.3-108.2 to adopt online construction permitting by July 1, 2023.

- **License Plate Reissuance.** The Governor’s budget assumes license plate reissuance begins on July 1, 2022 consistent with the schedule under current law.

Capital

- **Outlays and Funding.** The FY 2023 through FY 2027 plan includes \$7,789.2 million of outlays on \$16,827.3 million of project estimates. Average outlays would be \$1,557.8 million per year for the five-year period with \$941.5 million required at the end of the period to complete the projects.

FY 2023 - FY 2027 Capital Projects by Function



- **General Obligation Bonds Referenda.** Financing the five-year plan is based on \$842.8 million of general obligation bond debt issuances. This includes \$250.0 million from new general obligation bonds for a second school construction bond to go before the voters in November 2022 with funding programmed to begin in FY 2024; the voters approved an initial \$250.0 million in November 2018. It also includes \$62.0 million for higher education institutions, including \$50.0 million for the University of Rhode Island’s Narragansett Bay Campus and \$12.0 million for the Community College to renovate and modernize its campuses and \$38.0 million for environment and recreation projects. Past practice indicates that this will be significantly higher as more projects are added within the five-year period of this capital budget. The average bond referenda over the past five elections was \$289.4 million, including the \$400.0 million approved by the voters in a March 2021 special election.

- **Other Debt Approvals.** The Governor recommends \$28.5 million to be approved by the 2022 Assembly under the Public Corporation Debt Management Act. This includes two projects at the University of Rhode Island, including \$13.0 million for the Facilities Service Sector Upgrade project and \$15.5 million for the Utility Infrastructure Upgrade Phase II Project.

- **Financing.** Paying for the five-year outlays includes \$1,558.3 million from debt financing and \$6,230.8 million from current or pay-go sources. Pay-go represents 80.0 percent with debt funding being 20.0 percent. This is more pay-go funding than prior budgets largely in part to the inclusion of \$112.3 million from American Rescue Plan Act Capital Project funds.

- **Debt Levels.** Total net tax supported debt decreases during the period through FY 2027 by \$43.9 million from \$1,943.8 million to \$1,899.9 million. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget.
- **Debt Ratios.** Net tax supported debt would decrease from 2.9 percent of personal income reported for FY 2021 to 2.3 percent in FY 2027 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.
- **Rhode Island Capital Plan Fund.** The plan relies heavily on the use of Rhode Island Capital Plan funds, an important source of pay-go funds designed to reduce the need for borrowing. Total outlays for the five-year period are \$1,104.7 million. This includes the transfer of \$338.0 million from one-time general funding to the Rhode Island Capital Plan Fund, including \$100.0 million for the state match for federal transportation projects.

Debt Service

- **Convention Center Authority.** The Governor's budgets include \$24.7 million in FY 2023 from general revenues for the Convention Center Authority to cover debt service requirements, \$1.8 million more than enacted, based on a recent refinancing.
- **Garrahy Parking Garage.** The Governor recommends \$2.1 million in FY 2022 and \$1.9 million in FY 2023 for debt service for the Garrahy Parking Garage. The revised budget is \$0.4 million more than enacted and the recommendation for FY 2023 assumes \$1.2 million in revenues to lower the state's debt service obligation. The recommendation does not assume state support beyond FY 2023.
- **Historic Tax Credit Trust Fund Debt Service.** The Governor recommends \$19.4 million from general revenues in both years to fund debt service for historic tax credits.
- **Fidelity Job Rent Credits.** The recommended budget includes \$1.0 million from general revenues for payments under the Fidelity Job Rent Credits agreement.

Public Health

- **ARPA - Public Health.** The Governor recommends \$150.1 million from State Fiscal Recovery funds to help the state continue its response to the COVID-19 pandemic. Funds would be used for testing, contract tracing, vaccinations, and mitigation efforts. The recommendation allocates \$50.0 million to support health care facilities.
- **FEMA Contingency Reserve.** The budget includes \$15.0 million from general revenues as a contingency reserve for COVID-19 related expenses, in the event reimbursements from the Federal Emergency Management Agency differ from budgeted assumptions.
- **New State Health Laboratory.** The capital budget includes \$81.8 million, all but \$0.1 million is from a federal Centers for Disease Control and Prevention grant to construct a new State Health Laboratory facility. The location for this has not been determined.
- **Medical Examiners - New Facility.** The capital budget includes \$5.0 million from Rhode Island Capital Plan funds previously approved to renovate a 20,280 square foot building in Cumberland for the Office of State Medical Examiners.

Health and Human Services

- **Hospital Licensing Fee.** The Governor's budget extends the hospital license fee at the current law rate of 5.725 percent based on 2020 revenues for FY 2023 for total revenues of \$170.2 million.
- **Cover All Kids.** The Governor's budget proposes to provide medical benefits to all children whose family income is at or below 250 percent of poverty, regardless of immigration status, through the Medical Assistance program. The budget adds \$1.3 million from general revenues for benefits assuming an October 1, 2022 start date and \$0.7 million from general revenues to make the system changes necessary to implement the program. The underlying assumptions are that nearly 1,500 children will eventually enroll with about 400 in the first year and full enrollment would cost approximately \$7 million annually.
- **Post-Partum Coverage.** The Governor's budget adds \$5.2 million, including \$3.5 million from general revenues, to extend full Medicaid coverage to two groups of women who are 12 months post-partum who currently receive a limited benefit. Coverage for the first group, which totals \$3.2 million, including \$1.4 million from general revenues, is a new state Medicaid option created by the American Rescue Plan Act for women who currently lose Medicaid coverage after 60 days post-partum and will extend the full Medicaid benefit to approximately 1,000 women. The second group is women who do not qualify for Medicaid because of immigration status, but whose birth was paid for by Medicaid because the child is covered. The budget adds \$2.0 million, entirely from general revenues, to provide full coverage to about 500 women. The budget also adds \$1.4 million, including \$0.8 million from general revenues, to make the necessary system changes.
- **Meals on Wheels Rate Increase.** The Governor's budget adds \$0.4 million, including \$0.2 million from general revenues, to increase current rates for standard meals from \$6.50 to \$12.00 and from either \$4.01 or \$6.50 to \$12.00 for frozen ones. The budget also establishes new rates for cultural meals at \$14.05 and therapeutic meals at \$12.17.
- **McKinsey Opioid Settlement.** The budgets include \$2.6 million from restricted opioid settlement funds, which must be used for treatment, recovery and prevention programs.
- **Opioid Stewardship Fund.** The Governor proposes legislation to transfer the Opioid Stewardship Act program administration, including staff from the Department of Health to the Executive Office of Health and Human Services. He recommends \$8.6 million in expenditures from the Opioid Stewardship Fund for FY 2023, reflecting available funds. This includes \$2.9 million for the Department of Corrections' Medication Assisted Treatment program and \$2.0 million in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to provide medications to uninsured individuals through the Medication Assistance Treatment program, enhance the Behavioral Health Online Database system, and provide services through the Recovery Friendly Workplace and Recovery Housing programs. The budget also includes \$2.5 million in the Executive Office of Health and Human Services for one new position, expanding the Prescription Drug Monitoring Program, supporting new initiatives and \$1.2 million in the Department of Health.
- **Developmental Disabilities Services - Transformation Fund.** The Governor includes a total of \$12.5 million, of which \$6.6 million is from general revenues, in his revised and FY 2023 recommended budgets for a transformation fund to assist the community-based providers to comply with the consent decree and improve the quality of, and access to, integrated community day and employment support programs. This includes \$8.5 million for infrastructure improvements and integrated day and employment activities, \$2.0 million for technology, and \$2.0 million for increase support for individuals with self-directed plans.
- **Direct Support Professionals Wage Increase.** The Governor's budget includes \$35.1 million, of which \$16.1 million is from general revenues, to increase the reimbursement rate for direct support professionals

from \$15.75 to \$18 an hour in FY 2023 in the community based system for adults with developmental disabilities in compliance with the action plan related to the consent decree with the Department of Justice.

- ***Developmental Disabilities Providers - Loan Write-Off.*** The Governor's budget includes \$12.6 million from general revenues to write off start-up loans given to the private providers to build the community based residential and day program network for adults with developmental disabilities that was needed after the state closed the Ladd School.
- ***Rhode Island Psychiatric Hospital - Benton Facility.*** The Governor's FY 2023 budget includes \$30.6 million from general revenues to separate the 52-bed Benton facility from the Eleanor Slater Hospital system. The budget includes \$0.8 million for five new positions: Chief Executive Officer, Chief Medical Officer, Chief Nursing Officer, and Chief Quality Officer. Since the expenses for forensic patients at the Benton facility are not eligible for Medicaid reimbursement, this action separates them from the approximately 150 medical and civil psychiatric patients, which gives the state a better opportunity to come into compliance with a patient mix to maintain federal compliance in order to bill Medicaid.
- ***ARPA - Emergency Staffing.*** The Governor recommends \$0.5 million from State Fiscal Recovery funds to support emergency staffing needs at both the Cranston and Zambarano campuses of the state hospital as well as the Benton Facility.
- ***ARPA - Pediatric Recovery.*** The Governor's revised budget includes \$7.5 million from State Fiscal Recovery funds authorized in 2021-H 6494, Substitute A which became law on January 4 to provide relief to pediatric providers and incentivize increased screenings. The FY 2023 recommended budget includes another \$7.5 million.
- ***ARPA - Early Intervention Recovery.*** The Governor's revised budget includes \$5.5 million from State Fiscal Recovery funds authorized in 2021-H 6494, Substitute A to provide relief to early intervention providers and provide performance bonuses for hitting certain target. The FY 2023 recommended budget includes another \$5.5 million for a total of \$11.0 million.
- ***ARPA - Community Behavioral Health Clinics.*** The Governor's budget includes \$28.1 million from State Fiscal Recovery funds to support the certified community behavioral health clinics to increase services and supports in response to mental health needs during the public health emergency.
- ***ARPA - Crisis Intervention Trainings.*** The Governor's budget includes \$550,000 annually for FY 2023 to FY 2025 from State Fiscal Recovery funds to provide an eight-hour training every three years for law enforcement to respond to the increase in the number of mental health related calls to local police departments.
- ***ARPA - 9-8-8 Hotline.*** The Governor's budget includes \$1.9 million from State Fiscal Recovery funds for the creation of the 9-8-8 hotline to maintain compliance with the National Suicide Hotline Designation Act of 2020 and Federal Communication Commission-adopted rules to make sure there is a consistent level of service.
- ***ARPA - Mental Health Court Pilot Program.*** The Governor recommends \$4.2 million from State Fiscal Recovery funds to support a Mental Health Court pilot program. The proposal includes 11.0 full-time equivalent positions, with seven at the Judiciary, and two each at the Offices of the Attorney General and Mental Health Advocate. This District Court administered program is intended to reduce recidivism and divert volume from the criminal courts. The program anticipates treatment, monitoring, and additional support.

- ***Emergency and Public Communication Access Funds.*** The Governor recommends transferring an additional \$20,000, for a total of \$100,000 from the Emergency and Public Communication Access funds to the Commission for the Deaf and Hard of Hearing. These funds are derived from the monthly \$0.09 fee from the Dual Party Phone Relay Escrow Account.
- ***ARPA - RI Bridges Mobile and Child Care Tracking.*** The Governor recommends \$6.7 million from State Fiscal Recovery funds to expand the functionality of the HealthyRhode mobile application. Individuals would be able to apply and recertify through the app. Funding is programmed from FY 2023 through FY 2025.
- ***ARPA - Eligibility Extension Compliance.*** The Governor recommends \$0.8 million from State Fiscal Recovery to maintain RI Bridges eligibility functions related to the coronavirus emergency. This includes \$0.6 million for FY 2022 and \$0.2 million for FY 2023. Funding is programmed in the budgets of the Executive Office of Health and Human Services, Department of Human Services, and HealthSource RI.
- ***ARPA - Emergency Staffing RIVH.*** The Governor recommends \$0.1 million from State Fiscal Recovery funds to support emergency staffing needs at the Rhode Island Veterans' Home in Bristol, including pooled nurses.

Children and Families

- ***ARPA - Child Care Support.*** The Governor recommends \$42.0 million from State Fiscal Recovery funds programmed from FY 2022 through FY 2025 to provide retention bonuses for direct care staff at child care centers and licensed family-based care providers. Funds would also be used to waive any fees for new family child care providers, including application fees and background checks. It would also be used for quality improvements, creating a workforce registry, and education opportunities for direct care staff. This includes the \$19.0 million authorized in 2021-H 6494, Substitute A for FY 2022.
- ***Child Care Program Expansion.*** The 2021 Assembly established a pilot program for FY 2022 only to allow eligible low-income parents to receive child care assistance while they are enrolled in a Rhode Island public institution of higher education. The Governor recommends \$375,000 from federal funds to make that permanent.
- ***Child Care Eligibility Expansion.*** The Governor recommends \$2.7 million from federal funds to increase eligibility for the child care assistance program to 200 percent of the federal poverty level. Under current law, a family is eligible for child care assistance either through the Rhode Island Works program or if income is at or below 180 percent of federal poverty. However, income eligible families remain eligible until the family income exceeds 225 percent of poverty.
- ***Child Care Rates.*** The Governor's budget includes \$4.7 million from federal funds to increase rates for center-based child care providers. Rates paid to most providers are based on their performance according to the state's quality rating system. The 2021 Assembly increased payments for first tier infant, toddler and preschool age providers above the 25th percentile of a 2018 market survey and payments for top tier providers above the 75th percentile. It also increased rates for school-age children by an average of about 26 percent and established a tiered system of reimbursement for this age group. The Governor recommends increasing rates based on the 2021 market rate survey, with first tier providers being reimbursed at the 40th percentile of the survey. Some providers would be reimbursed up to the 80th percentile. Rates would increase between 3.0 and 12.4 percent depending on the age group and provider rating; however, it appears to be an average increase of 6.8 percent per child.
- ***Child Care Enrollment Reimbursement.*** The Governor recommends \$1.3 million from federal funds for FY 2022 and \$1.5 million for FY 2023 to continue reimbursing child care providers based on enrollment

rather than attendance. This policy was adopted in response to the coronavirus emergency; the enacted budget and November Caseload estimates assume the policy would expire on December 31, 2021. The Governor's budget appears to assume the policy would be implemented permanently. No legislation is included in the budget as it would be implemented through rules and regulations.

- ***Child Care Co-pays.*** The Governor recommends \$0.6 million from federal funds for FY 2022 to continue waiving co-payments for families participating in the child care assistance program. This policy was adopted in response to the coronavirus emergency; the enacted budget assumes the policy would expire on December 31, 2021. The recommendation appears to assume the policy will continue through June 30, 2022. The enacted budget also includes \$0.5 million from federal funds to limit the family share of child care assistance expenses to 7.0 percent of income beginning January 1.
- ***Rhode Island Works Income Disregard Increase.*** The Governor recommends \$150,000 from federal funds to increase monthly benefits to Rhode Island Works participants by excluding more of their income when calculating the benefit. The Governor proposes to increase the disregard from \$170 to \$300 per month.
- ***Rhode Island Works Resource Limit.*** The Governor recommends \$100,000 from federal funds to increase the resource limit to participate in Rhode Island Works from \$1,000 to \$5,000. Resources that count toward the limit include real property and personal property, such as cash, stocks, and bank accounts, among others. When the non-excluded resources exceed the resource limit, the applicant is ineligible or assistance is discontinued.
- ***ARPA - Female Youth Facility.*** The Governor's budget includes \$6.0 million from federal State Fiscal Recovery funds to establish at least one state psychiatric residential treatment facility for female youth with behavioral health needs currently being served in out-of-state facilities.
- ***Council on Accreditation.*** The Governor's budget includes \$9.2 million for FY 2023 to support the Department's accreditation plan. The Governor's revised budget provides funding consistent with the enacted budget.
- ***Enhanced Claiming.*** The Governor's budget includes a general revenue savings of \$0.9 million from claiming Medicaid funds for youth who are recipients of home-based services who are otherwise not Medicaid eligible.
- ***ARPA - Provider Workforce Stabilization.*** The Governor's revised budget includes the \$12.5 million from federal State Fiscal Recovery funds passed by the Assembly in January 2022 for workforce stabilization payments in FY 2022 to direct care staff of congregate care and community based providers in contract with the Department of Children, Youth and Families.
- ***ARPA - Lead Abatement and Fire Safety Upgrades in Foster Homes.*** The Governor's budget includes \$1.9 million from federal State Fiscal Recovery funds for lead abatement and fire safety upgrades in foster homes. Funding is programmed for FY 2023 and FY 2024.
- ***DCYF Headquarters Feasibility Study.*** The Governor's budget includes \$250,000 from Rhode Island Capital Plan funds in FY 2023 to conduct a feasibility study for a future Department of Children, Youth and Families headquarters. The study will include options for leasing, purchasing, and constructing a facility.
- ***DCYF Group Homes Feasibility Study.*** The Governor's budget includes \$0.5 million from Rhode Island Capital Plan funds to finance a feasibility study on the development of four geographically diverse transitional housing groups for youth ages 18 to 26 with unstable housing, parents who need safe and stable

housing temporarily to prevent a case from being opened up with the Department of Children, Youth and Families, and for parents with open cases with the Department for whom housing is the last barrier to reunification.

Community Services and Advocacy

- ***ARPA - Nonprofit Assistance.*** The Governor recommends \$10.0 million from State Fiscal Recovery funds be provided to the Rhode Island Foundation in FY 2023 for assistance to nonprofits.
- ***Veterans' Programs and Services.*** The Governor recommends the enacted level of \$200,000 from general revenues to support various veterans programs and services with the Office of Veterans Services determining how the funding is allocated.
- ***Rhode Island Alliance of Boys and Girls Clubs.*** The Governor recommends \$350,000 for the Boys and Girls Club Project Reach program which provides homework assistance and afterschool activities, which is \$100,000 more than enacted.
- ***Day One.*** The Governor recommends \$267,000 from general revenues for Day One to provide outreach and supportive service programs relating to sexual assault, which is \$50,000 more than enacted.
- ***Institute for the Practice and Study of Non-Violence.*** The Governor recommends \$250,000 from general revenues to support the Institute's Violence Reduction Strategy program, \$50,000 more than enacted.
- ***Rhode Island Community Food Bank.*** The Governor recommends \$450,000 from general revenues for food collection and distribution through the community food bank, \$100,000 more than enacted.
- ***Community Action Agencies.*** The Governor recommends the enacted level of \$600,000 to support services provided by the state's community action agencies.
- ***Crossroads.*** The Governor recommends the enacted level of \$500,000 from general revenues to support activities provided by Crossroads Rhode Island that address homelessness and other related issues.
- ***Refugee Services.*** The Governor recommends new funding of \$100,000 from general revenues for immigrant and refugee support services, including \$50,000 through Higher Ground International and \$50,000 through the Refugee Dream Center.
- ***Domestic Violence Prevention Activities.*** The Governor recommends of \$400,000 from general revenues for domestic violence prevention activities contracted through the Rhode Island Coalition Against Domestic Violence and distributed to domestic violence shelters in the state, which is \$100,000 more than enacted.
- ***Senior Services Support.*** The Governor recommends \$1.0 million, from general revenues to support the state's senior centers through a grant process, which is \$0.2 million more than enacted.
- ***Meals on Wheels/Elderly Nutrition Services.*** The Governor recommends the enacted level of \$580,000 from general revenues for elderly nutrition services, including \$530,000 for Meals on Wheels.
- ***Respite Care.*** The Governor recommends the enacted level of \$325,000 to support the respite care program through the Diocese of Providence, also known as CareBreaks.

- ***Elder Housing Security.*** The Governor recommends the enacted level of \$85,000 from general revenues to implement security housing measures in elderly housing complexes.
- ***Long Term Care Ombudsman.*** The Governor recommends the enacted level of \$86,750 from general revenues for the long term care ombudsman. The Alliance for Better Long Term Care advocates on behalf of residents of nursing homes, assisted living residences, and certain other facilities, as well as recipients of home care services.

Higher Education

- ***Public Higher Education Tuition and Fees.*** The Governor's budget appears to assume tuition and fee increases consistent with the governing boards approval of an increase of approximately 2.5 percent at all institutions for in-state and out-of-state students.
- ***ARPA - Higher Education Academies.*** The Governor recommends \$22.5 million from State Fiscal Recovery funds to create higher education academies through the Office of Postsecondary Commissioner. Funding will be used on direct supports such as targeted coaching and wraparound supports for those 16 and older to continue their education. The Office will implement a cycle of three academies: a fall academy focused on rising seniors and recent graduates, a summer academy focused on ensuring a seamless transition to postsecondary education or workforce training, and a spring academy focused on college readiness coursework and support to enroll in summer courses. The Governor's budget includes 3.0 new full-time equivalent positions for the Office to support this proposal.
- ***RI Promise Scholarship.*** The Governor recommends \$7.7 million, \$10,295 less than enacted, from general revenues to support the current Rhode Island Promise Scholarship at the Community College of Rhode Island based on updated projections.
- ***Northern Rhode Island Education Center Staffing.*** The Governor recommends an increase of \$0.1 million from restricted receipts for 1.0 new full-time equivalent positions for the Northern Rhode Island Education Center, increasing the total authorization for the two education centers to 11.0 full-time equivalent positions.
- ***Higher Education Bond.*** The Governor recommends \$62.0 million of general obligation bonds be submitted to the voters on the November 2022 ballot, which includes \$50.0 million for the University of Rhode Island's Narragansett Bay Campus Improvement project and \$12.0 million for the Community College of Rhode Island to restore and enhance academic and student support spaces on all four of the Community College's campuses.
- ***URI Facilities Service Sector Upgrade.*** The Governor's budget includes authorization for Assembly approval of a \$13.0 million revenue bond for the Facilities Service Sector Upgrade project. Annual debt service would be supported by the University's unrestricted budget and would not exceed \$1.2 million. Total debt service would not exceed \$23.0 million.
- ***URI Utility Infrastructure Upgrade Phase II.*** The Governor's budget includes authorization for Assembly approval of a \$15.5 million revenue bond for the Utility Infrastructure Upgrade Phase II project. Annual debt service on the authorization would be supported by the University's unrestricted budget and not exceed \$1.4 million. Total debt service would not exceed \$27.0 million.
- ***ARPA - Rhode Island College Student Services Center.*** The Governor recommends \$35.0 million from State Fiscal Recovery Capital Project funds for the College to create a centralized hub of student services that is convenient and accessible to all students.

Education and Arts

- **COVID Relief - Education Stabilization Discretionary.** The enacted budget includes the full \$60.0 million from federal funds authorized under the Consolidated Appropriation Act, 2021 and the American Rescue Plan Act. The Governor recommends \$14.7 million for FY 2022 and \$31.8 million for FY 2023; remaining funds would be available for use in FY 2024. Funds are supporting low performing districts through strategic planning and quality improvements, strengthening math and literacy instruction, redesign of certain high school courses, personalized students supports such as tutoring, summer education programing, educator training, and community engagement.
- **Elementary and Secondary Education Staff.** The Governor recommends \$0.3 million from general revenues for two new positions for the Department of Elementary and Secondary Education. This includes one position to support transformation of low-performing schools and another to support multilingual learner education.
- **Hasbro Children's Hospital.** The Governor's budget includes the enacted level of \$90,000 from general revenues to support the hospital school at Hasbro Children's Hospital.
- **Child Opportunity Zones.** The Governor's budget includes \$395,000 from general revenues, \$50,000 more than enacted, to support child opportunity zones through agreements with the Department of Elementary and Secondary Education to strengthen education, health and social services for students and their families as a strategy to accelerate student achievement.
- **School Construction Bond.** The Governor recommends \$250.0 million of general obligation bonds be submitted to the voters on the November 2022 ballot, of which \$50.0 million would support the School Building Authority Capital Fund and \$200.0 million would support local school construction projects. This is in addition to the \$250.0 million of general obligation bonds approved by the voters on the November 2018 ballot.
- **Fort Adams Trust.** The Governor's budget includes the enacted level of \$30,000 from general revenues to support Fort Adams Trust's restoration activities.
- **Waterfire Providence.** The Governor's budget includes the enacted level of \$375,000 from general revenues to support operational costs of Waterfire Providence art installations.
- **Arts Funds.** The Governor recommends \$0.8 million from general revenues, \$50,000 more than enacted for grant awards through the Rhode Island State Council on the Arts.
- **Cultural Arts Economy and State Preservation Grants.** The capital budget includes \$7.0 million from general obligation bonds approved by the voters on the March 2021 ballot during a special election for renovations to public and nonprofit theaters and performance spaces with \$1.0 million of that reserved for qualifying projects at historic sites.

Public Safety

- **Prison Population.** The Governor's budget assumes a prison population of 2,357 which is three more inmates than the enacted population of 2,354. It assumes a revised FY 2022 population of 2,181 which is 173 less than the enacted assumption. Through the first five months of FY 2022, the average inmate population is 2,122 which is 59 less than assumed in the revised recommendation.
- **Healthcare Services.** The Governor's budget includes funding and authorization for 3.0 new full-time equivalent Certified Nursing Assistant positions for the Department of Corrections to expand its in-house

medical capabilities, including purchasing four new hospital beds, resulting in a decrease in trips to hospitals and emergency rooms. The budget assumes this will result in net general revenue savings of \$0.3 million from a reduction in correctional officer overtime.

- ***Inmate Behavioral Healthcare.*** The Governor’s capital budget recommendation includes \$250,000 from Rhode Island Capital Plan funds to conduct a feasibility study for a Behavioral Management Unit. The study will determine the appropriate site, needs, and cost for the Unit which must be designed for inmates who are seriously and persistently mentally ill. The enacted budget includes \$750,000 from general revenues to hire a consultant to assist with the design of a Transitional Care Unit, which has been renamed in the Governor’s budget, and the consultant was hired in summer 2021.
- ***Medication Assisted Treatment.*** The Governor’s budget includes \$2.9 million from the Opioid Stewardship Fund to continue a Medication Assisted Treatment expansion initiative included in the enacted budget which provides services for individuals whose stay in the correctional facility would not typically qualify them for treatment. Funding will also be used to expand services to include peer navigation, transitional housing, opioid withdrawal management, and the installation of Narcan dispensary machines.
- ***Unachieved Overtime Savings.*** The Governor’s revised budget includes \$4.2 million from general revenues to restore unachieved correctional officer overtime savings. The declining population did not result in savings because of the need to house inmates in less dense settings in response to the pandemic. The budget also restores \$1.0 million of savings from the absenteeism initiative to limit only the overuse of sick time that was not implemented because of an ongoing labor dispute.
- ***Correctional Industries Program.*** The Governor’s revised budget includes \$1.9 million from general revenues to resolve an outstanding deficit in the Correctional Industries Program. This includes \$1.4 million to account for amounts owed to the general fund to cover prior operating losses and \$0.5 million to cover the current year projected shortfall. This program is intended to be self-supporting but has been running a deficit for years.
- ***ARPA - Correctional Facilities Wi-Fi.*** The Governor’s budget includes \$3.3 million from federal State Fiscal Recovery funds to establish internet access at correctional facilities to provide inmates with accessibility to online courses to expand education opportunities. Funding is programmed from FY 2023 through FY 2027.
- ***ARPA - Corrections Radio System.*** The Governor’s budget includes \$2.7 million from federal State Fiscal Recovery funds to purchase and install a radio and communication system at the adult correctional institutions.
- ***Automatic Expungement.*** The Governor’s budget includes \$0.7 million from new adult use marijuana restricted receipts for expenses related to implementation of automatic expungements for prior marijuana-related possession offenses. This includes \$0.4 million for the Office of the Attorney General and \$0.3 million for the Judiciary for contracted support, software and records management expenses, including overtime.
- ***Indigent Defense Program.*** The Governor’s budget includes \$5.1 million from general revenues for the Judiciary’s indigent defense program, which is essentially consistent with the enacted budget.
- ***Rhode Island Legal Services.*** The Governor’s budget includes the enacted level of \$0.1 million from general revenues for Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.

- ***Rhode Island Coalition Against Domestic Violence.*** The Governor’s budget includes \$230,000 from general revenues for the Rhode Island Coalition Against Domestic Violence for the domestic abuse court advocacy project, consistent with the enacted budget.
- ***ARPA - Survivors of Domestic Violence.*** The Governor recommends \$4.5 million from State Fiscal Recovery funds to provide supportive services to victims of domestic violence and assault. This includes \$1.0 million for FY 2023 and \$3.5 million for FY 2024.
- ***Emergency Management Performance Grant.*** The Governor’s budget includes \$1.9 million from all sources, including \$0.9 million from general revenues, for a federal Emergency Management Performance grant received through the American Rescue Plan Act and the required state match.
- ***Body-Worn Cameras Admin - New Positions.*** The Governor recommends \$0.6 million from general revenues over FY 2022 and FY 2023 to hire 2.6 full-time equivalent employees and a contractor to facilitate the implementation of the body-worn camera program beginning in FY 2022. New staff would address requests for the release of camera data and maintain the system in accordance with statewide policies established. The contractor will assist with the application process.
- ***Vehicle Cameras.*** The Governor’s budget includes \$240,000 from general revenues to install vehicle cameras in all 155 State Police patrol vehicles.
- ***Vehicle Replacement.*** The Governor recommends \$0.6 million from general revenues and \$1.8 million from the State Fleet Revolving Loan Fund for State Police vehicle replacements.
- ***E-911 Emergency Management Dispatch - New Positions.*** The Governor recommends \$0.8 million from restricted receipts in the current year for 6.0 new full-time equivalent positions to implement the Emergency Medical Dispatch system, pursuant to Rhode Island General Law, Section 39-21.1-8 (d). The Governor includes \$0.8 million for FY 2023.
- ***Next Generation 911.*** The Governor recommends \$0.5 million from restricted receipts in the current year to upgrade the E-911 system to a fiber optic network. Rhode Island is the only New England state that operates both inbound and outbound networks on copper facilities, which Verizon is decommissioning.
- ***Forensic Science Unit Accreditation - New Position.*** The Governor recommends \$0.2 million from general revenues for FY 2023 to support 1.0 new forensic scientist and equipment for the State Police Forensic Science Unit to regain eligibility for federal grant funding and lab accreditation status. He also recommends \$60,000 for forensic equipment in the current year.
- ***State Police Information Technology.*** The Governor recommends \$0.9 million from general revenues to upgrade the State Police data storage system and network switch infrastructure. The current system is over 90 percent capacity and is no longer supported by the vendor.
- ***Bomb Squad Equipment.*** The Governor’s budget includes \$0.9 million from general revenues for safety equipment required for the Bomb Squad to secure the minimum requirements for federal accreditation. The proposal includes replacing a number of inoperable bomb disposal robots.

Climate

- ***ARPA - Electric Heat Pumps.*** The budget includes \$37.0 million from State Fiscal Recovery funds to support low-income and moderate-income households, and community organizations to purchase and install energy efficient electric heat pumps. The Governor recommends that some of the funds be used to support an apprenticeship program in coordination with the Department of Labor and Training.

- ***Act on Climate - Staffing.*** The budget includes \$0.4 million from restricted receipts to fund 4.0 full-time equivalent positions to support the implementation of the Act on Climate of 2021, which established the Executive Climate Change Coordinating Council that is charged with developing plans to incrementally reduce climate emissions. This includes \$0.3 million in the Office of Energy Resources for 3.0 full-time equivalent positions and \$0.1 million in the Department of Environmental Management for one position. The Office of Energy Resources serves as vice chair of the Council.
- ***Demand Side Management Funds.*** The Governor proposes legislation requiring the Office of Energy Resources and the Executive Climate Change Coordinating Council to issue a request for proposals to select an administrator to manage the program. The legislation also expands uses of the funds to include clean transportation or other programs that support the reduction of greenhouse gases. Effective January 2023, the electric and gas distribution company will no longer receive incentives for managing the energy efficiency programs.
- ***Executive Climate Change Coordinating Council - Funding.*** The Governor proposes legislation requiring the Public Utilities Commission to annually allocate \$6.0 million from demand-side management gas and electric funds to the Office of Energy Resources to support the Executive Climate Change Coordinating Council. The funds must be used on projects that reduce greenhouse gases. The Council must annually report to the Governor and the General Assembly how the funds were used.

Environment

- ***Permitting.*** The Governor's budget adds \$500,000 and 6.0 new full-time equivalent positions for the Bureau of Environmental Protection to enhance customer service, support businesses, and manage the increase in recent permitting activity. The Governor also recommends 13 new and increased fees that will generate \$0.6 million to be deposited as general revenues.
- ***Bureau of Natural Resources.*** The Governor's budget adds 2.0 new full-time equivalent positions for the Bureau of Natural Resources to support commercial and recreational fishing and hunting in Wildlife Management Areas.
- ***Clean and Drinking Water State Match.*** The Governor recommends \$21.9 million from general revenues to provide the 20.0 percent state match for federal clean and drinking water programs through the Rhode Island Infrastructure Bank.
- ***Parks and Recreation Seasonal Employees.*** The Governor recommends \$0.3 million from general revenues to increase seasonal employee wages to attract and retain staff.
- ***Green Economy Bond.*** The Governor's capital budget includes \$38.0 million from a new general obligation bond to be submitted to the voters on the November 2022 ballot to be used for environmental and recreational projects. Projects include brownfield remediation, grants for coastal resiliency, grants for local recreation projects, forest conservation, restoration and protection of water quality, grants to remove impediments to clean energy projects, zero-interest loans for clean energy projects, and state and local open space land acquisition.
- ***ARPA - Port of Galilee Rehabilitation.*** The Governor recommends \$46.0 million from State Fiscal Recovery funds to make infrastructure improvements to the Port of Galilee to increase services for commercial fishing and related businesses. Funding is programmed from FY 2023 through FY 2027.
- ***ARPA - Permitting and Licensing.*** The Governor recommends \$5.8 million from the State Fiscal Recovery funds to make improvements to the Department of Environmental Management's information

technology for online permit and licensing systems for fish and wildlife, commercial fishing and boating registration. Funding is programmed from FY 2023 through FY 2026.

- **Local Agriculture and Seafood Program.** The Governor recommends \$250,000 for the local agriculture and seafood program to allow small businesses in the food sector to receive grants. This is \$150,000 more than enacted. Funding is matched by private sources.
- **Conservation Districts.** The Governor recommends the enacted level of \$50,000 from general revenues for regional conservation districts. The districts are quasi-public subdivisions of state government, governed by volunteer boards of directors from the communities.
- **New Coastal Policy Analyst.** The Governor's budget includes \$0.1 million from general revenues for a new coastal policy analyst position for the Coastal Resource Management Council to address the increasing number of wind farm projects and rights of way issues.
- **Pawtucket Resiliency Elevation Feasibility Study.** The Governor's budget includes \$50,000 from Rhode Island Capital Plan funds for FY 2023 to fund an Army Corps of Engineers-led feasibility study of measures to reduce the risk of coastal storm damage across the southern coast of Rhode Island from Westerly to Narragansett.
- **Little Narragansett Bay Feasibility Study.** The Governor recommends \$50,000 from Rhode Island Capital Plan funds in FY 2023 to investigate the feasibility of dredging Little Narragansett Bay in Westerly to improve navigation safety.

Transportation

- **Additional Transportation State Match.** The Governor recommends \$100.0 million from one-time general revenues be transferred to the Rhode Island Capital Plan funds to be used as the state match for additional transportation funds received from the federal Investment Infrastructure and Jobs Act. This includes \$71.3 million for the Department of Transportation and \$28.7 million for the Rhode Island Public Transit Authority.
- **Electric Vehicle Charging Infrastructure Program.** The Governor proposes establishing an Electric Vehicle Charging Infrastructure Program, which will be funded with \$22.9 million from federal funds authorized in the federal Infrastructure and Investment Jobs Act. The program will be administered by the Department of Transportation and the Office of Energy Resources, with consultation from the Department of Environmental Management.
- **Metro Providence High-Capacity Study.** The Governor recommends \$225,000 from Rhode Island Capital Plan funds to provide the Rhode Island Public Transit Authority with matching funds for a \$1.0 million grant received to conduct a study for the construction of a Providence High-Capacity Transit Corridor to connect Downtown Providence and other activity centers to low-income neighborhoods in the state. This project is part of the Authority's Transit Forward RI 2040 Plan, was adopted by the State Planning Council in December 2020.
- **ARPA - Pawtucket Bus Hub Passenger Facility.** The approved capital plan includes \$8.5 million from federal funds to build a transit hub adjacent to the new commuter rail station on the Pawtucket/Central Falls border. The project will include bus berths, shelters, real-time bus information, ticket vending machines and waiting space. The Governor recommends an additional \$5.0 million from State Fiscal Recovery funds to enhance the project to include passenger restrooms, waiting areas, a customer service area, a break room for its employees, and a Pawtucket police substation.

ARPA Fiscal Recovery Funds

ARPA Fiscal Recovery Funds

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021, which provided \$360.0 billion to assist states and local governments to cover expenditures incurred from, and provide government services impacted by, coronavirus related revenue losses until December 31, 2024. From a state fiscal year perspective, this means funds will be available for use from FY 2021 through FY 2025.

The allocation to Rhode Island totals \$1.8 billion from three sources, the State Fiscal Recovery Fund, Local Fiscal Recovery Fund and Coronavirus Capital Projects Fund. The state has been allocated \$1.1 billion from the recovery fund and \$112.3 million for capital expenses; local governments will receive \$536.8 million. Funds are intended to respond to the coronavirus pandemic and its negative economic impacts, and may be provided to households, small businesses, nonprofits, essential workers, or to impacted industries including tourism, travel, and hospitality, or infrastructure supports for water, sewer, or broadband systems.

Guidance on uses of the state and local fiscal recovery funds was issued in May, updated in July and finalized in January 2022. Compared to the original guidance, it provided increased flexibility. For the capital fund, guidance was issued in September and a one year application window opened September 24. In adopting its FY 2022 budget in June, the Assembly preserved the full value of the American Rescue Plan Act fiscal recovery funds for a more robust public process on the proposed uses.

On October 7, 2021, Governor McKee requested an amendment to the FY 2022 enacted budget to authorize use of \$113.0 million from the State Fiscal Recovery Fund, roughly 10 percent of the state’s allocation. The Assembly enacted \$119.0 million contained in 2021-H 6494, Substitute A, which became law on January 4, 2022.

The Governor’s budget includes \$1,243.4 million from the State Fiscal Recovery Fund in several categories and the Capital Projects Fund as shown in the table below.

State Fiscal Recovery Funds	
Category	Amount
Housing	\$ 250,000,000
Economic and Workforce Development	211,825,000
Small Business & Impacted Industry	180,535,000
Public Health	152,292,751
Children, Families and Education	118,575,000
Behavioral Health	42,392,390
Public Infrastructure & Technology	26,475,000
Climate	132,000,000
Administration	16,965,916
Subtotal	\$ 1,131,061,057
Capital Projects Fund	112,291,190
Grand Total	\$ 1,243,352,247

The table on the next page shows the 53 different proposals and the programming of funding over FY 2022 as contained in 2022-H 7122, FY 2023 as contained in Article 1, Section 1 of 2022-H 7123, and for FY 2024 through FY 2027 contained in Article 1, Section 16 of 2022-H 7123. Article 1, Section 16 also contains a description of each of the projects for which any appropriation is made. These descriptions are on the pages that follow after the project tables. Descriptions of the recommended projects from the Capital Projects Fund are at the end of this report.

State Fiscal Recovery Funds				
	FY 2022	FY 2023	FY 2024- FY 2027	Total
Housing				
Development of Affordable Housing	\$ 15,000,000	\$ 20,000,000	\$ 55,000,000	\$ 90,000,000
Site Acquisition	12,000,000	3,000,000	10,000,000	25,000,000
Down Payment Assistance	-	15,000,000	35,000,000	50,000,000
Workforce Housing	-	12,000,000	8,000,000	20,000,000
Affordable Housing Predevelopment	-	2,500,000	7,500,000	10,000,000
Home Repair and Community Revitalization	-	15,000,000	10,000,000	25,000,000
Predevelopment and Capacity Building	500,000	500,000	500,000	1,500,000
Homelessness Assistance Program*	1,500,000	7,000,000	13,000,000	21,500,000
Homelessness Infrastructure	-	5,000,000	-	5,000,000
Statewide Housing Plan	-	2,000,000	-	2,000,000
Subtotal Housing	\$ 29,000,000	\$ 82,000,000	\$ 139,000,000	\$ 250,000,000
Economic and Workforce Development				
Enhanced Real Jobs	\$ -	\$ 10,000,000	\$ 30,000,000	\$ 40,000,000
Blue Economy Investments	-	10,000,000	60,000,000	70,000,000
Bioscience Investments	-	5,000,000	25,000,000	30,000,000
Higher Education Academies	-	6,504,000	15,996,000	22,500,000
Wi-Fi and Tech at the ACI	-	3,100,000	225,000	3,325,000
Galilee Port Rehabilitation	-	6,000,000	40,000,000	46,000,000
Subtotal Economic and Workforce Development	\$ 29,000,000	\$ 124,604,000	\$ 310,221,000	\$ 211,825,000
Small Business & Impacted Industry				
Aid to the Convention Center	\$ 8,370,000	\$ 17,700,000	\$ 20,965,000	\$ 47,035,000
Unemployment Insurance Trust Fund Contribution	-	30,000,000	-	30,000,000
Small Business and Technical Assistance	32,000,000	13,000,000	-	45,000,000
Assistance to Impacted Industries	13,000,000	15,500,000	-	28,500,000
Minority Business Accelerator	-	1,500,000	8,500,000	10,000,000
Small Business Access to Capital	-	20,000,000	-	20,000,000
Subtotal Small Business & Impacted Industry	\$ 53,370,000	\$ 97,700,000	\$ 29,465,000	\$ 180,535,000
Public Health				
Ongoing COVID-19 Response	\$ 50,000,000	\$ 75,000,000	\$ 25,052,439	\$ 150,052,439
Auto-Enrollment Program	502,526	339,079	-	841,605
Eligibility Extension Compliance	630,185	218,522	-	848,707
Emergency Staffing ESH/RIVH	-	550,000	-	550,000
Subtotal Public Health	\$ 51,132,711	\$ 76,107,601	\$ 25,052,439.00	\$ 152,292,751
Children, Families, & Education				
Nonprofit Assistance	\$ -	\$ 10,000,000	\$ -	\$ 10,000,000
Pediatric Recovery	7,500,000	7,500,000	-	15,000,000
Early Intervention Recovery	5,500,000	5,500,000	-	11,000,000
Provider Workforce Stabilization	12,500,000	-	-	12,500,000
Foster Home Lead Abatement & Fire Safety	-	1,500,000	375,000	1,875,000

	FY 2022	FY 2023	FY 2024- FY 2027	Total
Child Care Support	19,000,000	21,283,000	1,717,000	42,000,000
RIBridges Mobile and Child Care Tracking	-	2,400,000	4,300,000	6,700,000
Municipal Learning Centers	-	5,000,000	10,000,000	15,000,000
Support for Survivors of Domestic Violence	-	1,000,000	3,500,000	4,500,000
Subtotal Children, Families & Education	\$ 44,500,000	\$ 54,183,000	\$ 19,892,000	\$ 118,575,000
Behavioral Health				
Certified Community Behavioral Clinics	\$ -	\$ 28,100,000	\$ -	\$ 28,100,000
9-8-8 Hotline	-	1,875,000	-	1,875,000
Psychiatric Residential Treatment Facility	-	6,000,000	-	6,000,000
Crisis Intervention Trainings*	-	550,000	1,650,000	2,200,000
Mental Health Court Pilot Program	-	1,390,934	2,826,456	4,217,390
Subtotal Behavioral Health	\$ -	\$ 37,915,934	\$ 4,476,456	\$ 42,392,390
Public Infrastructure & Technology				
ERP Implementation Support	\$ -	\$ 2,200,000	\$ -	\$ 2,200,000
Blockchain Digital Identity	-	1,500,000	1,000,000	2,500,000
Health Spending Accountability and Transparency Program	-	500,000	-	500,000
Tax Modernization	-	750,000	1,500,000	2,250,000
Statewide Broadband Planning and Mapping	500,000	-	-	500,000
Main Streets Revitalization	-	5,000,000	-	5,000,000
Radio Systems	-	2,700,000	-	2,700,000
Permit and Licensing IT	-	2,825,000	3,000,000	5,825,000
Pawtucket/Central Falls Bus Hub Passenger Facility	-	4,000,000	1,000,000	5,000,000
Subtotal Public Infrastructure & Technology	\$ 500,000	\$ 19,475,000	\$ 6,500,000	\$ 26,475,000
Climate				
Electric Heat Pump Grant Program*	\$ -	\$ 4,900,500	\$ 32,099,500	\$ 37,000,000
Port of Davisville	-	6,000,000	54,000,000	60,000,000
South Quay Marine Terminal	-	12,000,000	23,000,000	35,000,000
Subtotal Climate	\$ -	\$ 22,900,500	\$ 109,099,500	\$ 132,000,000
Administration**	\$ -	\$ -	\$ -	\$ 16,965,916
Grand Total	\$ 207,502,711	\$ 514,886,035	\$ 643,706,395	\$ 1,131,061,057

**Some amounts are missing from the bills due to drafting errors; ** administrative expenses treatment unresolved*

Housing

Development of Affordable Housing. The Governor’s budget includes \$90.0 million from State Fiscal Recovery funds to provide an enhanced level of gap financing for affordable housing development. This creates an additional directed subsidy as a match to multiple sources of financing. The total includes \$15.0 million previously authorized in 2021-H 6494, Substitute A. Funding is programmed for FY 2022 through FY 2025.

Site Acquisition. The Governor’s budget includes \$25.0 million from State Fiscal Recovery funds to continue a site acquisition program administered by Rhode Island Housing which began during 2020 in response to the coronavirus pandemic. The program subsidizes developers to acquire property to develop into long-term affordable and supportive housing for people experiencing homelessness. The total includes \$12.0 million previously authorized in 2021-H 6494, Substitute A. Funding is programmed for FY 2022 through FY 2025.

Down Payment Assistance. The Governor’s budget includes \$50.0 million from State Fiscal Recovery funds for a new program to provide down payment assistance for qualified first-time home buyers. The program would provide awards of \$17,500 to approximately 2,800 households. Funding is programmed for FY 2023 through FY 2025.

Workforce Housing. The Governor’s budget includes \$20.0 million from State Fiscal Recovery funds to support a new affordable workforce housing program for Rhode Island families. The program is aimed at increasing the housing supply for families earning up to 120 percent of area median income. The proposal includes \$12.0 million for FY 2023 and \$8.0 million for FY 2024.

Affordable Housing Predevelopment. The Governor’s budget includes \$10.0 million from State Fiscal Recovery funds for a new program to reduce pre-construction barriers to housing development including prerequisite environmental studies and legal work. The proposal includes \$2.5 million annually for FY 2023 through FY 2026.

Home Repair and Community Revitalization. The Governor’s budget includes \$25.0 million from State Fiscal Recovery funds for a new program to support critical home repairs and redeveloping residential or commercial properties, and public and community spaces. This is similar to the program administered by Rhode Island Housing funded with \$10.0 million from general obligation bonds approved by the voters in November 2016; all remaining funds will be exhausted in FY 2022.

Predevelopment and Capacity Building. The Governor’s budget includes \$1.5 million from State Fiscal Recovery funds for consultants to provide administrative support to the Office of Housing and Community Development. The funding is intended to assist with managing the increased resources for federal and other housing related programs and address the lack of administrative capacity as a barrier to implementing affordable housing initiatives. The total includes \$0.5 million previously authorized in 2021-H 6494, Substitute A and \$0.5 million annually for FY 2023 and FY 2024.

Homelessness Assistance Program. The Governor’s budget includes \$21.5 million from State Fiscal Recovery funds to provide housing navigation, stabilization, and mental health services for people experiencing homelessness. The recommendation includes \$1.5 million authorized in 2021-H 6494, Substitute A, which also required the Chief of the Office of Housing and Community Development to provide monthly progress reports regarding achievement of these efforts. Funding is programmed for FY 2022 through FY 2025.

Homelessness Infrastructure. The Governor’s budget includes \$5.0 million from State Fiscal Recovery funds for FY 2023 for a new program to increase facility capacity for individuals experiencing homelessness.

Statewide Housing Plan. The Governor’s budget includes \$2.0 million from State Fiscal Recovery funds for FY 2023 for a statewide comprehensive housing plan to assess current and future housing needs, consider barriers to homeownership and affordability, and identify services needed for increased investments toward disproportionately impacted individuals and communities. These funds will support municipal planning efforts.

Economic and Workforce Development

Enhanced Real Jobs. The Governor's budget includes \$40.0 million from State Fiscal Recovery funds to support the Real Jobs RI program. It programs \$1.0 million for FY 2023, and \$15.0 million each for FY 2023 and FY 2024. The program's functions are to place employees in job openings, advance skills of employed people, and create a talent pipeline for businesses. Funds would support job partnerships to connect employers adversely impacted by the pandemic to workforce training program enrollees.

Blue Economy Investments. The Governor's budget includes \$70.0 million from State Fiscal Recovery funds for blue economy-related capital investments. Investment areas include, but are not limited to, ports and shipping, defense, marine trade, ocean-based renewables, aquaculture, and tourism.

Bioscience Investments. The Governor's budget includes \$30.0 million from State Fiscal Recovery funds for a new project to finance a wetlab facility and provide technology development supports. The investment is intended to make it easier for academic research to find private sector applications. Lack of wetlab space appropriate for use by newly founded life science companies is specifically noted as an obstacle for biomedical innovation in Rhode Island's 2020 Comprehensive Economic Development Strategy. Funding is programmed for FY 2023 through FY 2026.

Higher Education Academies. The Governor recommends \$22.5 million from State Fiscal Recovery funds to create higher education academies through the Office of Postsecondary Commissioner. Funding will be used on direct supports such as targeted coaching and wraparound supports for those 16 and older to continue their education. The Office will implement a cycle of three academies: a fall academy focused on rising seniors and recent graduates, a summer academy focused on ensuring a seamless transition to postsecondary education or workforce training, and a spring academy focused on college readiness coursework and support to enroll in summer courses. The Governor's budget includes 3.0 new full-time equivalent positions for the Office to support this proposal.

Wi-Fi and Tech at the ACI. The Governor's budget includes \$3.3 million for the purchase and installation of Wi-Fi systems at the adult correctional institutions. The purpose of this funding is to allow for increased access to education opportunities for inmates. Funding is programmed as \$3.1 million for FY 2023, \$100,000 for FY 2024, \$50,000 annually for FY 2025 and FY 2026, and \$25,000 for FY 2027.

Galilee Port Rehabilitation. The Governor recommends \$46.0 million from State Fiscal Recovery funds to make infrastructure improvements to the Port of Galilee to increase services for commercial fishing and related businesses. Funding is programmed at \$6.0 million for FY 2023, \$4.0 million for FY 2024, \$10.0 million for FY 2025, \$16.0 million for FY 2026, and \$10.0 million for FY 2027.

Small Business & Impacted Industry

Aid to the Convention Center. The Governor recommends \$47.0 million from the State Fiscal Recovery Fund, including \$38.0 million for capital projects at the Convention Center, Dunkin Donuts Center and Veterans Auditorium, and \$9.0 million for operating expenses. The recommendation includes \$8.4 million in FY 2022, \$17.7 million in FY 2023, \$13.4 million in FY 2024, \$5.5 million in FY 2025, and \$2.0 million in FY 2026.

Unemployment Insurance Trust Fund Contribution. The Governor's budget proposes to reserve \$30.0 million from State Fiscal Recovery funds in the event the labor and training director determines this allocation would prevent a rate increase for employers in calendar year 2023. If the funding would not be beneficial, it would be allocated to further enhance the Real Jobs RI program.

Small Business and Technical Assistance. The Governor’s budget includes \$45.0 million from State Fiscal Recovery funds to provide grants and technical assistance to businesses impacted by the COVID-19 pandemic. The recommendation includes \$32.0 million previously authorized in 2021-H 6494, Substitute A; the remaining \$13.0 million is included for FY 2023.

Assistance to Impacted Industries. The Governor’s budget includes \$28.5 million from State Fiscal Recovery funds to address the negative impacts of the pandemic to the tourism, hospitality, and events industry. The revised recommendation includes \$13.0 million previously authorized in 2021-H 6494, Substitute A; the remaining \$15.5 million is programmed for FY 2023.

Minority Business Accelerator. The Governor’s budget includes \$10.0 million from State Fiscal Recovery funds to establish a new minority business accelerator that would provide technical assistance, loans, and programming space. Funding is programmed for FY 2023 through FY 2025.

Small Business Access to Capital. The Governor’s budget includes \$20.0 million from State Fiscal Recovery funds for a new program to provide working capital, refinancing assistance, and low cost financing for small business capital purchases. The proposal includes grants and loans to support direct payments, lines of credit, loan insurance, and other lending supports.

Public Health

Ongoing COVID-19 Response. The Governor recommends \$150.1 million from State Fiscal Recovery funds to help the state continue its response to the COVID-19 pandemic. Funds would be used for testing, contact tracing, vaccinations, and mitigation efforts. The recommendation allocates \$50.0 million of the funds to support health care facilities. The recommendation include \$50.0 million for FY 2022, \$75.0 million for FY 2023 and \$25.1 million for FY 2024.

Auto-Enrollment Program. The Governor recommends \$0.8 million from State Fiscal Recovery funds, including \$0.5 million in FY 2022 and \$0.3 million in FY 2023 for HealthSource RI to automatically enroll qualified individuals who are transitioning off Medicaid at the end of the COVID-19 emergency into qualified public health plans. The funding also supports one month of premiums.

Eligibility Extension Compliance. The Governor recommends \$0.8 million from State Fiscal Recovery funds to maintain RI Bridges eligibility functions related to the coronavirus emergency, including \$0.6 million for FY 2022 and \$0.2 million for FY 2023. Funding is programmed in the budgets of the Executive Office of Health and Human Services, Department of Human Services, and HealthSource RI.

Emergency Staffing ESH/RIVH. The Governor recommends \$550,000 from State Fiscal Recovery funds for FY 2023 to support emergency staffing, such as contracted nursing staff, at the Rhode Island Veterans’ Home in Bristol, Eleanor Slater Hospital’s Cranston campus, the Zambarano unit of Eleanor Slater Hospital, and the Benton facility.

Children, Families, and Education

Nonprofit Assistance. The Governor recommends \$10.0 million from State Fiscal Recovery funds in FY 2023 for the Rhode Island Foundation to distribute to nonprofit organizations to address needs that have been exacerbated by COVID-19, including housing and food insecurity and behavioral health issues.

Pediatric Recovery. The Governor recommends \$15.0 million from State Fiscal Recovery funds to provide financial support to pediatric providers and incentives based on increased developmental and psychosocial behavioral screenings, including \$7.5 million previously authorized in 2021-H 6494, Substitute A.

Early Intervention Recovery. The Governor recommends \$11.0 million from State Fiscal Recovery funds to provide financial support to early intervention providers and performance bonuses for providers when hitting certain targets, such as reducing staff turnover and restoring the number of families receiving services to pre-pandemic levels, including \$5.5 million previously authorized in 2021-H 6494, Substitute A.

Provider Workforce Stabilization. The Governor’s revised FY 2022 recommendation includes \$12.5 million from State Fiscal Recovery funds to provide workforce stabilization payments to staff of congregate care and community based providers contracted by the Department of Children, Youth and Families, consistent with the supplemental budget passed by the Assembly in January 2022. This funding was in response to providers reporting a high number of vacancies and staff recruitment issues which have resulted in a capped or reduced capacity.

Foster Home Lead Abatement & Fire Safety. The Governor recommends \$1.9 million from federal State Fiscal Recovery funds for lead abatement and fire suppression upgrades for foster families. Funding is programmed at \$1.5 million for FY 2023 and \$0.4 million for FY 2024.

Child Care Support. The Governor’s budget includes \$42.0 million from State Fiscal Recovery funds primarily to provide retention bonuses for direct care staff at child care centers and licensed family-based care providers. Funds would also be used to waive any fees for new family child care providers, including application fees and background checks. It would also be used for quality improvements, creating a workforces registry, and education opportunities for direct care staff. The recommended budget includes the \$19.0 million authorized in 2021-H 6494, Substitute A, for FY 2022, \$21.3 million for FY 2023, \$1.2 million for FY 2024, and \$0.5 million for FY 2025.

RIbridges Mobile and Child Care Tracking. The Governor’s budget includes \$6.7 million from State Fiscal Recovery funds to expand the functionality of the HealthyRhode mobile application. Individuals would be able to apply and recertify through the app. The recommendation includes \$2.4 million for each FY 2023 and FY 2024, and \$1.9 million for FY 2025.

Municipal Learning Centers. The Governor recommends \$15.0 million from State Fiscal Recovery funds to pilot municipal learning centers in 11 communities. Centers would provide educational programming year-round, outside of school time. Programs would be available to students for free or through a fee-for-service rate structure. The recommended budget includes \$5.0 million annually from FY 2023 through FY 2025. Subsequent information indicates that these funds are intended to be used in conjunction with the \$46.7 million in Capital Projects funds proposed for municipal and higher education matching grants.

Support for Survivors of Domestic Violence. The Governor recommends \$4.5 million from State Fiscal Recovery funds to provide supportive services to victims of domestic violence and assault. This includes \$1.0 million for FY 2023 and \$3.5 million for FY 2024.

Behavioral Health

Certified Community Behavioral Clinics. The Governor recommends \$28.1 million from State Fiscal Recovery funds in the Executive Office of Health and Human Services’ budget for FY 2023 to support the certified community behavioral health clinics to increase services and supports in response to mental health needs during the public health emergency.

9-8-8 Hotline. The Governor recommends \$1.9 million from State Fiscal Recovery funds in the Executive Office of Health and Human Services’ budget for FY 2023 to create a 9-8-8 hotline to maintain compliance with the National Suicide Hotline Designation Act of 2020 and Federal Communication Commission-adopted rules to ensure a consistent level of service.

Psychiatric Residential Treatment Facility. The Governor’s budget includes \$6.0 million from State Fiscal Recovery funds to establish a psychiatric residential treatment facility to provide intensive residential treatment options for adolescent girls and young women who face severe and complex behavioral health challenges. Currently, female youth who would otherwise be served at in-state facilities are placed in out-of-state high-end residential facilities. All funding is programmed for use in FY 2023.

Crisis Intervention Trainings. The Governor recommends \$2.2 million from State Fiscal Recovery funds to provide an eight-hour training every three years for law enforcement to respond to the increase in the number of mental health related calls to local police departments. Funding is programmed as \$550,000 annually for FY 2023 through FY 2025.

Mental Health Court Pilot Program. The Governor recommends \$4.2 million from State Fiscal Recovery funds to support a Mental Health Court pilot program. The proposal includes 14.0 full-time equivalent positions, with seven at the Judiciary, three in Public Safety and two each at the Offices of the Attorney General and Mental Health Advocate. This District Court administered program is intended to reduce recidivism and divert volume from the criminal courts. The program anticipates treatment, monitoring and additional support. Funding is programmed as \$1.4 million annually for FY 2023 through FY 2025.

Public Infrastructure & Technology

ERP Implementation Support. The 2021 Assembly provided \$50.0 million to develop a multi-year Enterprise Resource Planning System to include human resources, payroll, and financial management. The Auditor General has historically reported the inefficiencies with the various systems. The Governor recommends \$2.2 million from State Fiscal Recovery funds in FY 2023 to provide resources for implementation support, including software, staffing and operating expenses. It also includes \$0.2 million from general revenues to fund an information technology project manager to support the system’s implementation.

Blockchain Digital Identity. The Governor’s budget includes \$2.5 million from State Fiscal Recovery funds to implement a pilot program using blockchain technology for a limited number of certified public accountants for use in credential issuance, authentication, and automated compliance. The proposal includes \$1.5 million for FY 2023 and \$1.0 million for FY 2024.

Health Spending Accountability and Transparency Program. The Governor’s budget includes \$0.5 million from State Fiscal Recovery funds for FY 2023 to support data analysis of healthcare claims. Data analysis of healthcare claims is intended to develop an annual cost growth target to be used as the benchmark to track and curb healthcare spending in the state.

Tax Modernization. The Governor’s budget includes \$2.3 million from State Fiscal Recovery funds to enhance improvements to Division of Taxation business processes and taxpayer services. It programs \$750,000 for FY 2023 and \$1.5 million for FY 2024.

Statewide Broadband Planning and Mapping. The Governor’s revised budget includes \$0.5 million from State Fiscal Recovery funds authorized in 2021-H 6494, Substitute A, for broadband infrastructure planning work. It includes a needs assessment, statewide mapping of broadband access and cost, and one new Broadband Director position at the Commerce Corporation.

Main Streets Revitalization. The Governor’s budget includes \$5.0 million from State Fiscal Recovery funds to recapitalize the Main Street RI Streetscape Improvement Fund. The 2015 Assembly authorized the Commerce Corporation to award loans, matching grants and other forms of financing to enhance sidewalks, wayfinding signage, and lighting in order to create an attractive environment in local business

districts. The program has been appropriated \$3.0 million, all of which has been awarded. The proposal also extends the sunset date one year to December 31, 2023.

Radio Systems. The Governor’s budget includes \$2.7 million for FY 2023 from State Fiscal Recovery funds for the purchase and installation of an updated radio and communications system at the adult correctional institutions.

Permit and Licensing IT. The Governor recommends \$5.8 million from State Fiscal Recovery funds to make improvements to the Department of Environmental Management’s information technology for online permit and licensing systems for fish and wildlife, commercial fishing and boating registration. Funding is programmed as \$2.8 million for FY 2023, \$2.0 million for FY 2024, and \$0.5 million each for FY 2025 and FY 2026.

Pawtucket/Central Falls Bus Hub Passenger Facility. The approved capital plan includes \$8.5 million from federal funds and other sources to build a transit hub adjacent to the new commuter rail station on the Pawtucket/Central Falls border. The project will include bus berths, shelters, real-time bus information, ticket vending machines and waiting space. The Governor recommends an additional \$5.0 million from State Fiscal Recovery funds to enhance the project to include passenger restrooms, waiting areas and a customer service area. It should be noted that the Pawtucket Transit Hub project had previously included passenger restrooms; however, the scope was scaled back, to keep costs within available funds. The recommendation includes \$4.0 million in FY 2023 and \$1.0 million in FY 2024.

Climate

Electric Heat Pump Grant Program. The Governor recommends \$37.0 million from State Fiscal Recovery funds to support low and moderate-income households, and community organizations to purchase and install energy efficient electric heat pumps. The Governor recommends that some of the funds be used to support an apprenticeship program in coordination with the Department of Labor and Training and administered by the Office of Energy Resources. The recommendation includes \$4.9 million in FY 2023, \$10.2 million in FY 2024, \$10.7 million in FY 2025, \$8.4 million in FY 2026 and \$2.8 million in FY 2027.

Port of Davisville. The Governor’s budget includes \$60.0 million from State Fiscal Recovery funds to support infrastructure at the Port of Davisville. The proposal would expand on existing funding to develop port infrastructure intended to create job opportunities, invest in marine transportation, and make capital improvements to prepare for offshore wind development. Funding is programmed for FY 2023 through FY 2026.

South Quay Marine Terminal. The Governor’s budget includes \$35.0 million from State Fiscal Recovery funds to support infrastructure at the South Quay Marine Terminal in East Providence. This is intended to represent phase one of a larger project, and would fund design and initial waterfront development. The proposal includes \$12.0 million for FY 2023 and \$23.0 million for FY 2024.

Administration

The Governor’s plan assumes that compliance and oversight is funded from 1.5 percent of the grant award, consistent with the federal allowance for these expenses. The Pandemic Recovery Office would be responsible for this work. The 2021 Assembly authorized a 1.0 percent assessment on covered grants to fund the operations. The Governor’s plan assumes \$17.0 million of resources are available but the plans for how the funding mechanism will work are currently being developed.

The Governor’s budget also includes \$112.3 million from the Capital Projects Fund. These projects are contained in Article 1, Sections 1 and 16 of 2022-H 7123. Article 1, Section 16 contains a description of each of the projects for which any appropriation is made. These descriptions follow the table below.

Capital Projects Fund			
	FY 2023	FY 2024- FY 2027	Total
CPF Administration	\$ 2,807,250	\$ 2,807,250	\$ 5,614,500
Municipal and Higher Ed. Matching Grant Program	23,360,095	23,360,095	46,720,190
RIC Student Services Center	5,000,000	30,000,000	35,000,000
Last-Mile Broadband	15,383,000	9,573,500	24,956,500
Total	\$ 46,550,345	\$ 65,740,845	\$ 112,291,190

CPF Administration. Of the \$112.3 million from the Capital Projects Fund, the Governor recommends a total of \$5.6 million or 5.0 percent for administrative costs. This assumes use of \$2.8 million each in FY 2023 and FY 2024 in the Department of Administration.

Municipal and Higher Ed. Matching Grant Program. The Governor’s budget includes \$46.7 million from Capital Projects funds for matching grants to cities and towns seeking to renovate or build community wellness centers that comply with work, education, and health monitoring requirements set by the U.S. Department of Treasury. It programs \$23.4 million each for FY 2023 and FY 2024. Subsequent information indicates that these funds are intended to be used in conjunction with the \$15.0 million proposed for municipal learning centers.

RIC Student Services Center. The Governor recommends \$35.0 million from Capital Projects funds for Rhode Island College to construct a student services center, which would be a centralized hub of all student services including the Bursar’s Office, financial aid, records, and academic advising that is convenient and accessible to all students. The College had included this project from new general obligation bonds in its capital budget request. The Governor includes \$5.0 million for FY 2023, \$15.0 million for FY 2024, and \$15.0 million for FY 2025.

Last-Mile Broadband. The Governor’s budget includes \$25.0 million from Capital Projects funds for a new project to expand reliable, high-speed internet. The proposal will provide municipalities, public housing authorities, businesses, and internet service providers with funding to expand internet access to underserved communities. Funds are meant to serve as the state match for at least \$100.0 million in federal broadband funds that Rhode Island is eligible for under the Infrastructure Investment and Jobs Act. Funding is programmed for FY 2023 through FY 2025.

Article Explanations

Explanations of Budget Articles

2022-H 7122

Article 1

Section 1. Appropriations. This section of Article 1 contains the revised appropriations for FY 2022.

Section 2. Line Item Appropriations. This section establishes that each line in Section 1 of Article 1 constitutes an appropriation.

Section 3. Internal Service Funds. This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.

Section 4. Full-Time Equivalent Positions. This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2022. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. It also limits appointments for state employees supported through non-state funds to the availability of those fund sources. Total staffing is 15,320.5 full-time equivalent positions, 7.3 more positions than enacted. It includes 523.8 higher education positions supported by third-party funds, consistent with the enacted budget.

Section 5. Reappropriation – State Fiscal Recovery Funds. This section provides that any unexpended and unencumbered funds from the State Fiscal and Capital Projects funds authorized as part of the American Rescue Plan Act shall be reappropriated to the next year. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act.

Section 6. Effective Date. This section provides that the act shall take effect upon passage, except where a provision within an article specifies a retroactive or prospective effective date.

Explanations of Budget Articles

Explanations of Budget Articles

2022-H 7123

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2023.

Section 2. Line Item Appropriations. This section establishes that each line in Section 1 of Article 1 constitutes an appropriation.

Section 3. Transfer of Functions. This section authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions.

Section 4. Contingency Fund. This section allows for expenditures from the contingency account located within the Office of the Governor’s budget for unexpected expenditures or for those departments and agencies where appropriations are insufficient. The Governor must approve all expenditures and transfers from this account.

Section 5. Internal Service Funds. This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.

Section 6. Legislative Intent. This section authorizes the chairpersons of the finance committees of the two chambers to provide a “statement of legislative intent” for specifying the purpose of the appropriations contained in Section 1 of this article.

Section 7. Temporary Disability Insurance Funds. This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund.

Section 8. Employment Security Funds. This section appropriates all funds required for benefit payments to unemployed individuals from the Employment Security Fund.

Section 9. Lottery. This section appropriates to the Lottery Division any funds required for the payment of prizes and commissions.

Section 10. Appropriation of CollegeBound Saver Funds. This section appropriates the funds received by the Office of the General Treasurer from the CollegeBound Saver program for transfer to the Office of Postsecondary Commissioner to support student financial aid for FY 2023. The Governor’s budget includes \$7.9 million from these sources for state grant programs.

Section 11. Full-Time Equivalent Positions. This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2023. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee, may jointly adjust the authorization. It limits appointments for state employees supported through non-state funds to the availability of those fund sources.

This section also prevents departments from employing contracted employees to work under state supervisors or replace work done by state employees without determination of need by the Director of Administration. Total staffing is 15,416.5 full-time equivalent positions, 103.3 positions more than the

Explanations of Budget Articles

enacted budget. This includes the enacted amount of 523.8 higher education positions supported by third-party funds.

Section 12. Multi-Year Appropriations. This section makes multi-year appropriations for a number of capital projects included in the FY 2024 through FY 2027 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2023 and multi-year appropriations supersede appropriations made for capital projects in Section 12 of Article 1 of the FY 2022 Appropriations Act.

Section 13. Reappropriation - RICAP. This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan Fund projects shall be reappropriated to the next year. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Unexpended funds of less than \$500 can be reappropriated at the discretion of the State Budget Officer.

Section 14. Rhode Island Housing and Mortgage Finance Corporation. This section requires that the Rhode Island Housing and Mortgage Finance Corporation provide from its resources an appropriate amount to support the Neighborhood Opportunities Program. The Corporation is also required to provide to the director of the Department of Administration, the chair of the Housing Resources Commission and both chairs of the House and Senate Finance Committees a report detailing the amount of funding and information such as the number of housing units provided.

Section 15. Pawtucket Downtown Redevelopment. This section contains the necessary mechanism to allow for taxes collected pursuant to the tax incentive financing statute under Rhode Island General Law, Chapter 45-33.4 to be appropriated to the Downtown Pawtucket Redevelopment Economic Activity Fund to finance development projects in the existing economic development district, in accordance with the law passed in 2019. The budget only accounts for use of \$0.7 million for FY 2022.

Section 16. State Fiscal Recovery Funds. This section clarifies that appropriations of federal funds in section one shall not be construed to mean state fiscal recovery and capital projects funds enacted as part of the American Rescue Plan Act unless specifically designated as such. The section also makes multi-year appropriations for all projects funded through State Fiscal Recovery and Capital Projects funds from FY 2024 through FY 2027. It also contains a description of each of the projects for which any appropriation is made.

Section 17. Reappropriation - State Fiscal Recovery Funds. This section provides that any unexpended and unencumbered funds from the State Fiscal Recovery and Capital Projects funds shall be reappropriated to the following year. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. This is similar to the treatment of Rhode Island Capital Plan funds.

Section 18. State Fiscal Recovery Funds Reporting and Compliance. This section establishes a Pandemic Recovery Office within the Department of Administration to oversee all programs financed by State Fiscal Recovery or Capital Projects funds. The office will be responsible for ensuring compliance with all rules, regulations and guidance and submission of all required reports. The section also empowers the Budget Officer to establish a system to ensure that any distribution of funds is contingent upon compliance with all state and federal rules, regulations and guidance.

Section 19. Effective Date. This section establishes the article is effective as of July 1, 2022.

Explanations of Budget Articles

Article 2. State Funds

The article creates four restricted receipt accounts. The first is for hospital conversion monitoring funds received by the Department of Health, which are currently being deposited into an escrow account. Expenditures to support the monitoring would be drawn from the new account. It creates three accounts in the Executive Office of Health and Human Services: two provide the mechanism to access additional federal Medicaid funds available through the American Rescue Plan Act to pay for expanding home and community based services and associated administrative expenses, and the third is the Rhode Island Statewide Opioid Abatement Account. The abatement account would allow the Executive Office to receive and spend funds from settlement agreements with opioid manufacturers, pharmaceutical distributors, pharmacies or any monies received from any bankruptcy proceedings. There is an annual January 1 reporting requirement from the Secretary of the Executive Office to the Speaker of the House of Representatives, President of the Senate and the Attorney General on how the funds were spent.

Section 2 of the article adds the 11 newly proposed restricted receipt accounts to those exempt from the state's ten percent indirect cost recovery; eight of the exemptions relate to newly proposed Adult-Use Marijuana program in Article 11, with uses in six state agencies as well as the two accounts related to the proposed automatic expungement of cannabis-related offenses. The article also increases the amount that is transferred from the Emergency and Public Communication Access funds to the Commission for the Deaf and Hard of Hearing from \$80,000 to \$100,000. These funds are derived from the monthly \$0.09 fee from the Dual Party Phone Relay Escrow Account.

Article 3. Government Reform and Reorganization

Section 1. Caterer Licenses. This section eliminates the \$1.00 per copy fee charged by the Department of Business Regulation to provide duplicates of valid liquor licenses held by caterers.

Sections 2 and 3. Billiard Tables. These sections classify all billiard tables, pool tables, and pocket billiard tables as subject to the same statutes. It also establishes a threshold of three billiard tables before an establishment may become subject to municipal taxation and regulation.

Section 4. Hide and Leather. This section repeals the obsolete statute relating to municipal hide and leather inspection.

Section 5. Interpreter for the Deaf Licensure. This section eliminates the requirement that interpreters for the deaf have their licensure applications "verified by oath", effectively notarization.

Section 6. Constable Certification. The responsibility to certify constables was previously transferred to the Department of Business Regulation from the District Court. This section eliminates reference to the chief judge of the district court and authorizes the Department to levy an administrative penalty not more than \$1,000 for each violation for failure to comply with Department regulations or state law pertaining to constables. It also gives the Governor responsibility for appointing all five members of the certified constables' board, eliminating the appointing roles for the chief judge and two trade groups. Rhode Island Constables, Inc. and the Rhode Island Constables Association would now be allowed to recommend one appointment each.

Sections 7 and 8. Opioid Stewardship Act. These sections transfer the authority for administering the Opioid Stewardship Act, including staff from the Department of Health to the Executive Office of Health and Human Services.

Explanations of Budget Articles

Section 9. Paint Recycling. This section would allow the state’s paint recycling program to maintain a reserve fund capped at 50.0 percent of the prior year’s program expenses and prohibit the representative organization from proposing an assessment that would cause the reserve fund to exceed that in the future. Any plan to establish or maintain a reserve fund would be subject to Department of Environmental Management approval. The program is operated by a third-party representative organization that is responsible for setting the assessment on all architectural paint in the state. Section 9 would require any excess reserves to be spent down within two years, on activities approved by the Department, if the fund exceeds the cap at the time this proposal takes effect. The section also requires the Department to notify the representative organization in writing if it denies a plan and the reason for the denial. The representative organization must then submit a revised plan that addressed the reasons for the initial denial.

Sections 10 and 11. Upholstery Industry Regulation. These sections modify the process for setting the fee charged by the mattress stewardship council to require Rhode Island Resource Recovery Corporation approval every two years and that the obligatory auditor’s evaluation be made public. It also uses the term “registration” to replace and standardize various similar terms wherever applicable within state statutes relating to the upholstery industry.

Section 12. DCYF Director. This section authorizes the Governor to determine the salary of the director of the Department of Children, Youth and Families for 2022 only. The Assembly had authorized the same proposal for 2021, but the position was not filled.

Sections 13 and 14. Mixed Martial Arts Fees. These sections permit the Department of Business Regulation to establish fees for referees and other licensed officials of amateur mixed martial arts competitions, with certain exclusions similar to current boxing rules. Amateur exhibitions and matches would be defined as those which do not award cash prizes to participants or for which the prize totals less than \$25.

Article 4. Public Debt Management Act

The Public Corporation Debt Management Act requires that all new non-general obligation debt authorizations be approved by the Assembly, except in certain circumstances. Article 4 contains two authorizations totaling \$28.5 million for two projects at the University of Rhode Island. It would authorize \$13.0 million for the Facilities Service Sector Upgrade project and \$15.5 million for the Utility Infrastructure Upgrade Phase II Project. Annual debt service would not exceed \$2.5 million for the two projects supported by general revenues and tuition and fees.

Article 5. Capital Development

Article 5 places \$350.0 million of new general obligation bond authorizations on the November 2022 ballot for voter approval through three separate questions. The first question would provide \$62.0 million for higher education institutions, including \$50.0 million for the University of Rhode Island’s Narragansett Bay Campus and \$12.0 million for the Community College to renovate and modernize its campuses. Question two would provide \$250.0 million for public school construction and repairs.

Question three would provide \$38.0 million for environment and recreation projects. There are eight separate components: \$16.0 million for municipal resilience, \$5.0 million for small business energy loans, \$3.0 million for Narragansett Bay and watershed restoration, \$3.0 million for forest restoration, \$4.0 million for brownfields remediation and economic development, \$3.0 million for state land acquisition, \$2.0 million

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for local land acquisition matching grants, and \$2.0 million for local recreation development matching grants.

Annual debt service for the entire \$350.0 million, supported by general revenues, would be \$28.0 million assuming 5.0 percent interest and a 20-year term.

Article 6. Taxation

Article 6 would phase out the taxation of military service pensions over the next five years with a 20.0 percent reduction for tax year 2023. The recommended budget reduces FY 2023 revenues by \$0.7 million to account for the first year's impact. The lost revenues would grow incrementally to \$5.8 million when fully phased in. The article also provides that the new exemption is combined with the existing \$15,000 retirement income exemption up to the greater of \$15,000 or the full value of the military pension.

Article 7. Energy and the Environment

Section 1. Demand-Side Management Funds. Energy efficiency programs are funded through surcharges on gas and electric customers. The surcharges are based on a least cost procurement provision, which allows the Public Utilities Commission to determine the funding level investments based on the annual plans for the energy efficiency programs that have been reviewed and approved by the Energy Efficiency Resource Management Council. The article expands uses of the funds to include clean transportation or other programs that support the reduction of greenhouse gases. The proposal allocates \$6.0 million of these funds to the Office of Energy Resources to support the Executive Climate Change Coordinating Council; it also creates a restricted receipt account for the purpose of collecting and expending these funds. Effective January 2023, the electric and gas distribution company will no longer receive incentives for managing the programs.

The article also requires the Office of Energy Resources and the Energy Efficiency Resource Management Council to issue a request for proposals to select a third-party administrator to manage the programs. The Office must file its recommendation with the Public Utilities Commission. If the Office does not recommend advancement of a third-party administrator, the electric and gas distribution company must continue to administer the programs.

Section 2. Electric Vehicle Charging Infrastructure Program. This section creates an Electric Vehicle Charging Infrastructure Program, which will be funded with \$22.9 million from federal funds authorized in the federal Infrastructure and Investment Jobs Act. The program will be administered by the Department of Transportation and the Office of Energy Resources, with consultation from the Department of Environmental Management. The legislation contains a reporting requirement to the Governor and the General Assembly, by December 31, 2023, and annually thereafter until all the funds are used. It should be noted that federal guidance for uses of the funds have not been issued.

Section 3. Coastal Resources Management Council Hearing Officer. This section modifies the current requirement for the Coastal Resources Management Council to have a full-time hearing officer to allow for use of a part-time hearing officer. This section also replaces the requirement that the hearing officer not practice law, nor be a law firm partner or associate while holding this position with a requirement for the hearing officer to not participate in any case in which the hearing officer is an interested party.

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Article 8. Small Business

Sections 1 and 2. Liquor. These sections repeal the March 1, 2022 expiration of the temporary provisions which allow brewpubs, restaurants, and tavern liquor license holders to sell limited amounts of wine, beer, or mixed liquors in sealed containers with take-out food orders. The authorization would be permanent.

Sections 3 through 5. Cottage Food Manufacturer Program. These sections establish the Cottage Food Manufacture program, allowing individuals to use home kitchens to make and sell baked goods, effective November 1, 2022. Baked goods are limited to food that do not need refrigeration or time temperature control for safety. The legislation requires food cottage manufacturers to successfully complete a food safety training course, approved by the Department of Health. It also empowers the Department to conduct inspection to ensure compliance with safety and sanitary standards. Only retail sales would be allowed and those are capped \$25,000; if higher, the registrant must obtain a food processor license or cease operations. The budget assumes revenues of \$12,610 from a new \$65 registration fee established in section five. It also adds \$0.1 million from general revenues to support a partial year of funding for 2.0 new full-time equivalent positions in the Department of Health to implement the program.

Section 6. Small Business Development Fund. This section expands potential investors in the Small Business Development Fund program by expanding the tax types that credits can be claimed against to include business and public service corporations, banks, and personal income. It also makes the credits transferable and saleable and includes changes to the application and review processes. Under current law this program provides a credit against insurance taxes, which is non-refundable or saleable, to investor groups known as small business development funds. The funds have to present a ten-year investment plan that creates a certain number of jobs and cover the cost of the credits. Half of the investment is from insurance companies with a tax liability in Rhode Island; the other half comes from private investors who have no expectation of a state tax credit. The credit is allowed for a period of up to six years, but issued no sooner than year four of the investment. Eligible businesses have less than 250 employees, and net income of less than \$15.0 million in the prior year, with 60.0 percent of its employees, or at least 60.0 percent of its payroll expenses located within the state. No eligible business may receive more than \$4.0 million from any investment group or combination of groups, and the law provides for the recapture of credits for non-performance.

Section 7. Interest Rates. This section reduces the annual interest charged on certain delinquent tax payments from a range of 18.0 percent to 21.0 percent, to a range of 12.0 percent to 21.0 percent, effective January 1, 2023. The minimum interest rate for sales and use and employment tax collections passed through to the state remains unchanged. The interest rate range under current law was established by the 2006 Assembly to become effective after completion of a tax amnesty program authorized for a 75-day period ending September 30, 2006. The Governor's budget assumes revenue losses of \$2.5 million for FY 2023, \$6.3 million for FY 2024, and an annualized full value of \$7.7 million.

Section 8. Taxpayer Steward. This section establishes a taxpayer steward position within the Division of Taxation charged with certain enumerated responsibilities including: to resolve taxpayer complaints and problems upon request of the taxpayer or their authorized representative; to provide recommendations to improve voluntary taxpayer compliance through informal publications and educational programs, simplification or improvement of statutory, regulatory, and administrative processes and procedures; and to report annually to the Tax Administrator and Department of Revenue Director each October 1, beginning in 2023 on the steward's prior year activities, the recommendations for and progress towards implementing voluntary taxpayer compliance improvements, and other Division approved information regarding the rights of state taxpayers.

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Sections 9-10 and 13. Tangible Tax. These sections provide local governments and fire districts authority to establish a uniform exemption from tangible taxes levied on personal property and permit the Division of Municipal Finance to grant a one year exemption from the applicable tax classification to those cities and towns that seek to establish such an exemption. Cities and towns would be required to adjust the applicable tax classification or seek a change to state law during the one year exemption for future compliance. Section 10 caps tangible tax rates for communities providing or seeking an exemption at the same rate in effect for the tax year the exemption is sought, or the year following the effective date of the section, whichever is later. Section 13 discounts the value of the exemption from state aid calculations.

Section 11. Minimum Corporate Tax. Section 11 reduces the minimum corporate tax from \$400 to \$375 per year, effective January 1, 2023. The fiscal impact for this reduction is a revenue loss of \$0.8 million for FY 2023; the loss annualizes to \$1.6 million for FY 2024. The minimum tax has been at \$400 since 2017; it had been as high as \$500 in 2015; the Assembly adopted legislation twice to reduce it by \$50 in two consecutive years.

Section 12. Trade-In Value of Motorcycles. Section 12 would exempt the trade-in value of motorcycles from the sales tax. The budget assumes a revenue reduction of \$0.1 million for FY 2023 which is based on an October 1, 2022 effective date though the section does not specify this. The revenue loss would annualize to \$0.2 million for FY 2024. Currently both Massachusetts and Connecticut deduct the trade-in value when calculating sales tax on a new motorcycle purchase.

Article 9. Economic Development

Section 1. Broadband. This section grants the responsibility for coordinating and overseeing the state's broadband initiatives to the Executive Office of Commerce. It gives the Office the authority to create grants and programs, and allows it to delegate administrative and regulatory responsibility to other state or quasi-state agencies, which may establish funds to support their activities. It requires the Office to produce a statewide broadband strategic plan for the Governor, Speaker of the House, and President of the Senate on or before December 31, 2022 and updated every five years thereafter. The plan is required to include goals and strategies related to internet access which address speed, latency, affordability, access, sustainability, and digital equity.

The Office is required to hire a statewide broadband coordinator and support any necessary staff but delegates the responsibility to maintain any necessary personnel to the Commerce Corporation, Department of Business Regulation, Executive Office of Commerce, or any combination thereof. The section also creates a broadband advisory committee, with a maximum of 13 members, which would meet quarterly. The Governor is required to consult the Speaker of the House and President of the Senate on one appointee each, but all members are to be appointed by the Governor. The committee will advise the Office on strategic plan development and investment strategies.

Section 2. Rebuild Rhode Island. This section proposes to raise the program's aggregate tax credit cap from \$210.0 million, inclusive of sales tax exemptions, to \$225.0 million and extends the sunset from December 31, 2022 to December 31, 2023. The Governor's budget recommends \$13.5 million for FY 2023 to support these tax credits, which are redeemed over time.

Sections 3 through 7, 9, 10, and 12 through 14. Sunsets. These sections extend the sunset provisions for the Tax Increment Financing, Tax Stabilization Incentive, First Wave Closing Fund, I-195 Redevelopment Fund, Small Business Assistance Program, Main Street Streetscape Improvement Program, Innovation Initiative, High School, College, and Employer Partnerships, Air Service Development, and the

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Qualified Jobs Tax Credit from December 31, 2022 to December 31, 2023. The Governor's budget includes \$2.3 million for FY 2023 to fund one of the programs recommended for continuation, the Air Service Development Fund.

Section 8. Stay Invested in RI Wavemaker Fellowship. This section establishes a separate fund under the existing Wavemaker student loan forgiveness program for healthcare professionals. Current eligibility is limited to those with degrees in the fields of natural or environmental sciences, computer technology, engineering or medicine. The proposal creates a separate fund for awards to healthcare professionals and subjects award and process decisions to a committee including both the Commerce Corporation and the Executive Office of Health and Human Services. The proposal also extends the sunset date from December 31, 2022 to December 31, 2023. The Governor's budget includes \$1.6 million from general revenues for FY 2023 for the existing program and \$0.8 million for the healthcare fund.

Section 11. Industry Cluster Grants. This section revives the Industry Cluster Grant program and authorizes it through December 31, 2023. The 2021 Assembly allowed the program to sunset as scheduled on June 30, 2021. The Governor's budget does not include any funding for it.

Article 10. Education

Section 1. Funding Formula Aid. This section holds local education agencies harmless from any reductions that would occur under the implementation of data updates in the funding formula for FY 2023. Those entities that receive more through the update would keep that increase. In the case where the update means less aid than FY 2022, districts would receive funding consistent with the FY 2022 enacted budget. The Governor includes \$49.7 million to implement this proposal which does not account for natural changes in enrollment related to school of choice attendance. It should be noted that the 2021 Assembly amended the education funding formula calculation for FY 2022 to allow for aid to be based on student enrollment in either March 2020 or March 2021, whichever was greater.

This section also holds local education agencies harmless from the impact of correcting data used to calculate FY 2022 aid for input errors by some communities. Following enactment of the FY 2022 budget, the Division of Municipal Finance adjusted local property value data used to determine the state's share of education costs. The original calculation included incorrect information provided by multiple municipalities, including data input errors from Foster, West Warwick, Cumberland, and North Kingstown. Correcting the data affects the state's share of education formula aid for 24 districts and 16 charter schools, with some getting more and some getting less. The net impact of the change is \$0.4 million above the enacted budget. Current law requires the adjustment to district aid payments in the following fiscal year, which is FY 2023. The Governor's proposal would not reduce funding for districts overpaid in FY 2022 and includes total funding of \$0.8 million for this adjustment.

Section 2. School Construction. This section further defines the use of \$250.0 million from new general obligation bonds if approved by the voters on a proposed November 2022 ballot. Of this amount \$200.0 million would be offered to local education agencies as upfront funding for projects to reduce their total amount borrowed. The remaining \$50.0 million would be for the School Building Authority Capital Fund to support smaller projects for which some communities may not have capital reserve funds in order to address equity concerns.

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Article 11. Adult Use Marijuana

This article authorizes and establishes regulation of an age 21 and older adult-use marijuana program essentially consistent with the proposal the Governor submitted last year with the addition of automatic expungement of certain marijuana related offenses. The Office of Cannabis Regulation within the Department of Business Regulation would oversee and coordinate activities with the assistance and cooperation of a variety of public health and safety agencies. The article establishes tax regimes for marijuana products and authority for collection and administration. A fund is established to deposit revenues and house restricted receipt accounts for the proposed regulatory and enforcement activities. The proposal also includes a 15-member council, including six representatives of state government entities and a variety of local government, industry and community representatives appointed by the Governor to advise the Office of Cannabis Regulation and Office of Management and Budget on the use of proceeds for long term community investments. It also requires reporting to assess a minority business participation disparity and the impact of the adult-use program on the existing medical program by January and April 2024, respectively. Retail sales are assumed to start April 2023.

The Governor's budget assumes gross revenues from taxes and licensing fees totaling \$10.8 million for FY 2023. A statutory formula proposed in this article would apportion 15.0 percent or \$1.6 million to municipalities, 25.0 percent or \$2.7 million to state agencies for regulatory costs with the remaining 60.0 percent share or \$6.5 million retained by the state. After one-time first year costs of \$5.3 million, it assumes net revenues of \$1.2 million for FY 2023. These are offset by \$0.4 million of reduced revenues related to the expungement component. The out-year estimates assume \$16.9 million of net revenues annually to the state once the program is fully operational.

Section 1. Non-Discrimination. This section subjects license disqualification from the state's hemp and medical marijuana programs to the non-discrimination statutes under current law, including disqualification for prior convictions.

Section 2. Automatic Expungement. This section provides that any person with a prior conviction for a marijuana-related offense that is subsequently decriminalized is automatically entitled to have that conviction automatically expunged at no cost. It sets forth a schedule for expungement at the 1st of the year, whereby records created after January 1, 2014 are expunged on January 1, 2023, those after 2001 are expunged in 2024, and all preceding records are expunged prior to 2026. The Governor's budget includes \$0.7 million for implementation costs for the Attorney General and Judiciary. It also recognizes a related revenue loss of \$0.4 million.

The section also provides that no expunged marijuana-related offense may be held against an individual entering the cannabis industry or applying for government assistance.

Sections 3 and 7. Paraphernalia and Road Enforcement. These sections exempt paraphernalia sold in conjunction with an adult use marijuana program from criminal penalties. They also make testimony of drug recognition experts admissible as evidence, including saliva in chemical intoxication testing, and require persons convicted of moving violations to participate in approved substance counseling classes.

Sections 4 and 6. Adult Use Marijuana. These sections authorize an adult use marijuana program for those age 21 and older effective March 1, 2023. A qualified adult may purchase up to one ounce per day and possess up to five ounces at a residence or up to ten ounces at a residence of two or more qualified adults. There are limitations on the use of inhalants by renters, roomers, and those within public housing authorities and deference for workplace processes. Municipalities are prohibited from banning related

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activities without holding a referendum by November 8, 2022, provided that an existing medical marijuana operation cannot be banned. Municipalities are required to enact any applicable zoning changes by April 1, 2023, though delivery or transportation of marijuana cannot be prohibited. The article permits a licensee to pay a one-time impact fee to a municipality for actual expenses incurred.

The article provides the Office of Cannabis Regulation will award 25 adult use licenses by lottery each year for three years beginning July 1, 2022, including a set aside for 20.0 percent of awardees to be qualifying minority enterprises, which includes women-owned businesses. It also provides hybrid licenses to the existing compassion centers during the first licensing period. The Office of Cannabis Regulation is provided broad authority to establish new licenses for future activities and establish limits for product potency.

These sections also codify the definition of industrial hemp consistent with regulations established by the Department of Business Regulation effective October 10, 2021.

Section 5. Compassion Centers. This section prohibits unlicensed activities, establishing a variety of adult use licenses and hybrid licenses for Compassion Centers opting to participate in adult use sales. Hybrid licensees are exempt from the not-for-profit status required for Compassion Centers under current law. It also provides a mechanism for not-for-profit Compassion Centers to convert into for-profit entities.

Sections 8 and 9. Taxation. These sections repeal the current tax penalties associated with the criminal sale of marijuana. They establish a 10.0 percent of gross retail sales tax, and excise tax rates of \$3 per ounce of trim and \$10 per ounce of flower or bud, or the fractional part thereof for plant production. These sections also include provisions for the administrative structure of tax processes, including the inspection and review of financial records. The budget assumes the effective tax rate is 20.0 percent, inclusive of the 7.0 percent general sales tax, the 10.0 percent excise tax and weight based cultivator taxes are estimated to amount to 3.0 percent. This is consistent with Massachusetts' effective rate.

Article 12. Medical Assistance

Sections 1 and 2. Background Checks. These sections adds high risk Medicaid providers and personal care attendants certified through the state's Independent Provider Model program to the list of healthcare professionals and agencies required to submit to a national background check. Rhode Island is one of five states that is not fingerprinting and conducting background checks for high risk providers, as required under federal law. These sections also establish the risk categories and the conviction(s) that would disqualify a provider from being enrolled in the Medicaid program.

Although personal care attendants in Rhode Island are otherwise required by the state to have background checks, the Federal Bureau of Investigation will not process the national background checks for Independent Provider Model workers because the requirement for this is not currently in the enabling statute for that program. These sections establish the same criteria for conviction(s) that would disqualify a personal care attendant from being enrolled in the Medicaid program.

Section 3. Hospital License Fee. This section extends the hospital license fee at the current law rate of 5.725 percent based on 2020 revenues for FY 2023 and continues the two-tiered system that establishes a lower fee of 3.525 percent for Washington County based hospitals. The budget assumes revenues of \$170.2 million of which \$169.8 million is from community hospital payments and \$0.4 million is from state payments for Eleanor Slater Hospital.

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Section 4. Hospital Uncompensated Care Payments. This section extends the uncompensated care payments to the community hospitals for FY 2023, with the state making a payment on or before July 12, 2023 that does not exceed \$142.5 million and for FY 2022, with the state making the payment on or before July 12, 2022, that does not exceed \$142.5 million.

Section 5. Nursing Home Rate. Under current law, the annual October 1 nursing home rate adjustment is based on a national nursing home index and, for FY 2023, the rate is estimated to be 1.9 percent which was included in the November Caseload Estimating Conference estimate. This section sets the rate at 3.0 percent for FY 2023 only instead of using the index. The Governor's recommended budget adds \$3.1 million, including \$1.4 million from general revenues, to account for this change which brings the value of the whole increase to \$8.5 million, including \$3.8 million from general revenues.

Section 6. Unified Long Term Care Budget. Under current law, the value of a reduction in nursing home days from each prior fiscal year must be reinvested in home and community based programs. This calculation is verified as part of the November Caseload Estimating Conference. Based on that, the consensus estimate added \$38.6 million, including \$17.7 million from general revenues, for FY 2023 to reflect the 187,823 bed-day reduction from FY 2020 to FY 2021. Section 6 excludes this adjustment for FY 2023 and identifies the funds added for the enhanced home and community based services through the American Rescue Plan Act as satisfying the requirement to reinvest in community based programs

Section 7. Medicaid Program Expansions. The section authorizes the Executive Office to apply for federal approval to use Medicaid funds to cover benefits to resident children whose family income is at or below 250 percent of poverty, regardless of immigration status. If federal funds are not allowable, the program will be funded entirely from general revenues. The budget adds \$1.4 million from general revenues assuming an October 1, 2022 start date. The underlying assumptions are that nearly 1,500 children will eventually enroll with about 400 in the first year and full enrollment would cost approximately \$7 million annually. The budget also includes \$0.7 million from general revenues to make the system changes necessary to implement the program.

Under current law, the state offers a limited Medicaid benefit to post-partum women up to 250 percent of poverty for up to 24 months. The program is for individuals who lose their Medicaid coverage after 60 days post-partum if they are not eligible for Medicaid under another eligibility category. For women who do not have qualified immigrant status for Medicaid, but whose birth was paid for by Medicaid because the child is covered, can receive state-only extended family planning benefits for 12 months. This section would expand coverage to both groups. Coverage for the first group, which totals \$3.2 million, including \$1.4 million from general revenues, is a new state Medicaid option created by the American Rescue Plan Act for women who currently lose Medicaid coverage after 60 days post-partum and will extend the full Medicaid benefit to approximately 1,000 women. The second is for women who do not qualify for Medicaid because of immigration status, but whose birth was paid for by Medicaid because the child is covered. The budget adds \$2.0 million, entirely from general revenues, to provide full coverage to about 500 women. The budget also adds \$1.4 million, including \$0.8 million from general revenues, to make the necessary system changes.

Section 8. Medicaid Resolution. This section includes the resolution language for Assembly approval to make the program changes proposed in the Governor's FY 2023 budget that include the extension of Medicaid benefits to new populations and the FY 2023 nursing home rate increase. This section also seeks approval to increase the rates paid for Meals on Wheels services and to link future adjustments to those rates annually to the annual February release of March data for the Consumer Price Index-Urban for New England: Food At Home adjustment. The FY 2023 recommended budget includes \$0.4 million, of which

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\$0.2 million is from general revenues for the new rates. This section also allows the Executive Office to work with HealthSource RI to automatically enroll qualified individual who lose Medicaid coverage at the end of the public health emergency into qualified health plans on the exchange and pay for the first month's premium.

This section seeks Assembly approval to apply for an extension to the 1115 Medicaid waiver that expires December 31, 2023. It allows the Executive Office to seek federal approval for any necessary waiver or state plan amendment changes to implement the enhanced home and community based spending plan approved by the Centers for Medicare and Medicaid Services available as part of the American Rescue Plan Act.

It also allows the Executive Office of Health and Human Services to seek federal opportunities that do not adversely impact beneficiaries or increase program expenses.

Article 13. Human Services

Section 1. Rhode Island Works. This section would increase benefits paid to families participating in Rhode Island Works by excluding more of their own income from the calculation that determines the payment level. Once a family's net income has been determined, the monthly benefit payable through Rhode Island Works is calculated; the benefit is lower for families who have income. Under current law, \$170 plus one-half of the remaining earned income per month is disregarded and the remaining income is subtracted from the maximum monthly benefit. This section would increase the monthly income disregard from \$170 to \$300. This section would also increase the resource limit from \$1,000 to \$5,000 per family. Resources that count toward the limit include real property and personal property, such as cash, stocks, and bank accounts, among others. When the non-excluded resources exceed the resource limit, the applicant is ineligible or assistance is discontinued. The Governor includes \$250,000 from federal funds for both proposals.

Sections 1 and 2. Child Care Assistance. Section 1 would permanently provide child care assistance for individuals enrolled in a degree program at a Rhode Island public post-secondary institution. This program was established as a pilot program for FY 2022 only. This section would also increase income eligibility for the child care assistance program to 200 percent of federal poverty. Under current law, a family is eligible for child care assistance either through the Rhode Island Works program or if their income is at or below 180 percent of poverty. However, income eligible families remain eligible until the family income exceeds 225 percent of poverty. The Governor includes \$3.1 million from federal funds for both proposals, including \$2.7 million to increase income eligibility and \$375,000 to permanently expand access to child care.

Section 2 changes rates paid for subsidized child care through the state's child care assistance program for center-based child care providers. Rates paid to most providers are based on their performance according to the state's quality rating system. The 2021 Assembly increased payments for first tier infant, toddler, and preschool age providers above the 25th percentile of a 2018 market survey and payments for top tier providers above the 75th percentile. It also increased rates for school-age children by an average of about 26 percent and establishes a tiered system of reimbursement, consistent with the system for infants, toddlers, and preschool age children.

The article would align reimbursements for first tier providers with the 40th percentile of the 2021 market rate survey for all age groups. It would also increase top tier infant, toddler, and preschool providers with the 80th percentile of that survey and school age providers with the 60th percentile. The Governor includes

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\$4.7 million from federal funds authorized under the American Rescue Plan Act for the Department of Human Services.

Article 14. State Leases

This article includes joint resolutions to seek General Assembly approval for five long-term lease agreements for the Departments of Corrections and Human Services, the Executive Office of Commerce, and the University of Rhode Island. The FY 2023 budget includes \$0.8 million from all sources to fund the cost. Legislative approval is required for lease agreements for terms of five years or longer, and exceeding \$500,000 in value.

Article 15. Effective Date

Article 15 provides that the act shall take effect on July 1, 2022, except where a provision within an article specifies a retroactive or prospective effective date.

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