



SENATE FISCAL OFFICE
REPORT

**GOVERNOR'S FY2024
AND
FY2023 SUPPLEMENTAL
BUDGET**

2023-H-5200 AND 2023-H-5199

BUDGET ANALYSIS

APRIL 7, 2023

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EXECUTIVE SUMMARY

Executive Summary

The Governor's FY2024 Budget recommendation totals \$5,302.8 million in general revenue; \$260.6 million greater than the FY2023 Budget as Enacted. The recommendation includes \$13,751.1 million in all funds; an increase of \$148.6 million from the FY2023 Budget as Enacted.

Expenditures by Source	FY2022 Unaudited	FY2023 Enacted	FY2023 Governor	Change to Enacted	FY2024 Governor	Change to Enacted
General Revenue	\$5,236.5	\$5,042.2	\$5,266.6	\$224.4	\$5,302.8	\$260.6
Federal Funds	5,326.6	5,708.4	5,951.3	243.0	5,526.0	(182.3)
Restricted Receipts	318.4	453.5	470.1	16.5	386.8	(66.7)
Other Funds	2,055.1	2,398.4	2,450.0	51.6	2,535.4	137.0
Total	\$12,936.6	\$13,602.5	\$14,138.0	\$535.5	\$13,751.1	\$148.6

Expenditures by Function						
General Government	\$3,035.1	\$2,803.6	\$3,046.4	\$242.8	\$2,683.4	(\$120.2)
Human Services	5,532.2	5,807.0	5,800.6	(6.4)	5,843.9	36.9
Education	2,981.0	3,345.6	3,444.4	98.8	3,482.0	136.4
Public Safety	604.4	720.0	786.7	66.7	787.1	67.1
Natural Resources	126.5	129.6	163.4	33.8	127.4	(2.2)
Transportation	657.4	796.7	896.5	99.8	827.3	30.6
Total	\$12,936.6	\$13,602.5	\$14,138.0	\$535.5	\$13,751.1	\$148.6

FTE Authorization	15,317.9	15,455.5	15,463.5	8.0	15,591.5	136.0
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\$ in millions. Totals may vary due to rounding.

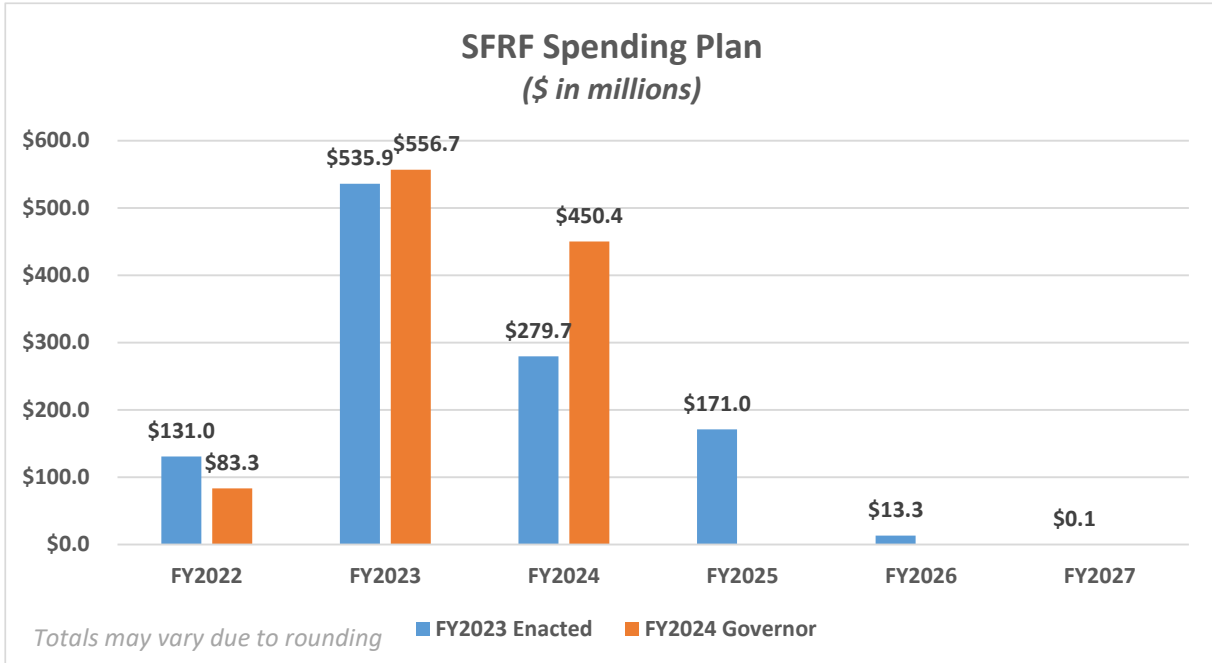
The Governor submitted two budget bills this year: the FY2024 proposal and a distinct FY2023 Supplemental Budget. The Governor's proposal for the current year (FY2023) increases the estimated year-end surplus from \$1.1 million, to \$257.1 million. The increase is primarily driven by an estimated \$610.0 million current year surplus resulting from continued strong revenue collections; decreased state expenditures, partially attributable to significant staff vacancies; and, additional federal pandemic support that offsets general revenue costs.

The FY2024 Budget is \$148.6 million more than the FY2023 Budget as Enacted. The largest increases appear in education and public safety, while general government expenses decline by \$120.2 million, largely due to the absence of a one-time \$100.0 million deposit into the Unemployment Insurance fund in FY2023.

ARPA STATE FISCAL RECOVERY FUNDS

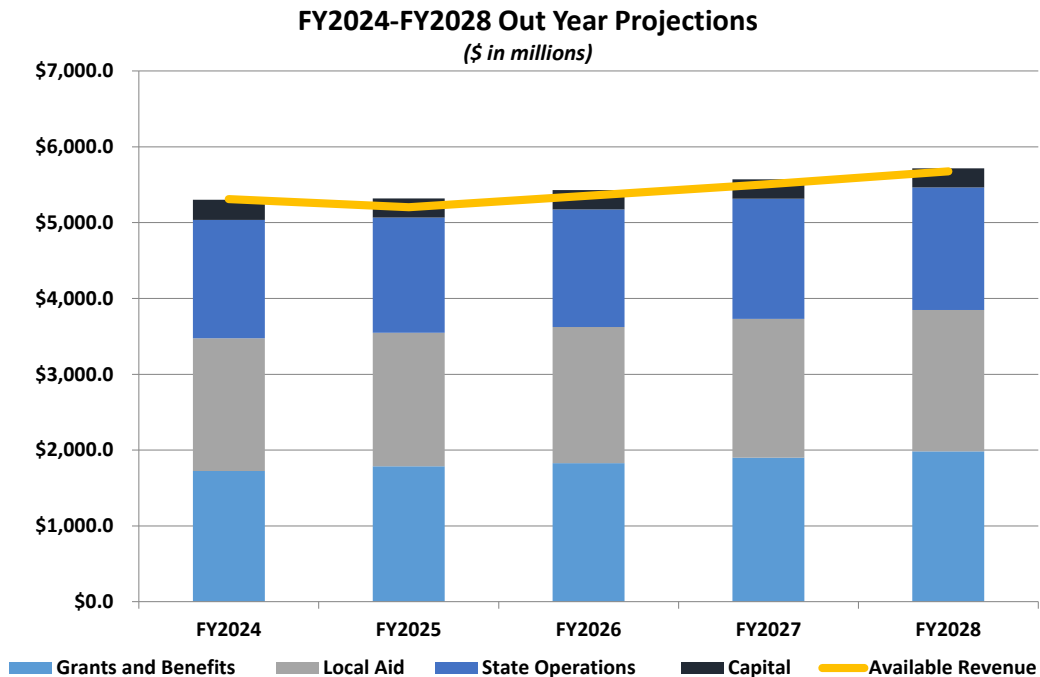
The FY2024 Budget includes significant increases in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF). In the FY2023 Budget as Enacted the General Assembly scheduled SFRF over fiscal years FY2022 through FY2027. The Governor's proposal shifts all outyear funding into FY2024 over concerns about obligating the funding in time to meet federal spending and obligation standards.

The Governor's budget appropriates \$556.7 million in FY2023 and \$450.4 million in FY2024, for total SFRF spending and appropriations of \$1,090.4 million in FY2022 through FY2024. The Governor's proposal leaves \$40.7 million in SFRF still to be appropriated out of the State's federal allocation.

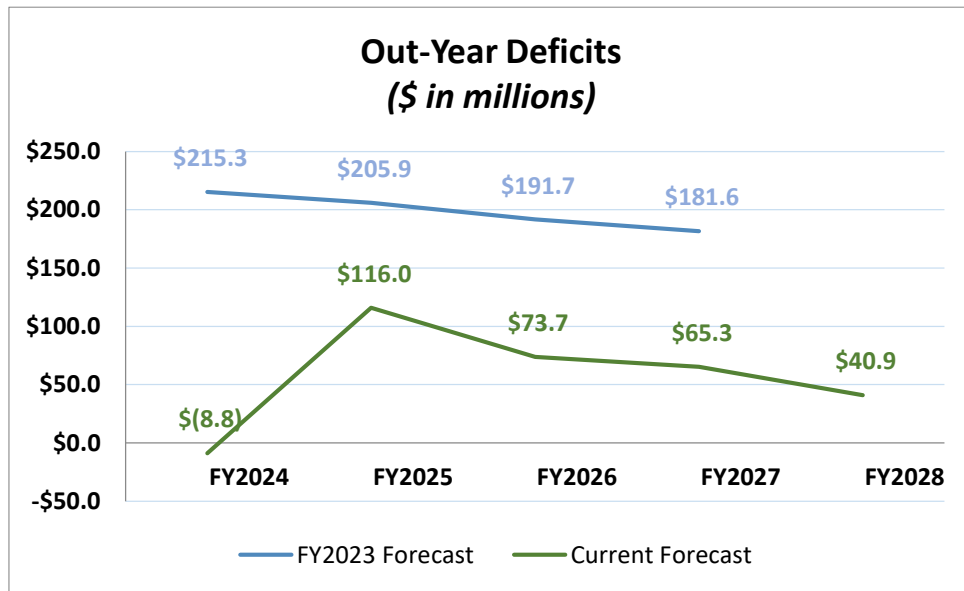


FIVE-YEAR FORECAST

The Budget projects out-year deficits decreasing from \$116.0 million in FY2025 to \$40.9 million in FY2028 (0.7 percent of spending). Projected average annual revenue growth of 1.7 percent, coupled with a projected average annual increase in expenditures of 1.9 percent, creates the State's projected deficit. Actual out-year performance could vary significantly if growth rates used for both revenue and expenditure forecasts are inaccurate.



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

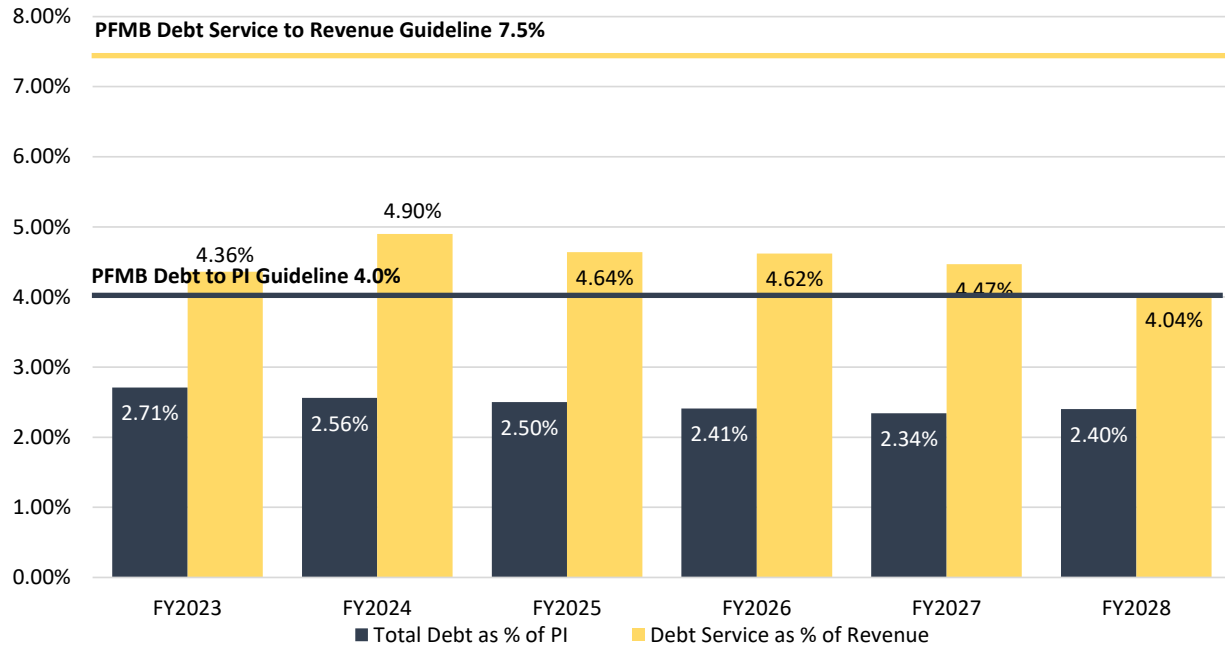


TAX-SUPPORTED DEBT

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

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

The following chart shows current and projected debt service metrics from FY2023 through FY2028. It is probable that these figures will change as projects and issuance timelines are adjusted.



Source: FY2024 Capital Budget proposal

RAINY DAY FUND

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

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

FY2020 closed with \$90.7 million in the Rainy Day Fund. In FY2020, the State used \$120.0 million from the fund to balance the budget. Rhode Island General Law requires that the repayment be made to the Rhode Island Capital Plan fund in the following fiscal year. The FY2021 Supplemental Budget included a \$120.0 million repayment to the RICAP fund.

The Governor's proposal creates a supplementary budget reserve fund in FY2024, with the potential to later amend the state constitution to increase the 5.0 percent revenue cap on the existing fund balance. As part of the FY2024 appropriations act, the Governor transfers \$55.0 million in surplus funding by July 14, 2023, into a "State Supplemental Budget Reserve Account". Expenditures from the supplemental account would be subject to the same limitations as the existing Rainy Day Fund, and deposits are subject to appropriation.

The Governor's proposal projects a Rainy Day Fund balance of \$271.4 million at the end of FY2023, increasing to \$276.6 million in FY2024. Of note, the FY2024 projected balance does not include the \$55.0 million supplemental budget reserve funding.

GENERAL REVENUE SURPLUS STATEMENT

	FY2021 Audited	2022 Prelim. Unaudit	FY2023 Enacted	FY2023 Governor	FY2024 Governor
Opening Surplus					
Free Surplus	\$156,188,375	\$374,425,433	\$10,345,571	\$209,649,745	\$250,370,541
Adjustment to Opening Surplus	\$92,645,386	\$155,277,927	\$278,859,677	\$243,669,100	
Reappropriated Surplus	5,336,653	8,446,365	-	19,442,046	
Subtotal	\$254,170,414	\$538,149,725	\$289,205,248	\$472,760,891	\$250,370,541
Total Revenues	4,431,578,564	5,204,244,069	\$4,901,451,905	\$5,211,251,628	\$5,275,435,299
To Cash Stabilization Fund	(137,238,234)	(167,360,085)	(147,353,924)	(162,627,041)	(165,774,175)
From Cash Stabilization Fund					
Total Available Resources	4,548,510,744	\$5,575,033,709	\$5,043,303,229	\$5,521,385,478	\$5,360,031,665
Total Expenditures	4,078,638,946	5,239,941,918	5,042,159,928	5,266,570,493	5,302,778,725
Total Surplus	469,871,798	335,091,791	1,143,301	254,814,985	57,252,940
Free Surplus	\$374,425,433	\$209,649,745	\$1,143,301	\$250,370,541	\$2,252,940
<i>Operating Surplus/(Deficit)</i>	<i>221,038,037</i>	<i>(194,611,569)</i>	<i>(288,061,947)</i>	<i>(198,503,860)</i>	<i>(193,117,601)</i>
Rainy Day Fund	\$227,949,050	\$278,933,475	\$245,589,874	\$271,045,068	\$276,290,292

Revenue Changes

The Governor's FY2024 Budget increases net general revenue collections by an estimated \$170.6 million over the November 2022 revenue estimate. New revenue initiatives include a CMS recommended hospital licensing fee structure, sales tax changes including an overall reduction in the rate and an exemption on the trade-in value of trucks, and a reduction in the minimum business corporation tax.

Governor's Recommended Revenue Initiatives	FY2024
EOHHS Revenue Initiatives	\$217.6
Tax Changes	(29.7)
Lottery Accounting Adjustment	(12.8)
Pawtucket Economic Activity Taxes Transfer	(2.9)
License Fees to Highway Maintenance Account	(1.0)
Miscellaneous Revenue Changes	(0.6)
Total	\$170.6
<i>\$ in millions</i>	

EOHHS Revenue Initiatives

\$217.6 million

The Budget includes a net \$217.6 million increase related to revenue changes associated with the following EOHHS initiatives:

- **Hospital License Fee:** Article 9 authorizes the collection of a hospital license fee in FY2024. The fee is equal to a percentage of net patient revenues for hospitals that varies based on a new multi-tiered hospital classification. According to the Office of Management and Budget this structure is considered best practice and is being required by the Centers for Medicare and Medicaid Services. The tiers and their associated rates are summarized in the following table.

Tier	Hospital Classification	Inpatient Fee	Outpatient Fee
1	Non Tier 2 or 3 Organizations	13.54%	13.73%
2	High Medicaid/Uninsured	2.71%	2.75%
3	Medicare-Designated Low Volume	1.35%	1.37%
4	State-Government Owned	5.42%	5.42%

The Governor's Budget includes \$217.2 million in new fee revenues that were not included in the November 2022 adopted revenue estimate. In FY2023 the hospital license fee generated \$x million.

- **Medicaid Revenue Changes:** The Budget increases revenue collections by \$400,130 to reflect the impact of a number of Medicaid expenditure changes which affect collections from the 2.0 percent insurance premium tax and 5.5 percent nursing home tax. These initiatives are summarized in the table below and are described within the Executive Office of Health and Human Services section of this analysis.

Initiative	FY2024
Certified Community Behavioral Health Clinics	\$371,831
Conflict Free Case Management	25,834
Cedar Family Center Rates	2,465
Total	\$400,130

Tax Changes

(\$29.7 million)

The Budget includes several tax initiatives that reduce revenue by a total of \$29.7 million.

Initiative	FY2024
Sales Tax Rate Reduction to 6.85 Percent	(\$24,962,789)
Trade-In Value Exemption for Trucks	(3,714,850)
Reduction of Corporate Minimum Tax	(1,017,600)
Food Donation Tax Credit	(17,790)
Total	(\$29,713,029)

- **Sales Tax Rate Reduction to 6.85 Percent:** Article 4 of the Budget reduces the State's sales and use tax rate from 7.00 percent to 6.85 percent starting on October 1, 2023. The partial year revenue loss is \$25.0 million in FY2024, increasing to \$34.7 million for a full year.
- **Trade-In Value Exemption for Trucks:** Article 6 exempts the trade-in value of a truck with a gross weight of 14,000 lbs. or less from the State sales and use tax when a subsequent vehicle is purchased. The article also clarifies that the exemption applies when purchasing either a truck, car, or a motorcycle. The change is estimated to reduce general revenue by \$3.7 million in FY2024, based on an October 1 2023, start date. This increases to \$5.0 million in FY2025, reflecting a full-year implementation.
- **Reduction of the Corporate Minimum Tax:** Article 6 reduces the minimum business corporation tax from \$400 to \$375 for tax years beginning on or after January 1, 2024. This tax was last reduced by the General Assembly in 2016. According to the Office of Management and Budget, this change is estimated to impact 71,000 total filers and reduces FY2024 revenue by \$1.0 million.
- **Food Donation Tax Credit:** Article 6 provides for a new nonrefundable income tax credit equal to 15.0 percent of the value of Rhode Island-produced food donated by food producers to qualified food banks in the State. The credit is effective for tax years beginning on or after January 1, 2023, resulting in an anticipated revenue loss of \$8,895 in FY2023 and \$17,790 in FY2024.

Lottery Accounting Adjustment

(\$12.8 million)

The Budget reflects net negative accounting adjustments made to the November 2022 revenue estimates of \$13.5 million for FY2023 and \$12.8 million for FY2024. These adjustments are made in response to an accounting determination made subsequent to the estimating conferences by the State Controller and Auditor General. The two offices reviewed the timeline for recognizing two payments that the State received from the Rhode Island's lottery contract provider, IGT. They, in consultation with the Government Accounting Standards Board (GASB), concluded that the payments must be amortized over the life of the 20-year contract as opposed to two lump sum payments in FY2023 and FY2024, respectively.

Pawtucket Economic Activity Taxes Transfer

(\$2.9 million)

Article 1 includes the appropriation mechanism necessary for tax revenue collected from State economic activity taxes generated in Pawtucket's Downtown Redevelopment district to be made available to the City.

Legislation enacted in 2019 established several geographical districts within downtown Pawtucket that constitutes the City of Pawtucket's Downtown Redevelopment project. Any incremental tax revenues (and in some instances baseline revenue) generated in these districts and related to new economic development are to be made available to the City once an agreement is made between City and the State. This agreement was entered into in December 2020. Since the passage of the legislation the Rhode Island Commerce Corporation (CommerceRI) has been certifying these revenues and the Division of Taxation has segregated them into their own account. In August 2022, CommerceRI approved the Fortuitous Tidewater OZ, LLC soccer stadium project to use the following baseline revenue in FY2024.

Economic Activity Taxes	FY2024 Transfer
Sales and Use Taxes	(\$1,565,650)
Personal Income Taxes (Withholding)	(1,226,426)
Business Corporation Taxes	(107,276)
Total	(\$2,899,352)

License Fees to Highway Maintenance Account ***(\$950,000)***

The Budget reduces duplicate license fee revenue by \$950,000 in Division of Motor Vehicles (DMV) by shifting it to the State's Highway Maintenance Account (HMA) in FY2024. The Transportation Investment and Debt Reduction Act of 2011 (TIDRA) created the HMA within the Intermodal Surface Transportation Fund (ISTF). The account is funded via surcharges associated with licenses, vehicle registrations, inspection stickers, titles, and other related DMV fees. The HMA is used for projects that appear in the State's transportation improvement program. The FY2019 Budget as Enacted consolidated the DMV's duplicate license fee with its updated information fee, effectively increasing the latter's fee revenue by \$20 per license. The additional revenue was diverted to general revenue rather than deposited in the HMA in order to fund increased personnel costs associated with an anticipated surge in licensing activity related to the implementation of the RealID program. This surge never materialized and the Governor recommends shifting these fees from general revenue to the HMA, consistent with the original intent of the TIDRA.

Miscellaneous Revenue Changes ***(\$570,489)***

The Budget includes a net \$570,489 reduction in revenue related to the following initiatives.

Initiative	FY2024
Litter Control Permit Repeal	(\$815,564)
Central Falls School Debt Service Reimbursement	333,875
Repeal of Trooper Trainee Meal Reimbursement	(88,800)
Total	(\$570,489)

- **Litter Control Permit Repeal:** Article 4 of the Budget repeals portions of the Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act (RIGL 44-44) enacted in 1984 originally enacted to provide funding for a litter reduction and recycling program. Under the act establishments that sell food and/or beverages to must obtain a litter control participation permit and to pay a fee based on prior year gross receipts. The eliminates the permit requirement and the fee. Based on a January 1, 2024, effective date, this initiative is expected to produce a revenue loss of \$815,564 in FY2024.
- **Central Falls School Debt Service Reimbursement:** In 2021, the General Assembly enacted the Rhode Island Health and Education Building Corporation Act which required the City of Central Falls to enter into agreement with the State to provide a 2.5 percent local share debt service payment to the State in turn for State issuing school construction bonds on behalf of the City at a more beneficial interest rate. The FY2024 obligation represents a \$333,875 increase in other miscellaneous revenues.
- **Repeal of Trooper Trainee Meal Reimbursement:** Under current law, recruits participating in a State Trooper Training Academy are required to reimburse the State for meals at \$185 per week. Article 3 of the Budget repeals this requirement. The change results in a reduction of \$88,800 in general revenue.

FY2023 SUPPLEMENTAL CHANGES

The Budget includes a \$49.1 million decrease in revenues below the November 2022 revenue estimate. The primary initiatives impacting the FY2023 revenue totals include a temporary credit/rebate program related to the public utilities gross income tax meant to provide inflationary relief on electric and gas bills to consumers.

Governor's Recommended Revenue Initiatives	FY2023 Revised
Public Utilities Gross Income Tax Change	(\$35.6)
Lottery Accounting Adjustment	(13.5)
Food Donation Tax Credit	(0.0)
Total	(\$49.1)

\$ in millions

Public Utilities Gross Income Tax Change **(\$35.6 million)**

Article 2 of the Governor's FY2023 Revised Budget includes a proposal to provide a rebate on the collection of the public utilities gross receipts tax for electric and gas utilities for the period of December 2022 through March 2023. Public utilities would continue to collect and remit taxes but will be required to provide a credit to commercial and residential customers for the stated period, effectively reducing their bills. The initiative will result in a \$35.6 million revenue reduction in FY2023.

Lottery Accounting Adjustment **(\$13.5 million)**

The Budget reflects net negative accounting adjustments made to the November 2022 revenue estimates of \$13.5 million for FY2023 and \$12.8 million for FY2024. These adjustments are made in response to an accounting determination made subsequent to the estimating conferences by the State Controller and Auditor General. The two offices reviewed the timeline for recognizing two payments that the State received from the Rhode Island's lottery contract provider, IGT. They, in consultation with the Government Accounting Standards Board (GASB), concluded that the payments must be amortized over the life of the 20-year contract as opposed to two lump sum payments in FY2023 and FY2024, respectively.

Food Donation Tax Credit **(\$8,895)**

Article 6 provides for a new nonrefundable income tax credit equal to 15.0 percent of the value of Rhode Island produced food donated by food producers to qualified food banks in the State. The credit is effective for tax years beginning on or after January 1, 2023, resulting in an anticipated revenue loss of \$8,895 in FY2023 and \$17,790 in FY2024.

Expenditure Changes by Agency

Administration: The Budget includes \$307.0 million in general revenue expenditures (\$771.0 million all funds) for the Department in FY2024, increasing general revenue expenditures by \$36.7 million. All fund expenditures decrease \$49.3 million reflecting reduced federal SFRF and ARPA funds for pandemic and recovery items and activities.

- **Debt Service:** The Budget allocates \$35.0 million in general revenue from surplus funds to retire existing State debt, resulting in future annual debt service savings of \$4.5 million. However, the proposed budget does not commit to early re-payment of any issue.

Analyst Note: According to the Budget Office, there are two immediate issuances that could be retired – the I-195 Commission balloon repayment amortization (\$30.1 million) and one Historic Tax Credit Issue (Series 2019A). There also a few COPs issuances that could be considered as well. The \$4.5 million is projected annual savings based on a 10-year schedule of \$35.0 million at a standard 5.0 percent interest rate.

- **Large Systems Initiatives Fund:** The Governor recommends establishing a new fund similar to the current Information Technology Investment Fund for the purpose of implementing and maintaining enterprise-wide software projects, in order to better facilitate federal participation in large information technology projects. The Fund would be established using \$27.0 million from the FY2022 general revenue surplus, of which \$22.0 million will be allocated to transitioning the RIKidsBridge Child Support Case Management System from a legacy-based system to a web-based platform. In addition, \$5.0 million will be allocated to the Gateway to Government to expand the current Digital Government pilot program to transition licensing processes to a paperless platform.
- **Cybersecurity Grant:** The Budget includes \$250,000 in general revenue as the state match towards a federal \$2.5 million grant from the Homeland Security State and Local Cybersecurity Improvement Act.
- **Central Falls School Project:** The Budget adds \$13.4 million in general revenue for anticipated debt service based on the assumption that the previously General Assembly authorized state backed appropriated will be issued to support the Central Falls school construction in FY2024.
- **Energy Resources:** The Budget allocates \$4.3 million in restricted receipts from the Utility System Benefits Charge for the Executive Climate Change Council Projects including energy efficiency, renewables, clean transportation, clean heating, energy storage, and other climate change projects.
- **RICAP Projects:** The Budget adds \$45.8 million for infrastructure improvements at the Pastore Campus, \$1.2 million for renovations to structures at the Zambarano Campus, and \$5.4 million for the proposed new Long-Term Acute Care Hospital on the Zambarano Campus, and \$5.0 million for Group Home replacement.
- **New FTE positions:** The Budget adds 12.0 FTE positions to the department, including 2.0 FTE positions to Central Management; 2.0 FTE positions to the Office of Management and Budget, to enhance the Performance Management Unit; 2.0 FTE positions to Purchasing; 2.0 FTE positions to Division of Human Resources; 1.0 FTE position to the Division of Diversity, Equity, and Inclusion, to ensure compliance with the State's guidelines for contractor performance; and 1.0 FTE position to HealthSourceRI. The proposal funds 9.0 FTE position from general revenue, 1.0 FTE position funded by restricted receipts, and 2.0 FTE positions from internal service funds.
- **SFRF and ARPA Funds:** The Budget includes \$223.9 million in federal SFRF and ARPA funds for pandemic and recovery items and activities.

SFRF and ARPA Response	FY2023 Enacted	FY2024 Governor	Change
ARP CPF: Administration	\$349,497	\$4,828,079	\$4,478,582
ARP CPF: Municipal and Higher Ed Matching Grant Program	23,360,095	23,360,065	(30)
ARP CPF: RIC Student Services Center	5,000,000	30,000,000	25,000,000
ARP DIRECT: Institute of Museum and Library Services - States	-	-	-
ARP ERA: Emergency Rental Assistance	38,000,000	38,000,000	-
ARP HAF: Homeowner Assistance Fund	25,000,000	25,000,000	-
ARP SFRF: Aid to the Convention Center	5,000,000	-	(5,000,000)
ARP SFRF: Auto-Enrollment Program HSRI	1,288,710	1,325,358	36,648
ARP SFRF: COVID-19 Ongoing Response	73,000,000	-	(73,000,000)
ARP SFRF: Health Care Facilities	77,500,000	-	(77,500,000)
ARP SFRF: Municipal Infrastructure Grant Program	-	20,000,000	20,000,000
ARP SFRF: Nonprofit Assistance / Food Insecurity	20,000,000	-	(20,000,000)
ARP SFRF: OER Electric Heat Pumps	5,000,000	20,000,000	15,000,000
ARP SFRF: Pandemic Recovery Office	4,948,839	6,918,788	1,969,949
ARP SFRF: Public Health Response Warehouse Support	2,000,000	1,400,000	(600,000)
ARP SFRF: Woonsocket Public Safety Facility	-	7,000,000	7,000,000
CAA21: Emergency Rental Assistance	45,998,500	45,998,500	-
COVID GR (FEMA): FEMA Reserve and Contingency	15,000,000	-	(15,000,000)
FEMA: Supplies WKS: PPE Warehousing	-	30,995	30,995
Total	\$341,445,641	\$223,861,785	(\$117,583,856)

- **Emergency Rental Assistance:** The Budget includes \$38.0 million to continue supporting the State's COVID-19 emergency rental assistance program administered in partnership with RI Housing.
- **Homeowner Assistance Fund:** The Budget includes \$25.0 million from ARPA to assist homeowners who are experiencing financial hardship. The funds are used to prevent mortgage delinquencies, foreclosures, and loss of utilities.
- **Municipal Infrastructure Grant Program:** The Budget includes \$20.0 million from the ARPA Capital Projects Fund to provide a fund available to municipalities to complete road, sidewalk, and bridge projects.
- **RIC Student Services Center:** The Budget includes \$30.0 million from the ARPA Capital Projects Fund to support the development of a centralized center at Rhode Island College where RIC students can perform essential tasks. This is an increase of \$25.0 million from the FY2023 Budget as Enacted.
- **OER Electric Heat Pump Program:** The Budget includes \$20.0 million in SFRF to support a grant program within the Office of Energy Resources to assist homeowners and small business owners to purchase and install high-efficiency electric heat pumps. This is an increase of \$15.0 million from the FY2023 Budget as Enacted.
- **Pandemic Recovery Office:** The Budget includes \$6.9 million from the ARPA SFRF funds to finance the personnel and operations of the Pandemic Recovery Office.
- **CPF Administration:** The Budget includes \$4.8 million from the ARPA Capital Projects Fund to administer the federal Capital Projects Fund.
- **Auto Enrollment Program:** The Budget includes \$1.3 million in SFRF to support a program that automatically enrolls qualified individuals transitioning off Medicaid coverage at the end of the pandemic public health emergency into qualified health plans to avoid lapses in coverage.
- **Woonsocket Public Safety Facility:** The Budget includes \$7.0 million in SFRF to build a new public safety facility that consolidates fire, police, and emergency management services into one structure for the City of Woonsocket.

Department of Business Regulation: The Budget includes \$26.0 million in general revenue (\$42.3 million in all funds) for the Department in FY2024. This represents a general revenue decrease of \$342,549 when compared to the FY2023 Budget as Enacted, and is attributable to the following:

- **Sustaining the Social and Human Service Programs Rate Review:** The Budget includes \$590,829 in general revenue to continue supporting the Social and Human Services Rate Review managed by the Office of the Health Insurance Commissioner (OHIC). The review intends to evaluate the current rates of human service programs to determine whether they are suitable to provide safe, effective and equitable services to beneficiaries, focusing on contracted providers whose programs are primarily funded through Medicaid and/or reside within the Department of Children, Youth and Families; Executive Office of Health and Human Services, Human Services, and Health.
- **Vehicle Purchases:** The Budget includes a one-time increase of \$186,280 in general revenue for the purchase of vehicles for the State Building Code Commission and the Office of Cannabis Regulation. This funding will purchase 5.0 vehicles; 2.0 for Building Officials and 3.0 for the Office of Cannabis Regulation.
- **Gateway to Government:** The Budget shifts \$5.0 million in funds to the Department of Administration to support Gateway to Government, a digital government pilot program that aims to transition licensing processes toward an online paperless system.
- **HSRI Auto-Enrollment Program:** The Budget includes \$1.3 million in ARPA SFRF Funds to support the Auto-Enrollment program, a temporary program that aids individuals who fall at or below 200.0 percent the Federal Poverty Line in obtaining health coverage once Medicaid redetermination begins. Funds for the program were originally allocated to FY2022, however, the extension of the Public Health Emergency delays the use of these funds.

Labor and Training: The Governor's FY2024 Budget decreases general revenue expenditures by \$5.1 million (all funds decrease by \$105.0 million) relative to the FY2023 Enacted Budget. The major changes include the following:

- **Digital Credentials:** The Governor recommends \$1.0 million in general revenue to develop and implement a system that allows all paper credentials arising from the Department's workforce development programming, to be available in digital format, pursuant to RIGL 28-1-5.
- **Support for the Office of Community Engagement:** The Governor recommends \$100,000 in general revenue to support the Office of Community Engagement, a unit charged with the mission of promoting and ensuring fair treatment and quality employment for all, while supporting and developing partnerships and equitable distribution of services and resources through community engagement.
- **Enhanced Real Jobs:** The Governor shifts \$10.0 million in State Fiscal Recovery Funds from FY2025 to FY2024, ensuring compliance with U.S. Treasury rules. The \$20.0 million total recommended expenditure for Enhanced Real Jobs supports the continued development of job partnerships, which connect industry employers adversely affected by the pandemic, to individuals enrolled in workforce training.
- **Year Up:** The Budget provides \$200,000 of general revenue from the Workforce Development Services program to support Year Up.

Executive Office of Commerce: The Governor includes \$77.7 million in total general revenue funding in support of the economic development and housing programming within the Executive Office of Commerce (EOC) and the Rhode Island Commerce Corporation (Commerce RI). This includes \$61.7 million for Economic Development Initiatives, Commerce Programs, and other programming. The Governor also recommends \$157.5 million in federal American Rescue Plan Act State Fiscal Recovery Funds.

Incentives

- **Reauthorization of Incentives:** Article 7 reauthorizes the EOC’s incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2023, to December 31, 2024.
- **Rebuild RI Program Changes:** The Governor recommends \$26.4 million in general revenue in FY2024 for the Rebuild RI Tax Credit and Sales Tax Exemption program, \$12.9 million more than the FY2023 enacted level. Rebuild RI uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State. Under current law, the total amount of tax credits and sales tax exemptions that may be issued is \$210.0 million. Article 7 raises that cap to \$225.0 million. The FY2024 recommended appropriation consists of an additional \$15.0 million in surplus general revenue to cover the increase, and \$11.6 million meet the program’s FY2024 obligations.
- **First Wave Closing Fund:** The Governor recommends \$20.0 million in FY2024 for the First Wave Closing Fund program. The program is intended to support economic development by providing last dollar “gap financing” for certain types of projects. Gap financing is that portion of a project’s cost that remains to be financed after all other sources of capital have been considered or the amount that the State may invest in a project to gain a competitive advantage over another state.
- **Wavemaker:** The Governor recommends \$4.0 million for the Stay Invested in Rhode Island Wavemaker Fellowship program in FY2024, \$800,000 more than the enacted level. The program is a competitive student loan reimbursement program for college and university graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. In 2022, the General Assembly expanded the program to include high-demand healthcare practitioners and mental health counselors. Article 7 expands the program to include teachers.
- **Small Business Assistance:** The Governor recommends \$3.3 million in FY2024 to support the Small Business Assistance Program. This CommerceRI program engages private lenders to support businesses with fewer than 200 employees.
- **Air Service Development Fund:** The Governor recommends \$2.3 million in total general revenue to support the development of additional direct airline routes to major metropolitan areas through the Air Service Development Fund.
- **Innovation Initiative:** The Governor recommends \$2.0 million in FY2024 for the Innovation Initiative incentive program, \$1.0 million more than the enacted level. The program provides financial assistance to small businesses (under 500 employees) for research and development technical assistance. Under current law awards can range from \$5,000 to \$50,000. Vouchers may be used to pay for: research and technological development; product development; commercialization; market development technology exploration; and improved business practices/strategies that grow business and create operational efficiencies. Article 7 of the Governor’s Budget modifies program by increasing the maximum voucher awards from \$50,000 to \$75,000.
- **I-195 Redevelopment Fund:** The Governor recommends an additional \$2.0 million to support additional projects within the I-195 Redevelopment District. The I-195 Redevelopment Fund supports real estate development on the former highway land by providing gap financing on projects.
- **Main Street RI Streetscape Improvement Program:** The Governor recommends \$1.0 million in FY2024 to fund the Main Street RI program. In addition to the new appropriation, Article 7 expands the uses of this funding to include technical assistance and administrative costs. Under current law, the program provides loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade streetscapes in local business districts. Projects include refurbishing facades, improved lighting, and signage. Recipients are required to provide a 30.0 percent match.

- **Small Business Promotion:** The Governor recommends \$1.0 million to incentivize the use of in-state suppliers by large in-state businesses and reducing dependence on out-of-State companies the SupplyRI initiative. CommerceRI facilitates the initiative through networking platforms and technical assistance.

Staffing and Operations

- **Executive Office of Commerce Staff Restructuring:** The Governor recommends a restructuring of the EOC staff in FY2024 in response the establishment of the new Rhode Island Department of Housing (Housing) in January 2023. The FY2023 Budget as Enacted transferred 14.0 FTE positions from EOC to Housing. The restructured staff configuration includes 5.0 FTE positions: 1.0 Secretary of Commerce, 1.0 Chief of Staff, 1.0 Chief Fiscal Manager, 1.0 Senior Policy Analyst, and 1.0 Administrative Secretary. The Budget includes \$1.0 million to support the personnel costs of the EOC.
- **RI Commerce Corporation:** The Governor recommends an additional \$342,710 in general revenue within the Rhode Island Commerce Corporation's base allocation to support increased personnel and operating costs within CommerceRI.
- **Gateway to Government:** The Governor recommends \$5.0 million in general revenue for CommerceRI's Gateway to Government initiative. The initiative is an expansion of a pilot that transitions licensing processes toward a single paperless platform that manages digital identities and credentialing information.

SFRF

The Governor recommends \$157.5 million in federal American Rescue Plan Act State Fiscal Relief Funds (SFRF). This amount represents fully appropriating all remaining planned out-year expenditures (FY2024 through FY2027) in FY2024 for previously established projects. The Governor recommends modifying two projects.

- **Bioscience Investments:** The Governor recommends \$45.0 million to support a program to invest in the biosciences industry, including the development of wet-lab space and the creation of a fund that will support wrap-around services to aid in the commercialization of technology and business development, the growth of the bioscience workforce, and support staff within CommerceRI.

Analyst Note: This recommendation is partially a repurposing of SFRF project funds enacted for FY2023. The FY2023 Budget as Enacted included \$5.0 million in FY2023 and \$30 million in total through FY2027 for a bioscience initiative that was contingent upon Rhode Island receiving a federal Economic Development Administration Build Back Better Regional Challenge grant. The State did not receive the grant, requiring a change in the use of these funds.

- **Small Business Financial and Technical Assistance:** The Governor recommends an additional \$5.0 million in SFRF funds within the existing Small Business Financial and Technical Assistance Program. The program consists of several components: direct payments to businesses for lost revenue, technical assistance for long-term business capacity building, and support for capital improvements for public health upgrades and outdoor programming. The Governor recommends modifying the program by expanding the types of capital improvements that may be made to include energy efficiency upgrades and increasing the maximum gross revenue a business must have to be eligible from \$1.0 million to \$2.0 million. According to the EOC, this will entice more business, and in particular the hospitality industry, to elect to use the program to make capital investments in new ventilation.

Department of Housing: The Governor recommends \$181.9 million in total funding in FY2024 for the newly established Department of Housing. This includes \$4.8 million in general revenue, \$7.7 million in restricted receipts funds, and \$169.5 million in federal funds. Of those federal funds, \$124.0 million is to fund planned expenditures across ten previously authorized American Rescue Plan Act State Fiscal Relief Fund (SFRF) projects.

- **Staffing and Operations:** The Governor recommends a total of 38.0 FTE positions within the Department, 21.0 more than previously authorized, along with an additional \$2.7 million in general revenue to cover the new personnel expenditures in FY2024. The Governor also recommends \$240,000 in general revenue to fund potential lease expenses or other new operational expenses associated with standing up a new State agency.
- **Homelessness Infrastructure:** The Governor recommends an additional \$30.0 million in SFRF funds to augment the previously authorized homeless infrastructure initiative. This program is intended to respond to pandemic-related homelessness, including but not limited to, acquisition or construction of temporary or permanent shelter and other housing solution. The General Assembly appropriated \$15.0 million in FY2023 for these purposes.

Executive Office of Health and Human Services: The Budget includes \$1,313.1 million from general revenues (\$3,762.6 million all funds) for the Executive Office of Health and Human Services in FY2024. This represents a general revenue increase of \$116.2 million when compared to the FY2023 Budget as Enacted. The Governor's recommendation assumes the anticipated end of the enhanced Federal Medical Assistance Percentage (FMAP) and timeline of the Public Health Emergency (PHE) as adopted by the November Caseload Estimating Conference (CEC); consequently, the impacts of the federal Consolidated Appropriations Act (CAA) 2023, signed into law on December 29, 2022, are not included in this proposal. A future amendment is expected to account for the CAA changes. The Budget includes the following changes:

Central Management

- **1115 Waiver Implementation:** The Budget adds \$320,000 in general revenue (\$940,000 all funds) for consultants to support the implementation of approved changes to of the State's 1115 Waiver. This waiver gives the Secretary of EOHHS authority to approve experimental, pilot, or demonstration projects that seek to promote the objectives of the Medicaid program. The Centers for Medicare and Medicaid Services (CMS) require the State to renew the federal waiver every five years.
- **Medicare-Medicaid Plan (MMP) Ombudsman/System Upgrades:** The Budget provides \$169,737 in general revenue (\$339,474 all funds) for the Medicaid state match to sustain the MMP Ombudsman program. Beginning in 2015, Rhode Island has worked with the Center for Medicaid Services (CMS) to test a model for providing Medicare-Medicaid enrollees with a more coordinated, person-centered experience; however, pursuant to a CMS final rule, issued on April 29, 2022, the Financial Alignment Initiative (FAI) demonstration will phase out on December 31, 2023. States have the option to extend their MMP demonstrations until December 31, 2025, by submitting a transition plan detailing their conversion to another type of plan, a Fully Integrated Dual Eligible Special Need Plan (FIDE-SNP). According to EOHHS, the additional time is need to complete the transition for dual eligibles.
- **Medicaid Eligibility Quality Control (MEQC) Staff from DHS to EOHHS (3.0 FTE positions):** The Budget shifts 3.0 FTE MEQC positions, \$186,974 in general revenue, and \$189,974 in federal funds from the Department of Human Services to EOHHS. The MEQC program of the Social Security Act requires state to report the ratio of erroneous excess payments to total expenditures for medical assistance. The positions transferred include 1.0 FTE Senior Quality Control Review Supervisor position and 2.0 FTE Quality Control Reviewer positions.
- **Nursing Facility RIGL Revisions:** The Budget includes \$172,500 in general revenue and \$172,500 in federal funds to provide contract support to EOHHS in implementing the rate revision required in the Nursing Home Staffing and Quality Care Act of 2021 (RIGL 40-8-19), the minimum staffing law. The contract services will support the rate revision by reviewing and compiling the nursing facility cost reports, developing updated rates under the current state plan methodology, estimating payment

impacts, preparing a final report with a final calculation, and assisting with stakeholder engagement and presentations. Under current law, the rate review is required every three years.

- **Public Health Emergency (PHE) Unwinding Staffing (3.0 new FTEs):** The Budget includes \$206,160 in general revenue (\$373,425 all funds) to support 3.0 new FTE Appeals Officer positions to address an anticipated increase in termination appeals during the unwinding process. These positions will be term-limited for the duration of the unwinding.

The Federal CAA passed in December set an end to the continuous enrollment provision on March 31, 2023, and phase down the enhanced federal Medicaid matching funds through December 2023. States that accept the enhanced federal funding can resume redeterminations in February with termination of benefits permitted beginning in April; however, states must meet certain reporting and other requirements during the unwinding process.

- **UHIP PHE Unwinding:** The Budget includes \$1.3 million in general revenue (\$5.7 million all funds) to support redetermination activities during the unwinding. This total does not include the 3.0 FTE Appeals Officer positions.
- **Core Structure Staffing (7.0 new FTE positions):** The Budget provides \$559,262 in general revenue and (\$1.1 million all funds) to support salaries and benefits for 7.0 new FTE positions. The positions include:
 - 2.0 FTE DCYF legal staff positions to reduce attorney caseload ratios. According to the EOHHS, DCYF attorney caseloads are more than three times those in other New England states and of 34 other states, with caseloads of 300 each, while ABA and NACC recommend caseloads of 50-100.
 - 1.0 DHS legal staff for child support enforcement
 - 3.0 FTE positions at EOHHS to build finance and budgeting capacity
 - 1.0 FTE Medicaid Chief of Pharmacy for clinical management of pharmacy services available for Medicaid beneficiaries
- **Transfer of Health Equity Zones from DOH to EOHHS (7.0 FTE positions):** The Governor recommends transferring the Health Equity Zones (HEZ) and 7.0 FTE positions from the Department of Health (DOH) to EOHHS. A Health Equity Zone (HEZ) initiative is a community-based approach to focus public health investments designed to organize people in specific neighborhoods to build healthy resilient communities. The shift would be budget neutral across the two agencies.
- **Medicaid Management Information System (MMIS):** The Budget includes an increase of \$644,219 in general revenue (\$6.4 million all funds) to continue the planning and implementation of assessing the current MMIS legacy system and moving to a modern modular system as required by the Centers for Medicaid & Medicare Services. This project will move Rhode Island away from single-contract solutions and will be 90.0 percent funded from Medicaid dollars.
- **Opioid Crisis Response Funding:** The Budget includes restricted receipt funding to support ongoing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis. The funding includes \$662,739 in Opioid Stewardship Funds, \$3.4 million in Statewide Opioid Abatement funds, and \$100,000 in McKinsey Opioid Settlement Funds.

Medical Assistance

- **Caseload Estimating Conference (CEC):** The Budget recommends an additional \$66.9 million in general revenue (\$27.2 million all funds) relative to the FY2023 Budget as Enacted, to reflect changes adopted by the November 2022 Caseload Estimating Conference. This includes adopted changes to the blended Federal Medical Assistance Percentage (FMAP) rate from 54.19 percent to 54.75 percent.
- **Hospital Licensing Fee (HLF):** Through Article 9, the Budget amends the HLF to bring the fee into compliance with federal Centers for Medicare and Medicaid Services (CMS) requirements. CMS determined that the current two-tiered HLF, which provided lower rates for Westerly and South County,

did not comply with the broad based, uniformity, and hold harmless provisions in the federal regulations, and, if not resolved, would threaten federal matching funds. The proposal would shift to separate inpatient and outpatient hospital license fees, providing a three-tier structure within each class. The total state share raised from each tax will not exceed 6.0 percent of the net patient revenue for each applicable class. The proposed structure is expected to comply with CMS regulations. This proposal is estimated to generate an additional \$38.1 million in state revenues.

- **Managed Care Direct Payments to Hospitals:** The Governor recommends an additional \$91.4 million in general revenue (\$288.0 million all funds) for new managed care organizations direct care payments to hospitals to promote systemic access and quality.
- **Disproportionate Share Hospitals (DSH):** Article 9 identifies the DSH aggregate limit for FFY2024 as \$15.2 million; consequently, the Budget includes a reduction of \$54.7 million in general revenue (\$121.6 million all funds), relative to the FY2023 Budget as Enacted, in annual DSH payments to hospitals. This reduction is consistent with the cap reduction expected in FFY2024.
- **Equality in Abortion Coverage/Reproductive Justice:** Article 10 expands the Reproductive Privacy Act of 2019 to individuals enrolled in Medicaid, ensuring Medicaid recipients have full access to termination of pregnancy services permitted under RIGL 23-4.130-2; however, federal funds cannot be used to support such services unless authorized under federal law. The Budget includes \$592,405 in general revenue, including \$56,021 in one-time system costs, to support the expansion of services.
- **Certified Community Behavioral Health Clinic (CCBHC):** Article 9 moves the deadline for establishing a CCBHC from July 1, 2023, to February 1, 2024, to give EOHHS and the Department for Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) time to establish rates consistent with the federal model and to certify providers. The Budget also includes an increase of \$7.2 million in general revenue (\$22.4 million all funds) to administer the CCBHC.
- **Conflict-Free Case Management/Medicaid Long-term Services and Support (LTSS):** In order to comply with federal regulations, states must separate case management from service delivery functions to ensure person-centered policies for recipients of LTSS in home and community-based centers. Ongoing federal matching funds are in jeopardy under the current Medicaid LTSS system, since a conflict of interest exists for certain providers and case management services are limited or inconsistent. Article 9 is intended to bring Rhode Island into compliance. In addition, the Budget provides an increase of \$6.5 million in general revenue (\$14.4 million all funds) to implement a person-centered, conflict-free case management system (CFCM) system for LTSS and Home- and Community- Based Service program.
- **Cedar Rate Increase:** The Budget provides \$551,955 in general revenue (\$1.2 million all funds total) to support a rate increase and adequate pay structure to support and expand the Cedar Family Centers. The Cedar Family Centers provide care management to help families of Children and Youth with Special Health Care Needs (CYSHCN) access support services, including those who are Medicaid eligible through the Katie Beckett waiver. In May 2022, the State entered into a settlement agreement with the United States Department of Justice impacting members enrolled in Medicaid through the Katie Beckett waiver.
- **Medicaid First Connections/Family Home Visiting Transfer:** The Governor transfers the Medicaid-financed portions of the First Connections and Family Home Visiting programs from the Rhode Island Department of Health to EOHHS. While the transfer has a zero-net impact on the statewide budget, an additional \$919,070 in general revenue (\$2.0 million total funding) is provided in EOHHS to reflect the transfer.

Children, Youth, and Families: The Governor includes \$218.4 million from general revenues (\$342.0 million all funds) and an increase of 3.0 FTE positions for the Department of Children, Youth, and Families

in FY2024. This represents an increase of \$11.8 million in general revenue compared to the FY2023 Budget as Enacted. The major changes include the following:

- **Provider Rate Increase:** The Budget includes an increase of \$3.3 million from general revenues for an expected rate increase resulting from the upcoming expiration of provider contracts. The Department's existing contracts with foster and congregate care placement and community-based providers are set to expire on July 1, 2023.
- **Rhode Island Training School FTEs:** The Budget includes an increase of \$286,941 from general revenues for 3.0 new FTE positions within the Rhode Island Training School. The new positions are a response to a recent increase in average daily population and the corresponding need for additional staffing to meet the health and safety requirements for the facility.
- **Caseload Adjustment:** The Budget estimates \$3.0 million in general revenue savings (\$5.0 million all funds) to reflect the updated caseload projections for the Department in FY2024.
- **Foster Home Lead Abatement and Fire Safety (State Fiscal Recovery Funds):** The Budget recommends \$375,000 in State Fiscal Recovery Funds to provide financial assistance to foster families for costs related to lead remediation and fire safety. This is consistent with the appropriation schedule for this project in the FY2023 Budget as Enacted.

Health: The Budget includes \$34.4 million in general revenue (\$319.7 million in all funds) for the Department in FY2024. This represents a general revenue decrease of \$1.6 million when compared to the FY2023 Budget as Enacted, and is attributable to the following changes:

- **Health Equity Zone Transfer from Rhode Island Department of Health to the Executive Office of Health and Human Services:** The Budget transitions 7.0 FTE's associated with the Health Equity Zone (HEZ) initiative to EOHHS to support the continued growth of the program. According to the Department, EOHHS is better suited to sustain the HEZ initiative as it has oversight of interagency budgeting; and, will enable other health and human services agencies to better align community facing investment with the needs of residents and improve performance and outcomes. Funding for the HEZ initiative totaled \$873,687 and will not transfer to EOHHS.
- **Livery Services:** The Budget includes \$236,440 in general revenue for decedent livery services. These services were contracted out; however, the vendor abruptly terminated their contract due to new ownership.
- **Forensic Pathology Contractors:** The Budget includes \$478,251 in general revenue to support contracted services for the first half of FY2024. The Department has not had full time staff for over a decade and contracted services must be acquired until the positions are filled. Costs for these contracted positions have exceeded the baseline budget in past years due to increased contractor costs.
- **Medicaid First Connections/Family Home Visiting Transfer:** The Budget includes a transfer of \$946,318 in general revenue and \$2.0 million in all funds to support the transfer of the Department's Family Home Visiting Program to the Executive Office of Health and Human Services. The transfer to EOHHS will expand services to prenatal women and enable providers to process Medicaid claims through MMIS.
- **COVID-19 Response:** The Budget includes \$91.0 million in federal funds to continue supporting COVID response and recovery activities. Of these funds, \$34.9 million are American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF).
- **Opioid Crisis Response Funding:** The Budget includes a total of \$5.6 million in restricted receipts to continue supporting Rhode Island's response to the opioid crisis. Of these funds, \$1.9 million are from the Opioid Stewardship Funds, \$3.0 million are from Statewide Opioid Abatement Funds, and \$740,000 are from the McKinsey Opioid Settlement.

Human Services: The Budget includes \$143.4 million in general revenue (\$794.7 million in all funds) for the Department in FY2024. This represents a general revenue decrease of \$8.8 million when compared to the FY2023 Budget as Enacted, and is attributable to the following:

- **RI KidsBridge Conversion:** The Budget includes a transfer of \$22.0 million in general revenue to support the transition of the Department's KidsBridge management system to the Large Systems Initiatives Fund. The RI KidsBridge tracks the Departments child support cases. The mainframe has become outdated and obsolete. In order for the system to efficiently record child support cases, it needs to be converted to a web-based platform.
- **Family Child Care Provider Update:** The Budget includes an increase of \$2.8 million in federal funds to support the updated State contract with family child care providers (FCCPs). The duration of the new contract will be from January 1, 2022, through June 30, 2025. It includes a 30.0 percent retroactive increase to childcare rates issued January 1, 2022, and a 2.5 percent increase beginning January 1, 2023.
- **Medicaid Eligibility Quality Control (MEQC) Transfer:** The Budget includes a decrease of \$200,342 in general revenue (\$400,990 in all funds) for the transfer of 3.0 quality control employees to the Executive Office of Health and Human Services (EOHHS). These individuals will be tasked with reviewing potential compliance issues with staff assigned to DHS – specifically, they will review erroneous excess payments for medical assistance through Medicaid. As DHS is the delegated agency to conduct Medicaid eligibility, transferring these individuals to EOHHS will eliminate any conflict of interest.
- **Unified Health Infrastructure Project (UHIP) Public Health Emergency (PHE) Unwinding:** The Budget includes an increase of \$6.6 million in general revenue (\$11.7 million from all funds) to support Medicaid redetermination activities during the unwinding phases of the Public Health Emergency. During the PHE, states must provide continuous coverage by pausing redetermination activities. During the unwinding process, state agencies are required to contact each Medicaid enrollee to reconfirm their eligibility status.

Analyst Note: The Budget corresponds with the November 2022 CEC estimates; including assumptions about the end of enhanced Federal Medical Assistance Percentage (FMAP) and expected PHE unwinding activities. The Budget does not reflect the impacts of the 2023 Consolidated Appropriations Act (CAA), which was signed into law on December 29th, 2023. The Governor expects to submit an amendment to accommodate the CAA.

- **RIVETS Home:** The Budget includes a total of \$1.8 million to allow the Home to achieve full capacity. Currently staffing levels can only support a census of 144 residents. Additionally, the Office relies heavily on overtime and contracted support to continue providing quality care. These funds will support contracted positions and bring the resident census up to 192.
- **Conversion of Seasonal Cemetery Aids to FTE positions:** The Budget includes an additional \$550,000 to support transitioning 6.0 seasonal gardener positions to 4.0 FTE gardener positions, as well as supporting the Burial Equity for Guards and Reserve Act, which was signed by the President on March 15, 2022. This Act allows individuals who served in the National Guard to be buried in a Veterans' Cemetery, so long as they had not been dishonorably discharged.
- **Office of Veterans Services – DD-214 Digitalization Project:** The Budget includes a one-time general revenue increase of \$250,000 to digitize DD-214's – discharge documents that are required for to verify eligibility to benefits. The department plans to scan and store all DD-214's in an online database that is only accessible to RIVETS personnel. This project requires yearly maintenance estimated to be \$10,000 each year following the project.

- **Community Grants:** The Budget includes changes or the addition of the following grants:

Grant Recipient	FY2023 Enacted	FY2024 Governor Recommended	Change
Meals on Wheels	\$580,000	\$680,000	\$100,000
Senior Center	1,000,000	1,200,000	200,000
Boys and Girls Club	270,000	370,000	100,000
Operation Stand Down	-	50,000	50,000
Higher Ground International	50,000	75,000	25,000
RI Alliance of Boys and Girls Club	750,000	-	(750,000)
Community Action Fund - Pandemic Relief	1,400,000	-	(1,400,000)

- **Conflict Free Case Management:** The Budget decreases general revenue by \$132,522 to create and implement a conflict free case management system for long term services and supports (LTSS), home-based services, and community-based services, as required by Medicaid federal rule.
- **Child Care Support:** The Budget consolidates \$1.7 million in SFRF funds that provide retention bonuses and start up grants for Family Child Care (FCC) providers, as well as, support quality improvements, creation of a workforce registry, and professional development opportunities for direct care staff, to comply with Treasury rules. The State was originally functioning off the assumption that obligating SFRF funds through FY2025 would comply with Treasury rules; however, SFRF Funds must be contracted out to be considered obligated under federal rules.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals: The Governor's Budget includes \$291.9 million in general revenues (\$619.6 million all funds) and an increase of 2.0 FTE positions for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals. This represents a general revenue decrease of \$11.1 million compared to the FY2023 Budget as Enacted and includes the following changes:

- **Direct Support Professionals (DSP) Wage Increase:** The Budget recommends an increase of \$13.9 million in general revenues (\$30.8 million all funds) to support the increase of the starting wage of Direct Support Professionals (DSPs) at Developmental Disability Organizations to \$20 per hour from the current rate of \$18 per hour. This wage increase is pursuant to the Consent Decree Action Plan, and may increase further as the rate remodel report is currently under review.
- **Consent Decree Implementation Resources:** The Budget includes an increase of \$495,394 in general revenue and a decrease of \$292,119 in federal funds for a net all funds increase of \$203,275 to fund the hiring of ten personnel related to the Consent Decree and rate remodel. The Budget accommodates the additional personnel by redistributing resources across the Private Community Developmentally Disabled Services and Rhode Island Community Living Supports (RICLAS) subprograms within the Developmentally Disabled Services program. The result is an increase of 2.0 FTE positions compared to the Department's FY2023 FTE authorizations along with the reallocation of 8.0 vacant FTE positions. These positions will support the rate remodel process as well as the ongoing implementation of the Consent Decree.
- **FMAP Adjustment and Hospital Billing (federal funds):** The Budget recommends \$49.3 million in federal Medicaid funds for the Eleanor Slater (ESH) and Zambarano Hospitals. This includes the adjustment for the resumed ESH Medicaid billing and operations at the new Rhode Island State Psychiatric Hospital, as well as the updated patient count across both hospital systems and the change in the blended Federal Medicaid Assistance Percentage (FMAP) from 54.19 percent to 54.75 percent.
- **ESH and Zambarano Billing (restricted receipts):** The Budget includes a shift of \$2.9 million from general revenue to restricted receipts to account for the resumed billing of Medicare Part D and non-Medicaid reimbursement at ESH and Zambarano hospitals.

- **ESH and RICLAS Vehicle Expenses:** The Governor includes \$336,826 in general revenues (\$774,367 all funds) for the purchase of seventeen vehicles for the Rhode Island Community Living Supports (RICLAS) program and ESH hospital programs at the Zambarano and Pastore Campuses.
- **Opioid Crisis Response Funding (restricted receipts):** The Budget includes restricted receipts in the amount of \$1.9 million in Opioid Stewardship Funds and \$5.1 million in Statewide Opioid Abatement Funds for the continuation of new and existing initiatives related to the opioid and substance abuse crisis in Rhode Island. Of the \$1.9 million in Opioid Stewardship Funds, \$500,000 is distributed equally to the seven Regional Substance Abuse Prevention Task Forces to fund priorities as determined by each Task Force.
- **9-8-8 Hotline (State Fiscal Recovery Funds):** The Budget includes an additional \$1.6 million in State Fiscal Recovery Funds to provide continued funding for the 9-8-8 National Suicide Prevention Hotline as the project continues to search for a permanent funding source. The FY2023 Budget included an appropriation of \$1.9 million in SFRF funds for this project, bringing the total funding for the hotline to \$3.5 million.
- **Crisis Intervention Trainings (State Fiscal Recovery Funds):** The Budget recommends \$1.7 million in State Fiscal Recovery Funds for a project providing crisis intervention training for law enforcement, as well as continuing education. The FY2023 Budget as Enacted included \$550,000 per year in FY2024-FY2026. The Governor's recommendation keeps total project funding at \$2.2 million but consolidates the appropriation to FY2024 to comply with the U.S. Treasury rules for obligation of SFRF funds.

Office of the Child Advocate: The Governor includes \$1.6 million in general revenues for the Office of the Child Advocate, an increase of \$136,678 compared to the FY2023 Budget as Enacted. This represents full financing for current operations and staffing authorizations.

Office of the Mental Health Advocate: The Governor's Budget includes \$976,078 from general revenues for the Office of the Mental Health Advocate. This represents a general revenue increase of \$2,749 relative to the FY2023 Budget as Enacted and includes full financing for current operations and staffing authorizations.

Elementary and Secondary Education: The Governor increases funding in the Department by \$36.0 million in general revenue (an increase of \$54.7 million all funds) and provides 4.0 new FTE positions. The major changes include the following:

- **Education Aid Funding Formula:** The Budget includes an increase of \$66.9 million in education aid, relative to the FY2023 Budget as Enacted. This includes \$24.9 million for the funding formula which uses a new student poverty measure and increase the student success factor weight from 42.0 percent, instead of 40.0 percent and fully funds the English learners and high-cost special education categoricals. The Budget also establishes new aid categories to provide a Public Schools of Choice Supplemental Transition Fund, support for students experiencing homelessness, one-time support for districts experiencing enrollment loss due to reasons other than PSOC enrollment.

FY2024 Governor's Education Aid

Categorical	Change from	
	Enacted	Total Funding
Formula Formula	\$24.9	\$1,101.8
Homeless Categorical	2.5	2.5
PSOC New Seats Transition Fund	7.9	7.9
School Choice Density Aid	(0.5)	-
Temporary Enrollment Assistance	8.5	8.5
Transportation	1.4	10.6
Early Childhood	8.0	22.9
High-Cost Special Education	4.8	9.3
Central Falls Stabilization	0.4	10.5
Career & Tech. Schools	-	4.5
Davies Stabilization	0.6	6.4
English Learners	7.8	12.8
Met School Stabilization	1.0	2.1
Regionalization Bonus	-	-
School Resource Officer Support	-	-
Group Home Aid	(0.4)	1.8
Total	\$66.9	\$1,201.7
\$ in millions		

- **School Housing Aid:** The Governor fully funds the school housing aid program, based on updated project completion projections, at \$103.5 million, an increase of \$14.9 million. Through Article 8, the Budget increases the minimum minority business enterprise (MBE) participation rate required for school construction projects from 10.0 percent of the dollar value of the bid to 15.0 percent.
- **Teacher Retirement:** Teacher retirement increases by \$1.9 million (\$132.7 million total).
- **Central Falls:** The Budget provides an increase of \$2.8 million in education aid to Central Falls, including an increase of \$376,006 in stabilization funding.
- **FTE Funding:** The Budget provides \$557,630 to fund 4.0 new positions. The positions include a Transformation Specialist to support persistently low-performing schools, and a Multilingual Learner Specialist to increase the Department's capacity to implement model practices for teaching Multilingual Learners, an Education Specialist to manage the enrollment system, and a data assessment specialist to give RIDE more capacity to meet with districts to help them understand and utilize their data.
- **Adult Education Providers:** The Governor recommends consolidating \$1.5 million in State Fiscal Recovery Funds provided annually in FY2024 and FY2025 to expand access to educational and literacy programs in the FY2023 Budget into FY2024. The recommendation is to ensure the timely obligation of the funds to comply with United States Treasury rules. The recommendation does not change the total \$5.0 million in funding for the program.
- **Out-of-School Time Learning Grants:** The Governor recommends \$4.0 million in State Fiscal Recovery Funds to be distributed through the Office of Student, Community, and Academic Supports at the Department of Elementary and Secondary Education to community organizations. The grants will be used to expand access to educational programs.

Higher Education: The Governor increases funding over the FY2023 Budget as Enacted by \$28.7 million in general revenue (\$81.4 million all funds) for Public Higher Education and provides a net increase of 7.0 new FTE positions across the system. The new positions are all at the Office of the Postsecondary Commissioner (OPC) and include 3.0 additional FTE positions to support the Rhode Island Longitudinal Data System (RILDS); 3.0 FTE positions, funded from State Fiscal Recovery Funds, to implement the Rhode Island Reconnect program; and, 1.0 FTE Director of P-20 Readiness and Transition to focus on implementing the PK-20 Public Education Strategic Plan. Major changes in funding include the following:

- **Office of Postsecondary Commissioner:** The increase of \$9.5 million in general revenue (\$12.1 million all funds) is primarily to following:
 - **RI Longitudinal Data System:** The Governor recommends transferring the RILDS, including 4.0 research FTE positions, from URI to OPC and includes \$575,000 in general revenue to support 3.0 new FTE positions and operating costs. This program was formerly known as the Dataspark initiative.
 - **Rhode Island Reconnect:** An increase of \$313,501 in general revenue and 3.0 new FTE positions is provided to implement the new Rhode Island Reconnect program to provide support, advising, and training to participants in obtaining postsecondary credentials including workforce training, as well as associates and bachelor's degrees. An additional \$8.0 million in State Fiscal Recovery Funds is also provided for this program.
 - **PK-20 Public Education Strategic Plan:** The Governor recommends \$140,668 in general revenue and 1.0 FTE position to implement the state's PK-20 Public Education Strategic Plan.
 - **Higher Education Finance Review:** \$250,000 in general revenue is provided for a review of higher education funding policy and state-funded scholarship programs.
 - **Fresh Start Scholarship:** \$2.5 million in general revenue is provided to support a one-time scholarship program at CCRI to recover lost enrollment by focusing on adults who have earned

some college credit but no degree. This last-dollar scholarship proposal would provide 1,000 adults with tuition and fee support for one semester estimated to regain their momentum and become eligible for federal aid.

- **Promise I (Last Dollar) Scholarship:** \$4.8 million in additional general revenue is provided to maintain funding of this \$9.6 million program supporting need-based scholarships to students at public and private institutions.
- **Rhode Island Promise Scholarship:** The Budget fully funds this program with and additional \$668,101 in general revenue (\$8.6 million total general revenue) for FY2024. Article 3 of the FY2018 Budget established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island (CCRI), less federal and all other financial aid available to the recipient.
- **University of Rhode Island:** The Budget provides an increase in general revenue of \$7.9 million, including \$6.4 million to cover raising costs needed to operate at the current service level and \$1.5 million for an investment in URI's focus on the Blue Economy. The Budget also provides \$15.0 million in RICAP funds for FY2024 to begin the renewal of the athletic complex and \$8.0 million in RICAP funds to accelerate the Fine Arts Center renovation.
- **Rhode Island College:** The Budget provides an increase of \$3.6 million in general revenue, including \$3.1 million to cover raising costs needed to operate at the current service level and \$500,000 as a continued investment in the new Applied Biology and Biosciences Certification program. The Budget also provides \$10.0 million in RICAP funds to begin Phase III of the Master Plan.
- **Community College of Rhode Island:** The Budget provides an increase of \$2.6 million in general revenue, including \$1.7 million to cover raising costs needed to operate at the current service level and \$922,294 to support two new programs to provide financial coaching to students and better connect CCRI to communities, as well as an increase for technology upgrades.
- **Higher Education Academies (State Fiscal Recovery Funds):** The Budget includes \$6.5 million in federal SFRF funds in FY2023 (\$22.5 million total) for Higher Education Academies for supports such as targeted coaching and wrap around services for those 16 and older to continue their education. The Office of the Postsecondary Commissioner (OPC) will implement three academies serving 1,000 students annually. The fall academy will focus on rising seniors and recent graduates; the summer academy on a seamless transition to postsecondary education or workforce training; and, the spring academy on college readiness coursework and support for summer course enrollment.

Rhode Island State Council on the Arts: The Governor's Budget includes \$2.2 million in general revenues (\$4.2 million all funds) for the Rhode Island State Council on the Arts. This represents an increase of \$34,052 in general revenues as compared to the FY2023 Budget as Enacted and includes full funding for current operations and staffing authorizations.

Historic Preservation: The Budget includes \$25,000 in general revenue for the Rhode Island Slave History Medallion project for historic sites connected to the history of slavery in the State.

Attorney General: The Governor's FY2024 Budget increases general revenue expenditures by \$1.4 million (all funds decrease by \$183,108) when compared to the FY2023 Enacted Budget. The major changes include the following:

- **Operating Expenses:** The Governor recommends an increase of \$195,945 in general revenue for various operating expenditures. The expenditures include personnel financing, contracted professional services, and operating supplies.

- **General Officer Salary Increase:** The Governor recommends a \$23,018 increase to the Attorney General's salary, beginning January 3, 2023. Pursuant to RIGL 36-6-1 and 36-6-2, the Attorney General's salary is adjusted at the beginning of each term.

Corrections: The Governor's FY2024 Budget increases general revenue expenditures by \$25.2 million (all funds increase by \$22.3 million) when compared to the FY2023 Enacted Budget. The major changes include the following:

- **FTE Positions for the Restrictive Housing Unit and Behavioral Management Unit:** The Governor recommends an increase of \$3.5 million in general revenue to support the salary and benefits of 32.0 new FTE positions. These positions will ensure the Department meets required out-of-cell time, programming opportunities, and recreation for individuals in the Restrictive Housing Unit and the Behavioral Management Unit. The following table reflects the additional FTE positions recommended in FY2024:

Position	Additional FTEs
Correctional Officers	28.0
Adult Counselor	1.0
Clinical Social Worker	1.0
Administrative Officer	1.0
Hearing Officer	1.0

- **Two Additional Correctional Officer Training Academy Classes:** The Governor recommends a total increase of \$1.4 million in general revenue to fund two additional classes of 50 recruits in FY2024. This addition will address the significant attrition anticipated within the Correctional Officer classifications, as well as a reduction in current overtime costs.
- **Community Confinement Savings:** The Governor recommends a reduction of \$488,545 in general revenue to reflect expected overtime savings related, to a provision in Article 3 that grants the Department the authority to cease in-person monitoring of an inmate by a Correctional Officer when the inmate is confined to a medical facility. This provision only applies to instances when an inmate is serving a life sentence without parole and is incapacitated with no chance of recovery.
- **Opioid Crisis Response Funding:** The Governor recommends \$1.3 million of restricted receipt Opioid Stewardship Funds for the continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis.
- **Housing Module Closures:** The Governor recommends a general revenue savings totaling \$6.6 million related to the planned closure and consolidation of 13 housing modules in FY2024.
- **Vehicles:** The Governor recommends an increase of \$645,000 in general revenue to replace aging DOC fleet vehicles. The Department believes that the vehicles currently used are in poor condition, unreliable, and require costly maintenance.
- **Rhode Island Brotherhood of Correctional Officers (RIBCO) Contract Reserve:** The Governor recommends \$15.0 million in general revenue to reserve sufficient resources for the purpose of meeting the estimated costs associated with the pending, but currently unfinalized, collective bargaining agreement with RIBCO.

Military Staff: The Budget adds \$500,000 in general revenue to purchase information technology (IT) equipment that will be compatible with the current state system in order for the Rhode Island National Guard to respond to emergencies that involve state agencies. Presently, the IT equipment is only compatible with federal Department of Defense systems.

Emergency Management: The Budget adds \$552,486 in general revenue to fund the updated maintenance contract for the Rhode Island State Communications Network (RISCON). In addition, the Budget adds \$219,930 in general revenue for a new contract to provide cybersecurity protections and support for the RISCON system.

COVID-19 Response	FY2023	FY2024	Change
	Enacted	Governor	
EMPG 2020- Emergency Management Preparedness Grant	\$1,693,211	\$779,360	(\$913,851)
EMPG 2021 Emergency Management Preparedness Grant	4,450,393	3,152,056	(1,298,337)
EMPG 2022 Emergency Management Preparedness Grant	-	3,611,603	3,611,603
FEMA: Supplies WKS: RIEMA	118,876	-	(118,876)
NPSG 2021 Non Profit Security Grant	273,137	273,137	-
NPSG 2022 Non Profit Security Grant	-	1,351,372	1,351,372
NSGP- 2020 Nonprofit Security Grant	323,461	192,979	(130,482)
Total	\$6,859,078	\$9,360,507	\$2,501,429

Department of Public Safety: The Governor's FY2024 Budget decreases general revenue expenditures by \$12.8 million (all funds decrease by \$11.8 million) when compared to the FY2023 Enacted Budget. The major changes include the following:

- **Trainee Trooper Salary and Reimbursement of Meals:** The Governor recommends an increase of \$341,729 in general revenue to raise the biweekly compensation for Trainee Troopers from \$1,300 to \$1,800. Additionally, the Governor recommends eliminating the requirement that Trainee Troopers must reimburse the State for the cost of meals consumed, which is expected to create a \$88,800 general revenue loss. Both initiatives are consistent with agency practices in surrounding states and will improve the State's recruitment efforts.
- **Professional Development and Wellness Programs:** The Governor recommends \$100,000 in general revenue to fund a Professional Development Program, as well as an Officer Wellness Program. The Professional Development Program will provide training to Division members in specialty fields to ensure that the members are proficient in their evolving disciplines. Division members will also be able to cross-train in other units and enhance their law enforcement experience. The Officer Wellness Program will prevent the adverse effects of trauma and stress on job performance and allow for intervention when members experience stressful events.
- **Digital Forensic Analyst:** The Governor recommends \$147,850 in general revenue for a civilian Digital Forensic Analyst position within the State Police Computer Crimes Unit's forensic lab. The position is recommended to address the current backlog of cases and will conduct forensic examinations of phones, tablets and similar electronic devices. The Governor recommends utilizing the existing FTE authority to fill this position, but provides an increase to the Department's budget accordingly.
- **Community, Diversity, and Equity Unit:** The Governor recommends \$85,000 in general revenue to support overtime costs and programmatic supplies associated with the Department's Community, Diversity, and Equity Unit. Funds will further the Unit's mission of allowing members and the community to work collaboratively toward diversity and equity in policing. The Department believes this initiative will provide the opportunity to improve community relations and recruit a more diverse candidate pool for the Class of 2024.
- **Body Worn Cameras and Vehicle Camera System:** The Governor recommends \$87,590 in general revenue to finance a shortfall between the contracted price of body worn cameras and the statewide program's per-camera cost limit, inclusive of an annual allocation of \$40,000 for training costs.

- **Drug Recognition Expert Training:** The Governor recommends \$153,000 in general revenue to finance the training program and certification of 15 additional Drug Recognition Experts (DRE). Due to the State's recent legalization of marijuana for recreational use, the Department believes an increased number of DREs will be necessary in determining if motor vehicle operators are driving impaired. The initiative will increase the Department's DREs from the current amount of 8.0, to 23.0.
- **Aquidneck Island Feasibility Study:** The Governor recommends \$100,000 in general revenue to finance and conduct a feasibility study to determine the appropriate operational presence of the State Police on Aquidneck Island.
- **Support for Survivors of Domestic Violence:** The Governor shifts \$3.5 million in State Fiscal Recovery Funds from FY2025 to FY2024, ensuring compliance with U.S. Treasury rules. The \$7.0 million total recommended expenditure for FY2024 allows for investment in the nonprofit community, to provide additional services in clinical and mental health, as well as housing, for victims of domestic violence and sexual assault. The total funding amount of \$10.5 million will remain unchanged.

Public Defender: The Governor recommends \$253,574 in general revenue to support the salary and benefits of 2.0 new FTE Assistant Public Defender IV positions. The Office indicates that it is currently experiencing a well-documented caseload crisis and require additional staff to provide legal representation to the State's indigent population. From 2016-2022, each District Court misdemeanor attorney was assigned an average of 1,070 misdemeanor cases annually, 670 cases more than the ABA-endorsed ethical caseload limit recommendation of 400. The additional attorneys are expected to provide an 18.0 percent caseload reduction in their respective unit, when compared to FY2022 assignment levels. This would reduce misdemeanor caseloads by approximately 175 cases per attorney.

Department of Environmental Management: The Governor increases general revenue funding over the FY2023 Budget as Enacted by \$2.2 million, a net decrease of \$518,524 in all funds, while providing 7.0 new FTE positions. Changes in funding include the following:

- **FTE Positions:** The Budget includes 7.0 new, federally-funded FTE positions. The addition of these positions is general revenue neutral.
- **Litter-Free Rhody:** The Governor recommends \$100,000 in general revenue for a new program to encourage community involvement in the removal of trash and litter from state parks, beaches, and management areas.
- **Recreational Safety:** An increase of \$85,000 in general revenue is included to provide water safety education at state parks and beaches. DEM will deliver the program by contracting with local organizations to provide a water safety curriculum including swimming and small watercraft operation at public facilities across the state.
- **Paint and Mattress Recycling Reforms:** Article 5 would require solicitation of competitive bids for an organization to implement and manage the paint and mattress recycling programs every five years. The article provides that should there be no respondents to the request for proposal (RFP) or if the issuing agency determines that none of the responses are sufficient to manage the program, the Rhode Island Resource Recovery Corporation (RIRRC) will serve as the implementing organization until another solicitation is required. An RFP must be issued by December, 2023, for both programs.

Transportation: The Governor's FY2024 Budget increases all fund expenditures by \$30.6 million when compared to the FY2023 Enacted Budget. The major changes include the following:

- **Transportation State Match and Toll Revenue Loss:** The Governor recommends \$157.8 million in general revenue surplus be deposited into the Rhode Island Capital Plan Fund to act as state match for federal transportation funds. Of this amount, \$70.0 million is necessary to hold the Department of Transportation harmless on expected toll revenue losses through FY2024. These funds will leverage

enacted Investment Infrastructure and Jobs Act funds for the Department through FY2025. The State is currently appealing the September 21, 2022, court ruling that determined the tolling program violated the US Constitution's Commerce Clause.

- **Motor Fuel Tax Rate Pause:** The Governor recommends \$24.6 million in general revenue surplus be deposited into the Rhode Island Capital Plan Fund to hold harmless the State's highway improvement program in FY2024 and FY2025. The general revenue deposit will allow a pause to the scheduled 3.0 cent per gallon increase to the motor fuel tax, related to the required biannual Consumer Price Index (CPI) adjustment. The initiative will allow the current 34.0 cent motor fuel tax to remain salient through the end of FY2025.
- **Fee Transfer to the Highway Maintenance Account:** The Governor recommends the allocation of remaining license fee revenue (REAL ID fees) that are currently being deposited to the general fund, be deposited to the Highway Maintenance Account. The Department of Revenue estimates that the initiative will divert approximately \$1.0 million from the General Fund to the Highway Maintenance Account, annually.

FY2023 Supplemental

Administration: The Budget includes \$512.1 million in general revenue expenditures (\$1,097.5 million all funds) for the Department in FY2023, increasing general revenue expenditures by \$241.8 million and increasing all fund expenditures by \$277.2 million.

- **RICAP Transfer Transportation State Match:** The Budget includes a one-time transfer of \$182.4 million in general revenue from the FY2022 surplus to the Rhode Island Capital Plan fund for the state match to federal transportation funds and to hold harmless the Rhode Island Department of Transportation on the expected truck toll revenue loss through FY2024, as well as to hold harmless the highway improvement program in recognition of the pause in the gas tax rate increase.
- **RICAP Transfer:** The Budget includes a one-time transfer of \$60.0 million in general revenue from the FY2022 surplus to the Rhode Island Capital Plan fund for key capital improvement projects including, Davis Career and Technical School renovations, State House HVAC and building envelope renovations, and state-run group homes.
- **Transition Costs:** The Budget removes \$350,000 in general revenue for transitions costs associated with the 2022 General Election and instead appropriates the funds within the affected general office agencies.

Department of Business Regulation: The Budget includes \$25.5 million from general revenues (\$37.4 million in all funds) for the Department of Business Regulation in the FY2023 Revised Budget.

- **Disposal of Firefighter Foam:** The Budget reappropriates \$126,124 in general revenue to DEM for the purchase of disposable firefighting foam. In FY2023 Revised, the General Assembly appropriated \$592,780 for replacement firefighter foam that did not contain perfluorinated and polyfluorinated substances. Of these funds, \$466,656 were expended. DEM's quotes for the removal of firefighter foam exceeded the appropriated budgeted amount by \$134,179.50 – the Budget shifts leftover funds that were allocated for the purchase of new firefighting foam to DEM to offset the costs of removal.

Labor and Training: The Governor recommends a one-time direct payment of \$4.4 million in general revenue to the Workers' Compensation program, to be deposited by June 30, 2023. This supplemental injection will address the decline in Workers' Compensation premiums during the COVID-19 pandemic and avoid an increase in premium rates for employers.

Secretary of State: The Budget adds \$50,000 in general revenue to support transitional operating costs associated with the 2022 General Election. These funds were originally appropriated within the Department of Administration. The Budget shifts the funding to the Secretary of State.

General Treasurer: The Budget adds \$50,000 in general revenue to support transitional operating costs associated with the 2022 General Election. These funds were originally appropriated within the Department of Administration. The Budget shifts the funding to the Office of the General Treasurer.

Executive Office of Commerce: The Governor recommends \$54.2 million in total general revenue funding in FY2023 which is \$5.0 million more than the enacted level. The Governor recommends that the additional funds be used to support a new Municipal Matching Grant Fund. The fund is proposed to assist municipalities that apply for federal Infrastructure Investment and Jobs Act (IIJA) funds, but lack enough resources to meet matching fund requirements. The Governor also recommends \$75.5 million in federal American Rescue Plan Act State Fiscal Relief Funds, which is a net \$3.7 million increase over the enacted level (not counting housing-related projects, which shift to the new Department of Housing's budget). The net increase includes a \$15.0 million reduction related to two initiatives (Biosciences and Blue Economy Investments) that were contingent on the State receiving federal awards that ultimately did not occur and \$13.3 million in additional funds for small business assistance.

Executive Office of Health and Human Services: The Budget includes \$1,121.9 million from general revenues (\$3,551.4 million all funds) for the Executive Office of Health and Human Services in the FY2023 Revised Budget. This represents a general revenue decrease of \$74.7 million (\$63.0 million all funds) when compared to the FY2023 Budget as Enacted. Governor's recommendation assumes the anticipated end of the enhanced Federal Medical Assistance Percentage (FMAP) and timeline of the Public Health Emergency (PHE) as adopted by the November Caseload Estimating Conference (CEC); consequently, the impacts of the federal Consolidated Appropriations Act (CAA) 2023, signed into law on December 29, 2022, are not included in this proposal. The Budget does, however, include the following changes:

- **UHIP PHE Unwinding:** The Budget includes \$755,339 in general revenue (\$3.4 million all funds) to support redetermination activities during the unwinding. Consistent with estimate in the November 2022 Caseload Estimating Conference (CEC), redeterminations begin in February with termination of benefits permitted beginning in April 2023.
- **Medicaid Management Information System (MMIS):** The Budget includes \$372,983 in general revenue (\$3.7 million all funds) to begin the planning and implementation of assessing the current MMIS legacy system and moving to a modern modular system as required by the Centers for Medicaid & Medicare. This project will move Rhode Island away from single-contract solutions and will be 90.0 percent funded from Medicaid dollars.
- **Opioid Crisis Response Funding:** The Budget includes restricted receipt funding to support ongoing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis. The funding includes \$148,108 in Opioid Stewardship Funds, \$10.8 million in Statewide Opioid Abatement funds, and \$510,000 in McKinsey Opioid Settlement Funds.
- **Caseload Estimating Conference (CEC):** The Budget includes a reduction of \$74.3 million in general revenue (\$17.3 million all funds) relative to the FY2023 Budget as Enacted, to reflect changes adopted by the November 2022 Caseload Estimating Conference. This includes the assumption that enhanced FMAP will end on March 31, 2023.

Department of Children, Youth, and Families: The Governor recommends \$204.4 million in general revenue funding (\$317.3 million all funds) for the Department of Children, Youth, and Families in FY2023. This represents a decrease of \$2.2 million in general revenues and an increase of \$2.8 million in all funds expenditures compared to the FY2023 Enacted Budget. This includes the following major changes:

- **Enhanced FMAP Adjustment:** The Budget includes an estimated \$2.0 million in general revenue savings due to the extension of the enhanced FMAP in FY2023. The enhanced FMAP was originally scheduled to stop after the first quarter of FY2023 but has been extended through the third quarter.

Department of Health: The Budget includes \$33.8 million from general revenues (\$396.9 million in all funds) for the Department of Health in the FY2023 Revised Budget. This represents a general revenue increase of \$1.0 million when compared to the FY2023 Budget as Enacted, and is attributable to the following changes:

- **FTE Position Authorization Increase:** The Budget increases the FTE position cap to 543.4 FTEs, increasing the Departments cap by 8.0 FTEs. These positions will be used to implement Rhode Island's PFAS law, oversee the PFAS program, and review and approve applications for infrastructure upgrades to public water systems. These positions will have no impact on general revenue as they are fully funded through federal grants. The Department continues to receive applications from Rhode Island public water systems and requires an immediate FTE cap increase to successfully carry out the program.
- **Forensic Pathology Contractors:** The Budget includes \$444,181 in general revenue to support contracted services within the Office of the State Medical Examiner. Currently, all work done within the Office is contracted out while the position of State Medical Examiner is vacant. Additional funds to the Departments baseline budget will ensure that the office functions effectively.

- **Livery Services:** The Budget includes \$152,640 in general revenue for decedent livery services. These services were contracted out; however, the vendor abruptly terminated their contract due to new ownership. Projected costs are based on livery fees paid by medical examiner offices in surrounding states and OSME actuals in recent years.
- **Opioid Crisis Response Funding:** The Budget includes a total of \$5.6 million in restricted receipts to continue supporting Rhode Island's response to the opioid crisis. Of these funds, \$1.9 million will derive from the Opioid Stewardship Funds, \$3.0 million from Statewide Opioid Abatement Funds, and \$740,000 from the McKinsey Opioid Settlement.
- **Covid-19 Response:** The Budget includes \$147.5 million in federal funds to continue supporting COVID response and recovery activities.

Department of Human Services: The Budget includes \$151.7 million from general revenues (\$942.3 million in all funds) for the Department of Human Services in the FY2023 Revised Budget. This represents a general revenue decrease of \$628,238 when compared to the FY2023 Budget as Enacted, and is attributable to the following changes:

- **Caseload Estimating Conference (CEC):** The Budget includes a decrease of \$68,260 in general revenue to align with estimates from the November 2022 caseload estimating conference. Due to the extension of the PHE, the FY2023 Revised Budget assumes that the enhanced FMAP will be available until March 31st, 2023.

Analyst Note: The Budget corresponds with the November 2022 CEC estimates; including assumptions about the end of enhanced Federal Medical Assistance Percentage (FMAP) and expected PHE unwinding activities. The Budget does not reflect the impacts of the 2023 Consolidated Appropriations Act (CAA), which was signed into law on December 29, 2023. The Governor expects to submit an amendment to accommodate the CAA.

- **FCC Contract Update:** The Budget includes a \$3.9 million in federal funds to accommodate the updated State contract with family child care providers (FCCPs). The duration of the new contract will be from January 1, 2022, through June 30, 2025. It includes a 30.0 percent retroactive increase to childcare rates issued January 1, 2022, and a 2.5 percent increase beginning January 1, 2023.
- **UHIP and PHE Unwinding:** The Budget includes an increase of \$5.0 in general revenue, and \$8.6 million in all funds to support redetermination activities during the unwinding stage of the PHE.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals: The Governor recommends \$280.1 million in general revenue funding (\$587.2 million all funds) for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals in FY2023. This is a decrease of \$22.0 million in general revenues and \$9.8 million all funds as compared to the FY2023 Budget as Enacted. The following major changes are reflected:

- **Caseload Estimating Conference:** The Budget includes a decrease of \$13.8 million in general revenues, \$8.5 million all funds, to reflect the caseload adopted at the November 2022 Caseload Estimating Conference. The majority of this decrease represents the extension of the enhanced Medicaid match from one to three quarters in FY2023.
- **DD Reappropriations:** The Budget includes an increase of \$1.7 million in general revenue, including \$367,893 for technology acquisition for DD clients and \$803,178 for additional state infrastructure. This increase is due to the automatic reappropriation of unspent FY2022 funds to the ensuing fiscal year for the same purpose, pursuant to the Developmental Disability Consent Decree.
- **Hospital Billing and FMAP Adjustment:** The Budget recommends a decrease of \$14.9 million in general revenue to reflect adjusted Medicaid billing assumptions due to the removal of the IMD designation of Eleanor Slater (ESH) and updated patient counts related to the new Rhode Island State Psychiatric

Hospital. This decrease also accounts for the change in the enhanced FMAP, which has been extended from one to three quarters of FY2023.

- **ESH and Zambarano Billing (restricted receipts):** The Budget includes a shift of \$2.2 million from general revenue to restricted receipts following the resumption of revenue collection at ESH and Zambarano Hospitals for Medicare part D and non-Medicaid reimbursements.
- **RICLAS FMAP:** The Budget includes a decrease of \$2.3 million in general revenues to reflect the extension of the enhanced FMAP from one to three quarters in FY2023.
- **Opioid Crisis Response Funding (restricted receipts):** The Budget includes restricted receipts in the amount of \$3.1 million in Opioid Stewardship Funds, \$6.8 million in Statewide Opioid Abatement Funds, and \$250,000 in McKinsey Opioid Settlement Funds for the continuation of new and existing initiatives related to the opioid and substance abuse crisis in Rhode Island. Of the \$3.1 million in Opioid Stewardship Funds, \$500,000 is distributed equally to the seven Regional Substance Abuse Task Forces to fund priorities determined by each Task Force.

Commission on Disabilities: The Budget includes \$86,765 in general revenue reflecting the reappropriation of unspent funds from FY2022 to fund the Livable Home Modification Grant Program. The FY2022 Budget as Enacted included language to allow unexpended or unencumbered balances to be reappropriated to FY2023.

	FY2023 Enacted	FY2023 Governor	Change
COVID-19 Response			
EMPG 2020- Emergency Management Preparedness Grant	\$1,693,211	\$779,360	(\$913,851)
EMPG 2021 Emergency Management Preparedness Grant	4,450,393	3,123,746	(1,326,647)
EMPG 2022 Emergency Management Preparedness Grant	-	3,639,572	3,639,572
FEMA: Supplies WKS: RIEMA	118,876	1,496,443	1,377,567
NPSG 2021 Non Profit Security Grant	273,137	273,137	-
NPSG 2022 Non Profit Security Grant	-	1,351,372	1,351,372
NSGP- 2020 Nonprofit Security Grant	323,461	192,979	(130,482)
Total	\$6,859,078	\$10,856,609	\$3,997,531

Attorney General: In accordance with RIGL 35-3-15, the Governor authorized a reappropriation of unexpended funds appropriated to the Office of the Attorney General in FY2022, totaling \$222,887. These funds are to be used to support the ongoing information technology hardware refresh project.

The Governor recommends a \$10,332 increase to the Attorney General's salary, beginning January 3, 2023. Pursuant to RIGL 36-6-1 and 36-6-2, the Attorney General's salary is adjusted at the beginning of each

Corrections:

- **Reappropriation:** In accordance with RIGL 35-3-15, the Governor authorized a reappropriation of unexpended funds, appropriated to the Department of Corrections in FY2022, totaling \$833,181. These funds are to be used for delayed payment of contract invoices and for the planning and creation of the Behavioral Management Unit.
- **FY2023 Operating Deficit Resolution and Expenditure Rebasings:** The Governor recommends \$13.3 million in general revenue to resolve the Department's significantly unfavorable general revenue deficit. The deficit, totaling \$14.9 million, was primarily the result of unachievable savings related to the delayed closure of 13 housing modules due to COVID-19 safety protocols. Additionally, the Department experienced increases to unbudgeted overtime expenses, contracted nursing and health services, pharmaceuticals, building maintenance, and food costs, amongst other operating expenses.

- **Housing Module Closures:** The Department plans to undertake the consolidation of 13 housing modules in FY2024. While the Governor recommends restoring the majority of the FY2023 reduction, the expectation is that the module closure process will commence during the fourth quarter of FY2023 and will yield \$750,000 in general revenue savings.
- **Additional Correctional Officer Training Academy Class:** The Governor recommends a net increase of \$669,833 in general revenue to fund an additional class in FY2023, addressing the significant vacancies that exist within the classification of Correctional Officer.
- **Opioid Crisis Response Funding:** The Governor recommends \$2.9 million of restricted receipt Opioid Stewardship Funds for the continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis.
- **Rhode Island Brotherhood of Correctional Officers (RIBCO) Contract Reserve:** The Governor recommends \$35.0 million in general revenue to reserve sufficient resources for the purpose of meeting the estimated costs associated with the pending, but currently unfinalized, collective bargaining agreement with RIBCO.

Public Safety: In accordance with RIGL 35-3-15, the Governor authorized a reappropriation of unexpended funds appropriated to the Department of Public Safety in FY2022, totaling \$942,886. These funds are to be used for unbilled computer services in FY2022, as well as information technology equipment, radio equipment, and rain gear, that were delayed due to chip shortages and supply chain issues.

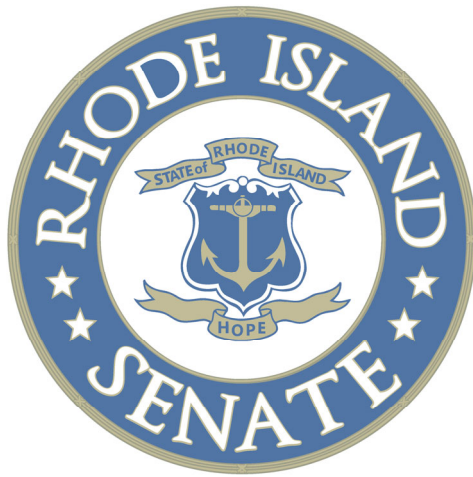
The Governor recommends re-purposing \$1.8 million of FY2023 agency surplus to purchase State Police Vehicles outright. This initiative would allow for the replacement of high mileage and out of service vehicles and remit the Department from utilizing the State Fleet Revolving Loan Fund for vehicle acquisitions in FY2023.

Department of Environmental Management:

- **Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF):** The Budget includes the transfer of \$28.5 million in general revenue to the Rhode Island Infrastructure Bank to provide the state match for the CWSRF and DWSRF through FY2028.
- **Firefighting Foam Disposal:** The Governor recommend the transfer of \$126,124 in unspent general revenue from the Department of Business Regulation and the reappropriation of \$142,395 in general revenue to fund the disposal of the remaining firefighting foam with PFAS currently known to be held by fire departments in the State.

Transportation: The Governor recommends an increase of \$8.0 million in gas tax proceeds for the purchase of the maintenance and garage facility on Allens Avenue in Providence. The facility, which is currently being leased, allows the Department to store large maintenance equipment.

The Governor recommends an increase of \$3.8 million in gas tax proceeds for the replacement of equipment and fleet vehicles used for maintenance of the State's highways and bridges.



DEPARTMENTAL SUMMARIES

Department of Administration

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Accounts and Control	\$14.4	\$12.8	\$14.2	\$1.4	10.9%	\$19.8	\$7.0	54.4%
Office of Management and Budget	8.4	10.0	10.2	0.2	2.2%	11.1	1.1	10.8%
Capital Asset Management and Maintenance	16.4	9.8	11.3	1.5	15.3%	12.2	2.4	24.5%
Central Management	272.1	286.4	274.3	(12.1)	-4.2%	141.0	(145.4)	-50.8%
Debt Service Payments	181.8	194.6	192.0	(2.6)	-1.3%	218.1	23.5	12.1%
Energy Resources	10.8	20.8	37.7	16.9	81.3%	43.7	22.9	110.1%
General	655.2	162.4	426.0	263.6	162.3%	239.6	77.2	47.5%
Human Resources	0.5	0.8	0.8	0.0	4.1%	0.9	0.2	24.1%
Information Technology	4.3	55.3	64.4	9.1	16.5%	34.6	(20.7)	-37.5%
Legal Services	2.2	2.4	2.3	(0.1)	-3.5%	2.4	0.0	1.7%
Library and Information Services	4.6	3.9	4.1	0.2	5.4%	3.5	(0.4)	-10.8%
Personnel Appeal Board	0.1	0.1	0.1	(0.0)	-21.7%	0.1	-	0.0%
Planning	4.4	6.6	6.1	(0.5)	-7.6%	6.6	-	0.0%
Purchasing	4.5	4.8	4.4	(0.4)	-8.3%	4.9	0.1	2.5%
Rhode Island Health Benefits Exchange (HealthSource RI)	23.4	32.7	33.0	0.3	0.9%	30.6	(2.1)	-6.4%
Statewide Personnel and Operations	-	15.3	15.0	(0.3)	-	-	(15.3)	-
Division of Equity, Diversity, and Inclusion	1.1	1.6	1.5	(0.1)	-6.3%	2.0	0.4	25.0%
Total	\$1,204.2	\$820.3	\$1,097.5	\$277.2	33.8%	\$771.0	(\$49.2)	-6.0%
Expenditures By Source								
General Revenue	\$823.6	\$270.3	\$512.1	\$241.8	89.5%	\$307.0	\$36.7	13.6%
Federal Funds	286.9	342.0	337.6	(4.4)	-1.3%	236.8	(105.2)	-30.8%
Restricted Receipts	32.2	88.0	113.6	25.6	29.1%	48.6	(39.4)	-44.8%
Other Funds	61.5	120.0	134.2	14.2	11.8%	178.6	58.6	48.8%
Total	\$1,204.2	\$820.3	\$1,097.5	\$277.2	33.8%	\$771.0	(\$49.3)	-6.0%
Authorized FTE Levels	650.7	662.7	662.7	-	-	674.7	12.0	1.8%

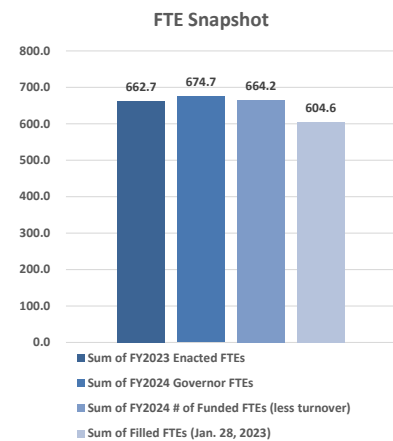
\$ in millions. Totals may vary due to rounding.

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

MAJOR ISSUES AND TRENDS

The FY2023 Revised Budget includes an all funds appropriation of \$1,097.5 million in FY2023, reflecting a net increase of \$277.2 million from the FY2023 Budget as Enacted. General revenues total \$512.1 million and comprise 46.7 percent of the Department's total appropriation. There is a net general revenue increase of \$241.8 million from the previous fiscal year.

The Budget includes a one-time transfer of \$257.4 million in general revenue to the Rhode Island Capital Plan (RICAP) fund in FY2023, reflecting an increase of \$242.4 million over the \$15.0 million appropriated in the FY2023 Budget as Enacted. The Budget requires \$60.0 million of the transfer in general revenue from the FY2022 surplus to the Rhode Island Capital Plan fund be used for key capital improvement projects including: Davis Career and Technical School renovations, State House HVAC and building envelope renovations, and state-run group homes.



The FY2024 Budget includes an all funds appropriation of \$771.0 million, reflecting a net decrease of \$49.3 million from the FY2023 Budget as Enacted. General revenues total \$307.0 million and comprise 39.8 percent of the Department's total appropriation. General revenues increase by \$36.7 million from the previous fiscal year. This includes \$27.0 million to capitalize a new Large Systems Initiatives Fund for the purpose of implementing and maintaining enterprise-wide software projects; the addition of \$28.8 million for debt services; and, the reduction of \$15.0 million in general revenue for a one-time contingency reserve, to be used in the event that the federal FEMA pandemic reimbursements differ from the State's estimation and assumptions. The intent of the reserve fund was to absorb potential discrepancies between state claims and what FEMA ultimately reimburses.

The Budget adds 12.0 FTE positions to the Department, including 2.0 FTE positions in the Office of Management and Budget, 2.0 FTE positions in Central Management, 2.0 FTE positions in Planning, 2.0 FTE positions in Purchasing, 2.0 FTE positions in Human Resources, 1.0 FTE position in the Division of Equity, Diversity, and Inclusion, and 1.0 FTE in HealthSource Rhode Island. 9.0 new FTE positions will be funded by general revenue, 1.0 FTE positions by restricted receipts, and 2.0 FTE positions from internal service funds.

ACCOUNTS AND CONTROL

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

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

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

Accounts and Control	General Revenue
FY2023 Enacted	\$5,211,103
<i>Target and Other Adjustments</i>	<i>78,600</i>
Centralized Services	(446,550)
Personnel Adjustments	305,489
Contract Services	167,000
FY2024 Governor	\$5,315,642

Accounts and Control	Other Fund Changes
ARPA SFRF CPF: Pandemic Recovery Office (federal funds)	6,448,531
Pandemic Recovery and Grants Management (restricted receipts)	324,000

Centralized Services **(\$446,550)**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These

expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$998,514 for centralized information technology expenses, which is decreased by \$446,550 to \$551,964 in the FY2024 proposed budget. There is a corresponding increase of \$71,547 in restricted receipts.

Personnel Adjustments

\$305,489

The Budget increases general revenue by \$305,489 reflecting changes to various salary and personnel benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment and related rate increases pertaining to employee benefits, includes less anticipated turnover as compared to the FY2023 Budget as Enacted.

Salary Adjustments	FY2023 Enacted	FY2024 Governor	Change
Regular Wages	\$2,511,364	\$2,663,876	\$152,512
Overtime (1.5)	-	-	-
Longevity Pay	81,314	65,400	(15,914)
Stipend Payments	22,500	-	(22,500)
Turnover	(123,000)	(52,704)	70,296
Subtotal	\$2,492,178	\$2,676,572	\$184,394
Benefit Adjustments	FY2023 Enacted	FY2024 Governor	Change
Assessed Fringe Benefits	\$98,439	\$105,723	\$7,284
Defined Contribution Plan	25,198	25,192	(6)
Dental Insurance	20,154	18,836	(1,318)
Employees' Retirement	698,057	775,402	77,345
FICA: Medicare	36,134	38,812	2,678
FICA: Social Security	176,459	164,565	(11,894)
Medical Insurance	384,919	408,070	23,151
Medical Insurance Waiver Bonus	3,003	2,002	(1,001)
Payroll Accrual	-	15,531	15,531
Reimb: Additions To Net Pay	-	-	-
Retiree Health Insurance	111,650	120,978	9,328
Vision Insurance	3,060	3,057	(3)
Subtotal	\$1,557,073	\$1,678,168	\$121,095
Total	\$4,049,251	\$4,354,740	\$305,489

Contract Services

\$167,000

The Budget adds \$167,000 in general revenue for contract services to perform such items as OSP/RIFANs testing, federal stimulus award reconciliations, and reporting to U.S. Treasury, and fiscal close reconciliations of interfund accounts and other technical accounting issues.

ARPA CPF COVID-19 Response (federal funds)

\$6.4 million

The Budget includes \$11.7 million in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2024 to finance the administration and operations of the Pandemic Recovery Office (PRO). This includes increases of \$4.3 million for miscellaneous operating expenses and \$5.6 million dedicated to administrative costs per the Capital Projects Fund (CPF) grant from the U. S. Treasury.

The PRO assigned personnel and administrative costs from this amount to the correct natural accounts and the remaining \$4.3 million is appropriated as “miscellaneous” since none of the CPF programs have been approved yet. Once the U. S. Treasury approves the programs, the PRO will reallocate these administrative funds for these programs.

Lastly, the Budget includes a \$1.8 million increase for additional contract financial support over two years to continue data analysis, reporting and monitoring efforts. Furthermore, the recommendation consolidates

the entire appropriation schedule in FY2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules.

Grants Management Systems Administration (restricted receipts)

\$324,000

The Budget includes \$2.0 million in restricted receipts for contract services in the Grants Management System Administration line, reflecting an increase of \$324,000. This funding increase is to complete the Grant Management System and interface with Enterprise Resource Planning (ERP).

Analyst Note: The Enterprise Resource Planning System (ERP), is the new finance system for human resources, payroll, grants management, and financial data systems. Financing to implement the new system is done through the State's Information Technology Investment Fund (ITIF).

OFFICE OF MANAGEMENT AND BUDGET

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

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

Office of Management and Budget	General Revenue
FY2023 Enacted	\$8,354,324
<i>Target and Other Adjustments</i>	<i>249,997</i>
Turnover	378,631
Personnel	303,047
Operating Adjustments	69,038
Centralized Services	65,990
Contract Services	10,500
FY2024 Governor	\$9,431,527

Turnover

\$378,631

The Budget includes \$45,000 for turnover, a decrease of \$378,631 in general revenue from the \$423,631 included in the FY2023 Budget as Enacted.

Personnel Adjustments

\$303,047

The Budget adds \$303,047 in general revenue and 2.0 new FTE positions to the Office of Management and Budget (OMB), to enhance the Performance Management Unit. This includes \$257,920 in general revenue for salary and benefit costs for a new 1.0 Principal Economic and Policy Analyst and a new 1.0 Senior Economic and Policy Analyst.

In addition, the Budget maintains a 1.0 Chief Data Analyst position and removes a 1.0 Chief Strategic Planning, Monitoring, and Evaluation position, effectuating a net difference of \$45,127 in general revenue. Together the net change in personnel costs is \$303,047.

Management and Budget - New Positions	Salary	Benefits	Total
Principal Economic and Policy Analyst	\$99,761	\$62,133	\$161,894
Senior Economic and Policy Analyst	58,243	37,783	96,026
Total Additions	\$158,004	\$99,916	\$257,920
Chief Data Analyst	\$136,298	\$78,818	\$215,116
Chief Strategic Planning, Monitoring, and Evaluation	(105,319)	(64,670)	(169,989)
Net Adjustments	\$30,979	\$14,148	\$45,127
Total	\$188,983	\$114,064	\$303,047

Operating Adjustments

\$69,038

The Budget increases general revenue by \$69,038 for operating adjustments within the Office of Management and Budget program, mainly for subscription service that provides unlimited training to staff as well as research for audits regarding industry trends and baseline comparisons for operating performance. The increase also includes \$34,002 for additional staff training resources. These increases are offset by a decrease of \$28,331 in software maintenance agreements.

Operating Adjustments	FY2023 Enacted	FY2024 Governor	Change
Subscriptions	\$2,250	\$40,250	\$38,000
Staff Training	26,062	60,064	34,002
Software Maintenance Agreements	526,993	498,662	(28,331)
All Other Operating Adjustments	107,768	133,135	25,367
Total	\$663,073	\$732,111	\$69,038

Centralized Services

\$65,990

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$355,732 for this expense, which is increased by \$65,990 to \$421,722 in the FY2024 Budget.

Contract Services

\$10,500

The Budget adds \$10,500 in general revenue as compared to the FY2023 Budget as Enacted. The increase is attributable to the Economists contract for Revenue Estimating Conference. This increase aligns with the FY2022 actual expense of \$59,919.

CAPITAL ASSET MANAGEMENT AND MAINTENANCE

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

- Planning, Design, and Construction (PDC) manages new construction and rehabilitation projects.
- Facilities Management and Maintenance (OFMM) maintains State facilities.

- Risk Management
- State Fleet Operations administers the purchase, repair, and disposal of state vehicles and operates 15 state fuel depots.

Capital Asset Management and Maintenance	General Revenue
FY2023 Enacted	\$9,810,315
<i>Target and Other Adjustments</i>	<i>196,818</i>
Centralized Services	2,154,828
FY2024 Governor	\$12,161,961

Centralized Service Charges **\$2.2 million**

The Budget adds \$2.2 million in general revenue expenditures for Facilities Management and Information Technology projected costs in FY2023. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

The FY2024 includes \$9.9 million in general revenue, an increase of \$2.2 million from the FY2023 Budget as Enacted from funds assessed to all State agencies for Facilities Management & Maintenance to handle the day to day operations at all State facilities where DCAMM has direct oversight including handling minor repairs (under \$2.5 million), setting up and overseeing facility/campus security, ensuring appropriate ADA access at all facilities, responding to facility emergencies, managing traffic flows and wayfinding systems, maintaining an efficient and effective communication system with all building/facility/campus tenants, grounds keeping/landscaping, utilities management, snow removal, care/maintenance of artwork and historic artifacts. The FY2023 Budget as Enacted appropriated \$7.7 million for these expenses, which is increased by \$2.2 million to \$9.9 million in the FY2024 Budget.

CENTRAL MANAGEMENT

Central Management is comprised of three major functions: the Director's Office, the Central Business Office, and the Judicial Nominating Commission.

- The Director's Office provides for the overall operation of the department and assists all Executive branch agencies.
- The Central Business Office provides financial management assistance to the program areas within the Department of Administration and the Department of Revenue to ensure maximum use of state and federal resources.
- The Judicial Nominating Commission recommends candidates to the Governor to fill vacancies in the Rhode Island Judiciary. The Commission is required by statute to advertise for each judicial vacancy and to actively seek and encourage applications from qualified individuals.

Central Management	General Revenue
FY2023 Enacted	\$4,896,389
<i>Target and Other Adjustments</i>	<i>215,616</i>
Workforce Compensation and Classification Study	(2,000,000)
New FTE Positions	307,147
Federal Lobbying Services	180,000
FY2024 Governor	\$3,599,152

Central Management	Other Fund Changes
ARPA SFRF: Health Care Facilities (federal funds)	(\$77,500,000)
ARPA SFRF: COVID-19 Ongoing Response (federal funds)	(\$73,000,000)
ARPA SFRF: Municipal Roads Grant Program (federal funds)	20,000,000
ARPA SFRF: Nonprofit Assistance Food Security (federal funds)	(20,000,000)
ARPA SFRF: Woonsocket Public Safety Facility (federal funds)	7,000,000
ARPA SFRF: Public Health Response Warehouse Support (federal funds)	(600,000)

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

The Budget decreases \$2.0 million in general revenue as compared to the FY2023 Budget as Enacted, reflecting reduced contracted management consultant funding to fund a workforce, efficiency, classification, and compensation study. Funds for the study are not required in FY2024.

Analyst Note: The Department is planning to reissue the RFP since the initial RFP failed due to lack of response. The goal is to begin the study as soon as a vendor can be chosen. Instead of removing funding for this initiative from the FY2023 Budget, the Governor added reappropriation language to the FY2023 Revised Budget requiring that all unexpended or unencumbered balances, at the end of the fiscal year, regarding the \$2.0 million in general revenue to support the State Workforce Compensation and Classification Study, shall be reappropriated to FY2024 and made available for the same purposes.

New FTE Positions **\$307,147**

The Budget includes \$307,147 in general revenue for salary and benefit costs for a new 1.0 Senior Economic and Policy Analyst and a new 1.0 Assistant Director Financial and Contract Management position.

- **Senior Economic and Policy Analyst:** The Budget adds \$138,297 for salary and benefits for a new position within Central Management. According to the Department, the Senior Economic and Policy Analyst will focus specifically on state and federal legislation, working with stakeholders to identify needed changes to policies and liaising with the Congressional Delegation, General Assembly, and the Governor's Office, to provide critical feedback on proposed legislation. The Analyst will fill a key communications function across governmental bodies on all issues relating to legislation and policy that will help ensure departmental alignment and responsiveness.
- **Assistant Director Financial and Contract Management:** The Budget adds \$168,850 for salary and benefits for a new position that will be responsible for coordination between Purchasing, accounts payable, and the requisitioning staff, and will help lead Enterprise Resource Planning (ERP) efforts for Central Management. The Department plans to maintain the position after ERP implementation, as a Deputy position, leading operations efforts.

Central Management - New Positions	Salary	Benefits	Total
Senior Economic and Policy Analyst	\$83,562	\$54,735	\$138,297
Assistant Director, Financial and Contract Management	105,461	63,389	168,850
Total	\$189,023	\$118,124	\$307,147

Federal Lobbying Services**\$180,000**

The Budget adds \$180,000 in general revenue for a federal lobbying services contract. The Department of Administration (DOA), requests proposals from qualified firms or lobbyists to provide contracted lobbying and advisory services to represent the State before Federal policymakers. The selected vendor will work with the Department, the Governor's Office, and other agencies, to advocate for State government interests to Federal agencies and the Congressional delegation, as well as to provide State policymakers with updates on Federal funding opportunities, legislation, regulatory requirements and other relevant information. The proposed FY2023 revised budget includes \$90,000 in general revenue to begin the lobbying service in the current fiscal year.

Analyst Note: The RFP process started in February 2023, after the FY2024 budget submission and second quarter reporting. There is currently an RFP review committee in place and review/scoring of the submitted bids, although there is no specific timetable in place for selecting a firm and any proposed contract details are not yet available. According to the Department, if the funding is not approved, the Department will find a way to absorb the cost within its existing budget, which could negatively impact other services.

ARPA SFRF: Health Care Facilities (federal funds)**(\$77.5 million)**

The Budget does not include further federal funding from the American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for Health Care Facilities. This results in a reduction of \$77.5 million in federal funds as compared to the previous fiscal year budget.

The FY2023 Budget as Enacted included \$77.5 million to address ongoing staffing needs of hospitals, nursing facilities and community health centers related to the COVID-19 public health emergency. This included:

- \$45.0 million was allocated to hospitals, or systems, if hospitals are members of one; to include a base payment equivalent to \$1.0 million per hospital with the remainder based on a hospital's pro rata share of operating expenses from the 2021 cost reports.
- \$30.0 million for distribution to nursing facilities, which is based on the number of Medicaid beds-a-days from the 2020 facility cost reports, provided at least 80 percent is dedicated to direct care workers. The State started distributing each nursing facility's share of the \$30.0 million on December 23, 2022. To date, 70 (out of 75) nursing facilities have received in whole, or in part, their share of the \$30.0 million. As of February 20, 2023, the total amount distributed is \$40.5 million. The Department anticipates the appropriation to be fully distributed by the end of the fiscal year.
- \$2.5 million was paid to the Rhode Island Health Center Association on December 29, 2022, and distributed to the eight eligible community health centers on that date to support direct care staffing needs.

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

The Budget does not include further federal funding from the American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for COVID-19 Ongoing Response activities. This results in a reduction of \$73.0 million in federal funds, as compared to the previous fiscal year budget.

The FY2023 Budget as Enacted included \$73.0 million in federal ARPA SFRF to continue COVID-19 mitigation activities and to address public health impacts, such as Covid-19 testing, vaccine campaign, case investigation, contact tracing efforts; and, for public health emergency response supports such as data and reporting; and communications.

Analyst Note: As of February 20, 2023, there have been no expenditures. The \$73.0 million is COVID contingency money that was set aside for deployment for testing, etc., if there was a COVID surge between November and April. The State has not experienced such a surge yet, so no expenditures have been made from this appropriation. Article 1 of the FY2023 Budget as Enacted includes reappropriation language that requires that all unexpended or unencumbered balances relating to the State Fiscal Recovery Fund and Capital Projects Fund be reappropriated to FY2025 and made available for the same purposes.

ARPA SFRF: Municipal Roads Grant Program (federal funds)

\$20.0 million

The Budget includes \$20.0 million from the federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds- Capital Projects Fund for an operating transfer to the Rhode Island Infrastructure Bank (RIIB) to provide additional funds for a new Municipal Roads Grant Program to be administered by RIIB and made available to municipalities to complete road, sidewalk, and bridge projects.

RIIB currently administers the Municipal Road and Bridge Revolving Fund that was established to provide local governments access to capital for road and bridge projects at a lower borrowing cost than the open bond market. The FY2014 Budget as Enacted included \$7.0 million from bond premium proceeds derived from the sale of 2013 general obligation bonds, to establish and capitalize the Municipal Road and Bridge Revolving Fund. The FY2024 Capital Budget for RIIB includes \$20.0 million in revenue bonds, \$12.0 million in revolved capitalization grants, and \$59.3 million from bond premiums to finance the Municipal Road and Bridge Revolving Fund from FY2023 through FY2028.

Analyst Note: The Senate Fiscal Office requested additional information describing and detailing the operation of the Municipal Roads Grant program; however, as of this writing it has not been received. The Governor's Budget Amendment 6 of March 8, 2023, shifts \$20.0 million in federal funds in Central Management and the Municipal Roads Grant Program appropriation from the Department of Administration to the Department of Transportation. RIDOT will manage the program instead of RIIB. The amendment includes language that allows any funding not obligated to municipal projects by June 30, 2024, to be used by RIDOT for statewide paving projects. This is a net \$0 change to the FY2024 Budget.

ARPA SFRF: Nonprofit Assistance (federal funds)

(\$20.0 million)

The Budget does not include further federal funding from the American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for Nonprofit Assistance. This results in a reduction of \$20.0 million in federal funds as compared to the previous fiscal year budget.

The FY2023 Budget as Enacted included \$20.0 million in federal SFRF to the Rhode Island Foundation, which in turn distributed the funds to nonprofit organizations (community based organizations or CBOs) that responded to communities and met needs exacerbated by the COVID-19 pandemic, to reduce housing and food insecurity, treated behavioral health issues, and met other basic needs of Rhode Island residents, especially to minority communities.

Analyst Note: As of March 8, 2023, \$19.9 million of the ARPA SFRF funds have been disbursed to 111 nonprofit entities assisting with food insecurity issues, housing or homelessness issues, behavioral health issues, or a combination of the three issues. There is a balance of \$31,000.

ARPA SFRF: Woonsocket Public Safety Facility (federal funds)

\$7.0 million

The Budget includes \$7.0 million in federal funding from the American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for a new initiative, to build a public safety facility for the City of Woonsocket, that consolidates fire, police, and emergency management services into one centrally located 86,000 sq. ft. two-story structure.

The City of Woonsocket requested State assistance in funding the proposed \$35.0 million state-of-the-art public safety facility to replace multiple dilapidated fire and police stations. The City decided that it was more efficient to construct a new public safety facility rather than continue to apply short term fixes to keep the structures in operation.

The new facility will house police and fire headquarters, emergency management, HAZMAT regional equipment storage, emergency dispatch, a municipal court, and a community meeting room; all to be accessibly compliant with the federal Americans with Disabilities Act requirements and IT accessible. The City estimates the project to cost \$35.0 million, with \$17.0 million derived from the City's ARPA funds, \$7.0 million from the State ARPA SFRF funds, and \$11.0 million in unidentified other funds.

Analyst Note: This new ARPA SFRF funding initiative did not follow the process employed in the previous fiscal year to identify the proposed ARPA SFRF project and to provide performance metrics. According to the Department, the City has project plans which can be modified according to available funding, and the project would be completed by the spring/summer of 2025 which is well within ARPA expenditure requirements.

ARPA SFRF: Public Health Response Warehouse Support (federal funds) (\$600,000)

The Budget includes \$1.4 million in federal funding from the American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. This reflects a reduction of \$600,000 from the FY2023 Budget as Enacted. The State is leasing two warehouses as this is an allowable expense under the public health emergency.

DEBT SERVICE

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

Debt Service Payments	General Revenue
FY2023 Enacted	\$153,991,095
<i>Target and Other Adjustments</i>	-
General Obligation Bond Changes	18,899,987
Other Debt Service Changes	13,745,990
Certificates of Participation (COPs)	(3,815,300)
FY2024 Governor	\$182,821,772

Debt Services Payments	Other Fund Changes
General Obligation Bond Changes (other funds)	(\$5,262,422)

General Obligation Bond Changes \$18.9 million

The Budget includes \$99.6 million in general revenue to fund the costs of the State's general obligation debt service in FY2024, \$18.9 million more than the FY2023 Budget as Enacted.

General Obligation Bonds	FY2023 Enacted	FY2024 Governor	Change
DOA - Affordable Housing GO Bonds	\$6,698,592	\$13,350,880	\$6,652,288
RI School Buildings	8,799,870	14,762,195	5,962,325
DHS - Debt Service	4,124,195	7,322,250	3,198,055
Transportation Debt Service	2,154,760	4,681,633	2,526,873
G.O. Bond New Bond Issue Projected Costs	5,270,000	3,891,875	(1,378,125)
All Other G.O. Bond Adjustments under \$1.0 million	53,634,252	55,572,823	1,938,571
Total	\$80,681,669	\$99,581,656	\$18,899,987

DOA – Affordable Housing GO Bonds: The FY2024 Budget includes \$13.4 million in general revenue debt service for the affordable housing bonds. This is an increase of \$6.7 million from the FY2023 Budget as Enacted. In March 2021, voters approved \$65.0 million in general obligation bonds (Public Law 2020, Chapter 80) to continue financing investments in affordable housing with issued bonds approved under Public Law 2016, Chapter 142.

The Capital Budget includes issuances of \$40.0 million in FY2023, \$10.5 million in FY2024, \$12.0 million in FY2025 and \$4.0 million in FY2026. The new resources will build upon \$14.0 million in proceeds from the 2016 authorization of general obligation bonds to be spent over FY2023 to FY2024. This is in addition to the \$26.1 million of issued proceeds that has been spent prior to FY2023, authorized in 2016. These investments support affordable housing opportunity programs through the redevelopment of existing structures and new construction.

RI School Buildings: The FY2024 Budget includes \$14.8 million in general revenue debt service for the Rhode Island School Construction bond program. This is an increase of \$6.0 million in general revenue for debt service payments as compared to the FY2023 Budget as Enacted.

The Capital Budget includes \$378.3 million general obligation bond proceeds authorized by voters in November 2018 and November 2022 for the construction, renovation, and rehabilitation of the State's public schools. The bond proceeds fund the foundational school housing aid program and the School Building Authority Capital Fund. Funds from other sources, including local sources, will combine to fund \$1.0 billion in school construction and renovation projects. The Budget includes spending of \$115.8 million in FY2023 - FY2024 in issued general obligation bond proceeds, and \$262.5 million from FY2024 - FY2028 in unissued general obligation bond proceeds.

DHS – Debt Service: The FY2024 Budget includes \$7.3 million in general revenue debt service for the Department of Human Services (DHS). This is an increase of \$3.2 million in general revenue for debt service payments as compared to the FY2023 Budget as Enacted. The DHS debt service is primarily made up of three projects; The Veterans Home in Bristol, Early Childhood Education Capital Fund, and Human Service Day Activity Programs Debt. The increase reflects increased principal payments of \$3.1 million and \$100,687 in interest payments.

DHS - Debt Service	FY2023	FY2024	Total
Principal	\$2,338,709	\$5,436,077	\$3,097,367
Interest	1,785,486	1,886,173	100,687
Total	\$4,124,195	\$7,322,250	\$3,198,054

Transportation – Debt Service: The FY2024 Budget includes \$4.7 million in general revenue debt service for Transportation debt, reflecting an increase of \$2.5 million in general revenue for debt service payments as compared to the FY2023 Budget as Enacted.

In addition, there is a decrease of \$5.3 million in operating transfers from other funds for Transportation – Debt Service. This reflects a decrease in gas tax transfers for debt service.

Other Debt Service Changes

\$13.7 million

The Budget includes \$63.1 million in general revenue for debt service expenses on five items, reflecting an increase of \$13.7 million from various adjustments from the FY2023 Budget as Enacted. The significant adjustment is the \$13.4 million increase debt service payment for the Central Falls School Project and \$1.2 million increase for the I-195 Land Acquisition cost.

Other Debt Service	FY2023 Enacted	FY2024 Governor	Change
Central Falls School Project	\$0	\$13,355,000	\$13,355,000
Convention Center Authority	24,685,612	24,504,679	(180,933)
EDC - Fidelity Job Rent Credits	954,053	954,054	1
Clifford Street (Garrahy) Garage	1,852,876	1,298,298	(554,578)
Historic Structures Tax Credit	19,406,422	19,413,210	6,788
I-195 Land Acquisition	2,442,413	3,562,125	1,119,712
Total	\$49,341,376	\$63,087,366	\$13,745,990

Central Falls School Project: The Budget adds \$13.4 million in general revenue in FY2024 for anticipated debt service for the City of Central Falls school project, based on the assumption that the enacted resolution, 2021 Local Act 107 (2021-S-0951aa), authorized up to \$144.0 million in state-backed appropriation financing, to support the Central Falls Schools Project construction.

Analyst Note: As part of the Central Falls Schools Project, 2021 Local Act 107 (2021-S-0951aa) also authorized the City of Central Falls to issue general obligation bonds or notes or other forms of indebtedness of up to \$5.8 million, for the purpose financing the construction, renovation, improvement, alteration, repair, furnishing and equipping of schools and school facilities in the city.

Clifford Street (Garrahy) Garage: The Budget includes \$1.3 million in general revenue for debt service for the Clifford Street (Garrahy) Parking Garage. This is a decrease of \$554,578 from the previous year. The FY2016 Budget as Enacted authorized the State to enter into an agreement with the Rhode Island Convention Center Authority (Authority) to develop, construct, and operate a parking garage. The resolution authorized the issuance of up to \$45.0 million in debt to fund the design and construction of a parking garage and retail space on state-owned land on the site of the existing Garrahy Courthouse surface parking lot. The State's support of the debt service is offset each year by revenues generated at the garage. In FY2024, the projected debt service is \$3.0 million. This is offset by the projected State lease payments of \$1.7 million paid by leased parking space at the garage. This results in an adjusted debt service cost of \$1.3 million. The capital plan projects that beginning FY2025, the full annual debt service will be paid by the leased parking revenues.

I-195 Land Acquisition: Total principal issued on the I-195 Land Acquisition is \$37.4 million, and for the first 5-years, the debt service reflected interest-only payments. The principal will be amortized over a 20-year period beginning in year 6, with a balloon payment in year 10. The State has an option at that time to extend the debt an additional 10 years. The State exercised its option to extend the loan for an additional 5-years and issued new debt in CY2023 in the amount of \$32.0 million.

In FY2024, the total debt service is \$3.6 million, reflecting an increase of \$1.1 million from the previous year. The following table illustrates the projected payments to FY2023 to FY2033.

Fiscal Year	Principal	Interest	Total Debt Service	Estimated Offset	Projected State Appropriation
2023	\$1.9	\$1.1	\$3.0	\$0.0	\$3.0
2024	2.1	1.5	3.6	-	3.6
2025	2.3	1.3	3.6	-	3.6
2026	2.4	1.3	3.7	-	3.7
2027	2.6	1.1	3.7	-	3.7
2028	2.8	1.0	3.8	-	3.8
2029	3.1	0.8	3.9	-	3.9
2030	3.3	0.7	4.0	-	4.0
2031	3.6	0.5	4.1	-	4.1
2032	3.8	0.4	4.2	-	4.2
2033	4.1	0.2	4.3	-	4.3
Total	\$32.0	\$9.9	\$41.9	\$0.0	\$41.9

\$ in millions

Certificates of Participation (COPs)

(\$3.8 million)

The Budget includes \$20.2 million in general revenue to cover the debt service on seven projects financed through certificates of participation (COPs). This reflects a decrease of \$3.8 million from the FY2023 Budget as Enacted.

Certificates of Participation	FY2023 Enacted	FY2024 Governor	Change
COPS - DCYF Training School	\$4,213,500	\$4,207,875	(\$5,625)
COPS - Energy Conservation	4,148,725	1,451,150	(2,697,575)
COPS - Kent County Courthouse	4,617,125	4,612,500	(4,625)
COPS - Pastore Hospital Consolidation	1,871,425	1,871,300	(125)
COPS - School for the Deaf	2,477,500	2,479,500	2,000
COPS - Technology	4,969,300	3,852,375	(1,116,925)
COPS - Traffic Tribunal - Debt Service	1,670,475	1,678,050	7,575
Total	\$23,968,050	\$20,152,750	(\$3,815,300)

COPS – Energy Conservation: The decrease in the COPs debt service in FY2024 reflects the payoff of the certificates of participation (COPs) Series 2013C that was completed in FY2023. The last remaining outstanding Energy Conservation COPs issue is Series 2014A, which will be paid off in FY2025.

COPS – Technology: The \$1.1 million general revenue decrease reflects the payoff of the certificates of participation (COPs) Series 2013D in FY2023. The appropriation for FY2024 will pay off the COPs issuance Series 2014D in FY2024. The remaining issuance Series 2014C will be paid off in FY2025.

OFFICE OF ENERGY RESOURCES

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

Energy Resources	Other Fund Changes
ARPA SFRF: Electric Heat Pumps (federal funds)	\$15,000,000
Executive Climate Change Coordinating Council (restricted receipts)	4,500,000
Regional Greenhouse Gas Initiative (restricted receipts)	2,997,442
BiPartisan Infrastructure Law - SEP (federal funds)	1,000,000
Centralized Services (restricted receipts)	25,256

ARPA SFRF: Electric Heat Pumps (federal funds)**\$15.0 million**

The Budget allocates \$20.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), an increase of \$15.0 million from the FY2023 Budget as Enacted, to support a grant program within the Office of Energy Resources to assist homeowners and small business owners in purchasing and installing high-efficiency electric heat pumps.

A total of \$25.0 million in federal ARPA SFRF was allocated to fund grants for low and moderate-income households and community organizations to purchase and install energy efficient electric heat pumps, of which \$5.0 million was appropriated in FY2023. The original plan was to disburse the balance in equal amounts in FY2024 and FY2025. However, the Governor recommends advancing the amount scheduled for disbursement in FY2025 to FY2024, thereby appropriating the full allocation for electric heat pumps.

The Office of Energy Resources shall report to the Speaker of the House and Senate President no later than April 1 of each year the results of this program, including but not limited to, the number of grants issued, amount of each grant and the average grant amount, and the expected cumulative carbon emissions reductions associated with heat pumps that received a grant,

Analyst Note: As of February 9, 2023, there have been no expenditures. The Office of Energy Resources (OER) recently completed the Request for Proposal procurement review of bidders for the administrator of the Heat Pump Program. OER tentatively projects that the Heat Pump Program will open up for constituent applications in late March 2023.

Executive Climate Change Coordinating Council (restricted receipts)**\$4.5 million**

The Budget includes \$4.5 million in restricted receipts reflecting the proposed transfer of funds from the gas and electric demand-side management gas and electric funds, commencing on January 1, 2024, to the Office of Energy Resources (OER) for the Executive Climate Change Coordinating Council to use for climate change initiatives. Article 5 requires the transfer to be an annual occurrence.

The demand-side management gas and electric funds (Fund) is generated from a surcharge approved by the Public Utilities Commission and assessed on both gas and electric customers. The Fund finances several programs that help businesses and homes achieve greater energy efficiency. The Fund serves both gas and electric customers and is currently administered by RI Energy (formerly National Grid). The annual energy efficiency programs, budgets, and incentives are designed in the summer/fall each year by RI Energy and filed with the Public Utilities Commission for approval. The Office of Energy Resources, Division of Public Utilities and Carriers, and the Energy Efficiency Resource Management Council (EERMC) and other stakeholders participate in the docketed proceeding.

The Executive Climate Change Council will have exclusive authority to allocate these funds for projects including energy efficiency, renewable energy, clean transportation, clean heating, energy storage, demand-side management, and other climate change projects that support the reduction of greenhouse gases and investments that support the 2021 Act on Climate, including:

- Developing an updated Climate Strategy by December 31, 2025
- Publishing and maintaining public metrics in an online dashboard that tracks emission reductions, sources of energy consumed by the state, and related climate metrics
- Funding to purchase materials or contract consultants, expert witnesses, and outreach and marketing campaign efforts
- Supporting the work of the Climate Justice workgroup
- Supporting state programs aimed at decarbonization and resilience
- Supporting the continued work of the Science and Technical Advisory Board

Regional Greenhouse Gas Initiative (restricted receipts)***\$3.0 million***

The Budget includes \$15.5 million in restricted receipts for grant awards, personnel, and operating support as part of the Regional Greenhouse Gas Initiative (RGGI). This reflects an increase of \$3.0 million from the FY2023 Budget as Enacted, of which \$2.4 million reflects increased awards that fund a variety of consumer benefit programs, including energy efficiency, renewable energy, direct energy bill assistance and other greenhouse gas reduction programs.

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

Bipartisan Infrastructure Law – SEP (federal funds)***\$1.0 million***

The Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment and Jobs Act (IIJA), was signed by President Biden on November 15, 2021. This law included billions of dollars in funding opportunities for energy infrastructure projects, some of which is to be awarded through states.

In June 2022 the Office of Energy Resources (OER) received initial State Energy Program (SEP) formula funding (\$700,000 for FY2023) to meet the requirement in the Bi-partisan Infrastructure Law, Section 40109 to update the State’s Energy Security Plan. The Plan is expected to be completed in late August/early September 2023 and will be submitted to the Department of Energy by September 30, 2023.

The State Energy Security Plan (SESP) is a data collection and assessment effort regarding the state’s energy resources, infrastructure and vulnerability matters, including our delivered fuels (gasoline, diesel, jet fuel, heating oil) terminals within the Narragansett Bay. All State Energy Offices across the country are working on their SESP over the next 7-8 months, per the federal infrastructure law. Rhode Island last completed a SESP in 2011-2012 period.

The application to receive the remainder of SEP funding was initially due in early November 2022. The deadline was extended to early December 2022. At that time, the OER developed the FY2023 Revised Budget Request, it was expected that the full \$3.2 million would be received in January 2023. The full amount has yet to be received and the FY2024 Budget includes only \$1.0 million. The remainder of the funds (\$1.5 million) will be budgeted in out-years based on the timelines of the studies and reports.

The funding will be available for a five-year period to support staff (salary and benefits) and studies related to clean energy workforce and feasibility studies for microgrids. The funds will also be used to update the State’s Stretch Code and partially support the Executive Climate Change Coordinating Council (EC4) 2025 Climate Change Emissions Report.

Centralized Services (restricted receipts)***\$25,256***

The Budget increases restricted receipt expenditures to reflect billed amounts for centralized services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2020, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$97,652 in restricted receipts (\$7,440 in federal funds) for this expense. The FY2024 Budget includes \$122,908 for this expense, reflecting an increase of \$25,256 in restricted receipts. The federal fund expense decreases \$12,945.

GENERAL

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

General	General Revenue
FY2023 Enacted	\$56,655,722
<i>Target and Other Adjustments</i>	-
Defeasance of Existing Debt	35,000,000
Transfer to Historic Tax Credit Fund	(28,000,000)
Transfer to RICAP Fund	(15,000,000)
Resource Sharing and State Library Aid	484,265
Library Construction Aid	258,881
Wrongful Conviction Awards	250,000
FY2024 Governor	\$49,648,868

General	Other Fund Changes
ARPA CPF RIC Student Services Center (federal funds)	\$25,000,000
ARPA SFRF Aid to the Convention Center (federal funds)	(5,000,000)
ARPA CPF Municipal and Higher Ed Matching Grant Program (federal funds)	Informational

***Defeasance of Existing Debt* \$35.0 million**

The Budget allocates \$35.0 million in general revenue from surplus funds to retire existing State debt, resulting in future annual debt service savings of \$4.5 million. According to the Budget Office, there are two immediate issuances that could be retired – the I-195 Commission balloon repayment amortization (\$30.1 million) and one Historic Tax Credit Issue (Series 2019A). There also a few COPs issuances that could be considered as well. The \$4.5 million is projected annual savings based on a 10-year schedule of \$35.0 million at a standard 5.0 percent interest rate.

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

The Budget removes \$28.0 million in general revenue that was used in the previous fiscal year as a one-time transfer to allow for additional participants in the Historic Tax Credits program. The Budget does not repeat the transfer and funding is not required for FY2024. Article 9 of the FY2023 Budget as Enacted extended the sunset provision for the Historic Tax Credits program by one year from June 30, 2022, to June 30, 2023, and transfers \$28.0 million in general revenue to allow for additional participants.

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

The Budget removes \$15.0 million in general revenue that was used in the previous fiscal year as a one-time transfer to the Rhode Island Capital Plan (RICAP) fund. The Budget does not repeat the transfer and funding is not required for FY2024.

***Resource Sharing and State Library Aid* \$484,265**

The Budget provides an additional \$484,265 in general revenue to fully fund Resource Sharing State Library Aid at \$11.5 million, which reflects the current law level of 25.0 percent of the second prior fiscal year's local tax expenditures for library services.

***Library Construction Aid* \$258,881**

Rhode Island law grants authority to the Office of Library and Information Services to make grants to a municipality or a free public library for construction or capital improvements. Grants are limited to a maximum of 50.0 percent of the total eligible costs, as determined by the Office of Library and Information

Services and are paid on an installment basis, based on a community's debt service requirement, for a period of up to 20 years.

For FY2024, the Budget includes \$2.1 million, an increase of \$258,881 from the FY2023 Budget as Enacted. The increased largely reflected the scheduled \$209,237 reimbursement to the Town of Jamestown for the expected completion of the library project, as well as an additional \$49,644 reflecting net adjustments to seven other library reimbursements, including an additional \$62,988 for a balloon payment in the final year of reimbursement for East Greenwich.

PUBLIC LIBRARY CONSTRUCTION REIMBURSEMENT PAYMENTS FY 2021-2025

Signed Agreements	FY2021	FY2022	FY2023	FY2024	FY2025
Barrington	\$109,585	\$107,551	\$105,517	\$103,483	\$101,449
Bristol	294,981	292,294	293,894	295,094	295,894
Burrillville	239,321	231,931	224,427	216,899	209,304
Cumberland	30,898	29,844	28,756	32,062	-
East Greenwich	51,202	49,190	47,177	110,165	-
East Providence (Riverside)	55,972	53,991	52,009	50,028	-
Exeter	75,968	29,901	-	-	-
Jamestown	-	-	-	-	209,237
Middletown	46,053	45,005	-	-	-
Narragansett	-	-	-	-	377,223
New Shoreham: Island Free	63,008	63,325	-	-	-
Newport	181,109	-	-	-	-
Providence Public	832,928	646,446	560,811	560,811	560,811
Tiverton	302,836	299,621	293,314	287,007	280,700
Westerly	253,767	253,767	253,767	253,767	253,767
Woonsocket	165,238	-	-	-	-
TOTAL	\$2,702,866	\$2,102,866	\$1,859,673	\$1,909,317	\$2,288,384

Source: Office of Library & Information Services

Analyst Note: According to the Department, the library reimbursement scheduled for Jamestown will not occur in FY2024. Instead the \$209,237 reimbursement will commence in FY2025. Jamestown's target completion was changed in November/December since the town is unable to complete the project this year to qualify for reimbursement in FY2024.

Wrongful Conviction Awards

\$250,000

The Budget includes \$250,000 in general revenue as a placeholder for wrongful conviction payments. Authorized under Public Law 2021 Chapter 235 and 236, the law allows anyone who was wrongfully sentenced to prison for more than one year to petition the presiding justice of Rhode Island Superior Court for compensation and damages. If the court finds that the claimant was wrongfully imprisoned, the court will grant an award of \$50,000 for each year served in a correctional facility. If the individual was imprisoned for less than one year, the claimant will receive 1/365 of \$50,000 for each day served. The award can include damages such as attorneys fees no greater than \$15,000, plus compensation for reasonable costs including housing, transportation, subsistence, re-integrative services, and mental and physical health care costs. The Office of the Attorney General has not provided the Department with a potential out-year estimate on future payments.

In addition, the Budget includes \$1.5 million in general revenue in the FY2023 Revised Budget, to cover the cost of one payment totaling \$134,481 and \$1.3 million for seven additional payments expected in FY2023.

ARPA CPF: RIC Student Services Center (federal funds)

\$25.0 million

The Budget includes \$30.0 million in ARPA Capital Project Funds for the construction of a Student Services Center at Rhode Island College, reflecting an increase of \$25.0 million in federal funds from FY2023. The Center will consolidate student services into one location that currently exist in various locations around the campus.

The total project cost is \$35.0 million and the planned appropriations was \$5.0 million in FY2023, \$15.0 million in FY2024 and \$15.0 million in FY2025. The Budget shifts the planned appropriation forward into FY2024, due to the need to have the allocated funds obligated by the end of FY2024. The Pandemic Recovery Office uniformly moved all APRA funds forward to FY2024.

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

The Budget Shifts \$5.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for aid to the Convention Center from FY2024 to the recommended FY2023 Revised Budget, still resulting in a total of \$10.0 million being appropriated to finance renovations to the Convention Center and Amica Mutual Pavilion (formerly The Dunkin Donuts Center) facilities that were used during the COVID-19 emergency. The Budget also includes \$16.5 million in RICAP funds for renovations to the three venues administered by the Rhode Island Convention Center Authority.

ARPA CPF: Municipal and Higher Ed Matching Grant Program (federal funds) Informational

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

Analyst Note: As of March 6, 2023, there have been no expenditures from this appropriation for FY2023. Article 1 contains language requiring all unexpended or unencumbered balances relating to the SFRF and Capital Projects Fund, be reappropriated to the ensuing fiscal year and made available for the same purposes. According to the Department of Administration, the intent of this program comes from the U. S. Treasury who allocated these funds to Rhode Island for capital projects - new construction or renovation of community centers that will enable education, work, and health monitoring. The Pandemic Recovery Office (PRO) submitted the State's program plan to the U. S. Treasury in September 2022. The State has not yet received U. S. Treasury approval. However, the Department is optimistic that the plan will eventually be approved and when the State does receive approval, the State will need to award these funds to eligible municipalities within the State. U. S. Treasury guidance is that all funds must be spent and the facilities operational by December 2026, but until U. S. Treasury approves the plan, the State will not have a project schedule or definite list of locations.

HUMAN RESOURCES

The Division of Human Resources is composed of eight subprograms: Administrative Services, Classification and Examinations, Equal Employment Opportunity, Outreach and Diversity, Employee Benefits, Training and Development, Employee Services, and Human Resource Service Centers. Its primary mission is to provide cost-effective human resource services to employees, labor, and management to assist them in carrying out the functions and responsibilities of state government.

Human Resources	General Revenue
FY2023 Enacted	\$755,922
<i>Target and Other Adjustments</i>	<i>15,214</i>
Centralized Service Charges	133,088
Advertising	33,772
FY2024 Governor	\$937,996
Human Resources	Other Fund Changes
New FTE Positions (internal service funds)	\$279,001

Centralized Service Charges \$133,088

The Budget includes \$704,371 in general revenue expenditures for Human Resource Service Center and Information Technology costs in FY2024. This is an increase of \$133,088 from the FY2023 Budget as Enacted amount of \$572,492. The FY2018 Budget as Enacted authorized the Governor to establish

centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Advertising

\$33,772

The Budget adds \$33,772 in general revenue for advertising for divisions asking for specific advertising dollars to support state employment recruitment. Also, there is a corresponding \$33,772 request in internal service funds for statewide recruiting and advertising positions through multiple media sources.

New FTE Positions (internal service funds)

\$279,001

The Budget includes \$279,001 in internal service funds for salary and benefit costs for a new 1.0 Compensation Manager and a new 1.0 Performance Development Coordinator.

- **Compensation Manager:** The Budget adds \$167,093 for salary and benefits for a new position to support the State's compensation and classification system during the modernization of the state's compensation and classification system and to provide compensation management expertise during the implementation of the Enterprise Resource Planning (ERP) project on an ongoing basis. The funding source is the Human Resources Internal Service Fund. This fund is billed through the per filled FTE cost that HR centralized service is based on.
- **Performance Development Coordinator:** The Budget adds \$111,908 for salary and benefits for a new position to support the expansion and success of the Executive Branch Performance Development Program, which manages approximately 9,400 non-union and union employees. This position will support the Division of Human Resources in providing strategically aligned, high-impact, and outcomes based learning and professional development opportunities to empower state employees with specific skills to successfully achieve state and agency goals and objectives and reach personal improvement targets; and, will provide assistance during the implementation of the performance development module for the ERP Project.

Human Resources - New Positions	Salary	Benefits	Total
Compensation Manager	\$103,330	\$63,763	\$167,093
Performance Development Coordinator	66,372	45,536	111,908
Total	\$169,702	\$109,299	\$279,001

INFORMATION TECHNOLOGY

The Division of Information Technology (DoIT) program oversees, coordinates, and develops all information technology (IT) resources within the executive branch. All hiring and spending decisions involving IT may only be made with the advice and approval of the Chief Information Officer. Information Technology defines and maintains the architectural standards for hardware, software, networks, and services that guide state investments in IT.

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Information Technology	General Revenue
FY2023 Enacted	\$721,340
<i>Target and Other Adjustments</i>	-
Large Systems Initiatives Fund Capitalization	27,000,000
Homeland Security - State Match	500,000
FY2024 Governor	\$28,221,340

Information Technology	Other Fund Changes
Information Technology Investment Fund (restricted receipts)	(\$48,255,669)

Large Systems Initiatives Fund Capitalization **\$27.0 million**

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

The LSIF would be administered by the Chief Information Officer within the Department of Administration and will be used to fund the larger IT projects that are capitalized by general revenue appropriations. The ITIF will remain, under the name change to the Information Technology Restricted Receipt (ITRR) account, to fund smaller projects using the dedicated restricted receipt revenue stream

The Governor proposes to transfer \$79.1 million from the Information Technology Investment Fund restricted receipt account to the Large Systems Initiative Fund, by July 14, 2023. These funds reflect balances in the Fund that were previous appropriations to capitalize the ITIF in FY2021 and FY2022. The transfer includes the following projects:

Large Systems Initiatives Fund - Projects	FY2024	FY2025	FY2026	FY2027	FY2028	Total
Enterprise Resource Planning (ERP)	\$15,700,000	\$15,500,000	\$500,000	\$0	\$0	\$31,700,000
DOA ERP Implementation - OpEx FY2023	-	-	-	-	-	-
DOA ERP Implementation - OpEx FY2023 SFRF	-	-	-	-	-	-
RI Child Welfare Information System (RICHIST)	7,500,000	4,800,000	3,600,000	-	-	15,900,000
DEM Permit and Licensing IT Investments	535,000	410,000	410,000	335,000	-	1,690,000
Wi-Fi and Tech at the ACI	50,000	-	-	-	-	50,000
RI Bridges Mobile Access and Child Care Tracking	2,400,000	1,900,000	-	-	-	4,300,000
DBR e-Licensing and Blockchain Digital Identity	1,000,000	-	-	-	-	1,000,000
DOR Tax Modernization - STAARS Cloud Migration	-	-	-	-	-	-
DLT Mainframe Legacy Modernization	4,720,000	-	-	-	-	4,720,000
Electronic Medical Records System	12,075,000	3,075,000	2,575,000	1,975,000	-	19,700,000
Total	\$43,980,000	\$25,685,000	\$7,085,000	\$2,310,000	\$0	\$79,060,000

Source: Department of Administration - Office of Management and Budget

- The FY2021 appropriation included \$50.0 million was used to implement the Enterprise Resource Planning System (ERP) and \$17.0 million was used to the replace the Department of Children, Youth, and Families' case management system known as RICHIST.
- The FY2022 appropriation included \$75.0 million was used for additional Enterprise Resource Planning System (ERP) and RICHIST work, as well as \$22.4 million for the implementation of an electronic medical records system for the state hospitals, \$19.4 million be available for the replacement and modernization of the Legacy mainframe system in the Department of Labor and Training, \$6.7

million for RIBridges Mobile and Childcare Tracking, \$2.5 million for Blockchain Digital Identity, \$5.8 million for the Department of Environmental Management's online permit and licensing system for fish and wildlife, commercial fishing and boating registrations, \$3.3 million for Wi-Fi and Technology at the Adult Correctional Institutions, and \$2.3 million for the tax modernization system.

In addition, the Budget includes a \$27.0 million general revenue appropriation to capitalize the Large Systems Initiative Fund (LSIF). The Governor proposes that \$22.0 million from the appropriation to the LSIF be allocated to transitioning the RIKidsBridge Child Support Case Management System within the Department of Health, from a legacy mainframe application to a web-based platform. The Budget allocates the remaining \$5.0 million to support the new Gateway to Government initiative that expands the Digital Government Pilot Program in the Department of Business Regulation.

Homeland Security – State Match

\$500,000

The Budget adds \$500,000 in general revenue for the State match associated with the federal government's State and Local Cybersecurity Grant Program authorized under H.R.3684 - Infrastructure and Jobs Act, Subtitle B - State and Local Cybersecurity Improvement Act, Sec. 70612 State and Local Cybersecurity Grant Program. The State will be receiving federal grant funding over four years to improve the cybersecurity maturity across State and local government. This grant has a scaled State matching requirement over four federal fiscal years: 10.0 percent in FFY2023, 20.0 percent in FFY2024, 30.0 percent in FFY2025, and 40.0 percent in FFY2026. The grant funding estimated to be received over four years is \$9.7 million, and the State match for this funding over four years is estimated at \$2.5 million. The Governor's Revised Budget includes \$219,050 for the required 10.0 percent state match in FY2023.

Information Technology Investment Fund (restricted receipts)

(\$48.3 million)

The Budget includes \$6.0 million in restricted receipts for the Information Technology Investment Fund (ITIF), reflecting a decrease of \$48.3 million in restricted receipts from the FY2023 Budget as Enacted, and an increase of \$50.5 million from the FY2022 Actual expenditures. The Fund is a restricted receipt account for the State's technology initiatives and improvement projects.

The change reflects decreases of \$19.9 million for the Enterprise Resource Planning (ERP) project, a decrease of \$10.4 million for the Hospital Electronic Medical Records project, a decrease \$9.7 million for the Department of Labor and Training Mainframe Replacement project, a decrease of \$1.4 million for the Department of Children, Youth, and Families' case management system, RICHIST project, and a decrease of \$6.9 million for other Fund projects.

ITIF Projects	FY2023 Enacted	FY2024 Governor	Change
ITIF - Enterprise Resource Planning IT Improvements Project	\$19,900,000	\$0	<i>(\$19,900,000)</i>
ITIF - Hospital Electronic Medical Records	10,400,000	-	<i>(10,400,000)</i>
ITIF - DLT Mainframe Replacement	9,680,000	-	<i>(9,680,000)</i>
ITIF - RI Children's Information System Project	1,380,000	-	<i>(1,380,000)</i>
Information Technology Investment Fund (ITIF)	12,929,160	6,033,491	<i>(6,895,669)</i>
Total	\$54,289,160	\$6,033,491	<i>(\$48,255,669)</i>

- **Enterprise Resource Planning (ERP):** The capital budget includes funding to modernize the State's decades-old legacy systems for human resources, payroll, grants management, and financial data systems. The current system is outdated, leaving decision makers unable to receive accurate information in a timely manner, are susceptible to various single points of failure, and are at-risk for security breaches. The new system, referred to as the Enterprise Resource Planning System (ERP), will have a total projected cost of \$68.7 million. The FY2021 Revised Budget transferred \$67.0 million in State revenues to capitalize the State's Information Technology Investment Fund (ITIF) to finance IT projects without issuing debt or incurring interest, including \$50.0 million for ERP. The FY2022 Final Budget included \$1.5 million in restricted receipts to finance the first year of the project. The FY2023 Budget as Enacted included \$19.9 million, of which \$17.7 million reflects an appropriation of restricted

receipt ITIF funds and \$2.2 million is federal ARPA SFRF funds to finance the second year of the project. The FY2023 Revised Budget increases funding by \$1.4 million in ITIF restricted receipt funding, bringing the total appropriation to \$21.3 million for the project. The FY2024 Budget includes no funding for this project, as the Governor recommends shifting funding for the project from the ITIF to the Large Systems Initiative Fund.

- **Hospital Electronic Medical Records Project:** The FY2023 Budget as Enacted included \$10.4 million in restricted receipts from the Information Technology Investment Fund (ITIF) to implement a Hospital Information System (HIS) with an Electronic Medical Records (EMR) component. This HIS EMR system will improve patient care through electronic capturing and tracking of patient data, eliminate manual transcriptions and paper file storage, and will better enable evidence-based health care decisions. The FY2023 Revised Budget decreases funding by \$9.0 million in ITIF restricted receipt funding, bringing the total appropriation to \$1.4 million for the project. The FY2024 Budget includes no funding for this project, as the Governor recommends shifting funding for the project from the ITIF to the Large Systems Initiative Fund.
- **DLT Mainframe Replacement Project:** The FY2023 Budget as Enacted included \$9.7 million in restricted receipts from the Information Technology Investment Fund (ITIF) for the replacement and modernization of the Employer Tax, Temporary Disability Insurance (TDI), Business Federal Account Reporting, Mainframe Retirement, and Workforce Regulations and Safety systems. In addition, there is funding for upgrades to the business affairs imaging system to increase operational efficiency. The FY2023 Revised Budget adds \$5.0 million in ITIF restricted receipt funding, bringing the total appropriation to \$14.7 million for the project. The FY2024 Budget includes no funding for this project, as the Governor recommends shifting funding for the project from the ITIF to the Large Systems Initiative Fund.
- **DCYF RICHIST Project:** The Governor proposed borrowing \$17.0 million in certificates of participation (COPs) to replace the Department of Children, Youth, and Families' case management system, RICHIST, between FY2022 and FY2024. The Budget modified the funding mechanism. Instead, the FY2021 Final Budget transferred \$67.0 million in State revenues to capitalize the State's Information Technology Investment Fund (ITIF) to finance IT projects without issuing debt or incurring interest, including \$17.0 million for RICHIST. The FY2022 Budget included \$600,000 in restricted receipt ITIF funds to finance the State's 60.0 percent share of the \$1.0 million in expenses for the first year of the project. The FY2023 Revised Budget includes \$750,000 in restricted receipt ITIF funds, a reduction of \$630,000 from the FY2023 Budget as Enacted; and no funds in the FY2024 Budget, as the Governor recommends shifting funding for the project from the ITIF to the Large Systems Initiative Fund.
- **Information Technology Investment Fund (ITIF):** The Budget includes \$6.0 million to fund various projects through the ITIF. This is a decrease of \$6.9 million from the FY2023 Budget as Enacted, reflecting changes in the proposed ITIF project assumptions from the enacted budget. Project spending is limited to available revenue in the fund. This amount will be updated in the FY2024 Revised Budget if it is determined additional revenue sources will be available.

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

- In FY2015, 10.0 percent of the \$1.00 surcharge levied on each residence and business telephone line collected to support the E-911 Uniform Emergency Telephone System is deposited into the ITIF, but this was repealed under Article 2 of the FY2020 Budget as Enacted and replaced with a new revenue source derived from 10.0 percent of a \$0.50 fee imposed on land-lines and 10.0 percent of the \$0.75

fee imposed on wireless phone lines. The surcharge change is projected to provide the technology investment fund annually \$1.0 million.

- Article 4 of the FY2018 Budget as Enacted established a \$1.50 surcharge on every DMV fee transaction. This surcharge revenue is deposited into the State's Information Technology Infrastructure Fund (ITIF). Funds generated through the surcharge are specifically used to pay the original and ongoing costs associated with the DMV's information technology system, known as the Rhode Island Modernization System, or RIMS.
- Article 7 of the FY2019 Budget as Enacted authorized a tiered set of fees for individuals to obtain copies of certain vital records. The fees established are \$5 for mail-in certified records, \$3 for duplicate certified records, and \$2 for walk-in requests for certified records requests. The revenue generated from these fees are deposited into the Information Technology Infrastructure Fund. The proposal projects to generate \$350,351 annually.
- Article 7 of the FY2020 Budget as Enacted made several changes related to the technology surcharge. The surcharge is increased by \$1.00, for a total of \$2.50 per DMV fee transaction. Revenue from the increase is to be deposited in a new restricted receipt within the DMV to pay for IT project-related payments and/or ongoing maintenance of and enhancements to the DMV's computer system. The remaining \$1.50 is deposited into the ITIF. The article removes the existing sunset and shifts the remaining \$1.50 from the ITIF to the DMV account beginning on July 1, 2022. Based on DOR projections, \$4.2 million in surcharge revenue, inclusive of the fee increase, will be generated in FY2020. The ITIF will receive \$2.5 million of this revenue and \$1.7 million will be deposited into the DMV restricted receipt account.
- Article 5 of the FY2022 Budget as Enacted requires that \$50.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to for a new Enterprise Resource Planning System (ERPS) for human resources, information systems, payroll, and financial management; and requires that \$17.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to replace the Department of Children, Youth, and Families' case management information system.
- Article 7 of the FY2023 Budget as Enacted providing revisions to the FY2022 Budget, requires that \$50.0 million in restricted receipts from the Information Technology Investment Fund be used for the development and implementation of an Enterprise Resource Planning and \$17.0 million be available to replace the Department of Children, Youth, and Families' case management information system.
- Article 1 of the FY2023 Budget as Enacted requires that \$22.4 million in restricted receipts from the Information Technology Investment Fund be used for the development and implementation of an electronic medical records system for the state hospitals, \$19.4 million be available for the replacement and modernization of the Legacy mainframe system in the Department of Labor and Training, \$6.7 million for RIBridges Mobile and Childcare Tracking, \$2.5 million for Blockchain Digital Identity, \$2.2 million to support implementation of the Enterprise Resource Planning System, \$5.8 million for the Department of Environmental Management's online permit and licensing system for fish and wildlife, commercial fishing and boating registrations, \$3.3 million for Wi-Fi and Technology at the Adult Correctional Institutions, and \$2.3 million for the tax modernization system.

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

Information Technology Fund	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Total Approved Projects	\$11,824,149	\$75,453,513	\$81,791,265	\$0	\$0	\$0	\$0
ITIF Project Adjustments	69,404,669	6,337,752	70,900,313	-	-	-	-
Revised Approved Projects July 1	\$81,228,818	\$81,791,265	\$152,691,578	\$0	\$0	\$0	\$0
Projected FY Beginning Cash Balance	\$2,137,380	\$75,472,450	\$152,691,578	\$104,920,876	\$49,664,463	\$21,983,050	\$16,386,637
Legislative Transfer	\$67,000,000	\$75,000,000	\$0	\$0	\$0	\$0	\$0
Estimated Sale of Property	8,706,700	2,889,538	-	-	-	-	-
E-911 Fees	926,961	951,478	833,491	833,491	833,491	833,491	833,491
DMV \$1.50 Surcharge	2,101,276	1,938,877	-	-	-	-	-
Vital Records Surcharge	375,438	215,096	215,096	215,096	215,096	215,096	215,096
Projected FY Ending Balance	\$79,110,375	\$80,994,989	\$1,048,587	\$1,048,587	\$1,048,587	\$1,048,587	\$1,048,587
Subtotal Available Funds	\$81,247,755	\$156,467,439	\$153,740,165	\$105,969,463	\$50,713,050	\$23,031,637	\$17,435,224
Less Actual and Projected Expenditures	(\$5,775,305)	(\$3,775,861)	(\$48,819,289)	(\$56,305,000)	\$28,730,000	\$6,645,000	\$0
Total Available Funds	\$75,472,450	\$152,691,578	\$104,920,876	\$49,664,463	\$79,443,050	\$29,676,637	\$17,435,224
Variance Capital Request to Approved Projects	(\$5,756,368)	\$70,900,313	(\$47,770,702)	\$49,664,463	\$79,443,050	\$29,676,637	\$17,435,224

Source: Department of Administration

LEGAL SERVICES

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

Legal Services	General Revenue
FY2023 Enacted	\$2,374,193
Target and Other Adjustments	20,917
Contract Services	45,300
FY2024 Governor	\$2,440,410

Contract Services \$45,300

The Budget adds \$45,300 in general revenue for contracted services, reflecting \$40,000 clerical services, \$2,500 for stenographer services, and \$2,800 for the statutorily set 5.5 percent contractor surcharge. The FY2023 Budget as Enacted only included \$200 for contracted services. The increase aligns the proposed budget more with the actual expenses experienced in FY2022.

LIBRARY AND INFORMATION SERVICES

The Office of Library and Information Services (OLIS) coordinates inter-library cooperation, maintains and develops the Rhode Island Library Network, operates the Regional Library for the Blind and Physically Handicapped, and promotes overall library development through various grant-in-aid programs for public and institutional libraries.

Library and Information Services	General Revenue
FY2023 Enacted	\$1,796,514

<i>Target and Other Adjustments</i>	<i>(20,416)</i>
Interlibrary Delivery System	127,538
FY2023 Governor	\$1,903,636

Library and Information Services	Other Fund Changes
Library Services Technology (federal funds)	(\$522,526)

Interlibrary Delivery System ***\$127,538***

The Budget includes a net increase of \$127,538 in general revenue for the Interlibrary Delivery System as compared to the previous year. RIGL 29-6-9 requires that the Office of Library and Information Services fund the Interlibrary Delivery System in its entirety.

Library Services Technology (federal funds) ***(\$522,526)***

The Budget decreases by \$522,526 in federal funds to support innovation and other projects in public libraries.

PERSONNEL APPEAL BOARD

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

Personnel Appeal Board	General Revenue
FY2023 Enacted	\$143,059

<i>Target and Other Adjustments</i>	<i>(6,824)</i>
Personnel Adjustments	(35,354)
FY2024 Governor	\$100,881

Personnel Adjustments ***(\$35,354)***

The Budget decreases general revenue by \$35,354 reflecting a reduction of \$31,350 in Seasonal/Special Salaries and associated benefits, as well as a reduction of \$4,004 in Medical Insurance Waiver Bonus.

Personnel Adjustments	FY2023 Enacted	FY2024 Governor	Change
Assessed Fringe Benefits	\$1,943	\$1,136	(\$807)
Defined Contribution Plan	182	-	(182)
Dental Insurance	101	-	(101)
Employees' Retirement	13,784	8,344	(5,440)
FICA Medicare	712	416	(296)
FICA Social Security	3,052	1,784	(1,268)
Medical Insurance	2,105	-	(2,105)
Medical Insurance Waiver Bonus	4,004	-	(4,004)
Payroll Accrual	-	168	168
Regular Wages	17,742	28,800	11,058
Retiree Health Insurance	2,203	1,300	(903)
Seasonal/Special Salaries/Wages	31,012	-	(31,012)
Stipend Payments	450	-	(450)
Vision Insurance	12	-	(12)
Total	\$77,302	\$41,948	(\$35,354)

PERSONNEL AND OPERATIONAL REFORMS

The Department of Administration has a centralized account for the statewide personnel and operating savings included in the Budget as Enacted prior to the savings being reflected within the appropriate State agency budgets. Generally, when the savings occur, the Budget Office will distribute and account for the savings within the appropriate departmental budget accounts of the State agencies.

Personnel and Operational Reforms	General Revenue
FY2023 Enacted	\$15,350,000
<i>Target and Other Adjustments</i>	-
FEMA Reserve and Contingency	(15,000,000)
General Officer Transition Costs	(350,000)
FY2024 Governor	\$0

FEMA Reserve and Contingency (\$15.0 million)

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

General Officer Transition Costs (\$350,000)

The Budget removes \$350,000 in general revenue for transitions costs associated with the 2022 General Election. These reflect one-time costs occurring in FY2023 and not required in FY2024.

PLANNING

The Division of Planning is responsible for preparing, adopting, and amending strategic plans for the physical, economic, and social development of the state. The Division is comprised of three subprograms: Statewide Planning, Strategic Planning and Economic Development, and the Water Resources Board.

- Statewide Planning staffs the State Planning Council, which is comprised of state and local government officials, public members, and federal officials in an advisory capacity. The State Planning Council serves as the State's Metropolitan Planning Organization, responsible for planning and prioritizing state and federal transportation funding.

- Strategic Planning and Economic Development uses policy analysis and the planning process to prepare issue briefs and draft strategic plans that address current topics of special interest.
- The Water Resources Board (WRB) manages the planning and development of twenty-nine major water supply systems and the Big River Management Area.

Planning	General Revenue
FY2023 Enacted	\$840,855
<i>Target and Other Adjustments</i>	27,519
New FTE Positions	269,961
FY2024 Governor	\$1,138,335

New FTE Positions **\$269,961**

The Budget adds \$269,961 in general revenue for a new Data Analyst I position and a Programming Service Officer position.

- **Data Analyst I:** The Budget adds \$140,905 in general revenue for salary and benefits to hire a Data Analyst I position. The Data Analyst I is necessary for data analysis, mapping data, and transforming complex data into tables and charts that can be easily viewed by the public. The Department is holding a Senior Planner 1.0 FTE position vacant and repurposing the authorized FTE for the Data Analyst I position.
- **Programming Services Officer:** The Budget adds \$129,056 in general revenue for salary and benefits to hire a Programming Services Officer position, a new resource dedicated to reach out to stakeholders and the public to ensure that water supply issues and initiatives are understood.

Planning - New Positions	Salary	Benefits	Total
Data Analyst I	\$85,353	\$55,552	\$140,905
Programming Service Officer	77,220	51,836	129,056
Total	\$162,573	\$107,388	\$269,961

PURCHASING

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

Purchasing	General Revenue
FY2023 Enacted	\$3,830,668
<i>Target and Other Adjustments</i>	(114,277)
New FTE Positions	301,692
Centralized Services	(199,678)
Contract Service	50,000
FY2024 Governor	\$3,868,405

Purchasing	Other Fund Changes
Contract Services (restricted receipts)	\$50,000

New FTE Positions**\$301,692**

The Budget adds \$301,692 in general revenue for a new Deputy Purchasing Agent and a Programming Service Officer position.

Purchasing - New Positions	Salary	Benefits	Total
Deputy Purchasing Agent	\$113,682	\$68,489	\$182,171
Programming Service Officer	71,598	47,923	119,521
Total	\$185,280	\$116,412	\$301,692

- **Deputy Purchasing Agent:** The Budget adds \$182,171 in general revenue for salary and benefits to hire a Deputy Purchasing Agent. This position will increase capacity including support urgent and high level agency requests, work to modernize and streamline Division operations and align the current organizational chart and capacity to best practices in other states.
- **Programming Services Officer:** The Budget adds \$119,521 in general revenue for salary and benefits to hire a Programming Services Officer position. Purchasing is implementing Ocean State Procures (OSP) which will modernize the technology behind the State's centralized procurement office. This system will improve workflows and performance, allow for data collection and analysis, reduce coordination and allow staff to provide more community engagement to agencies and municipalities to better address their needs. This centralized position will ensure continuity of support and will allow current temporarily re-assigned implementation staff to return to procurement activities on a full-time basis.

Centralized Services**(\$199,678)**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology and human resource services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted included \$615,423 in FY2023, which is decreased to \$415,745 in FY2024, resulting in a \$199,678 decrease in general revenue. There is a corresponding decrease of \$11,211 in other funds.

Contract Service**\$50,000**

The Budget adds \$50,000 in general revenue and \$50,000 in restricted receipts to hire a management consultant for the Ocean State Procures (OSP) which will modernize the technology behind the State's centralized procurement office. The funding will be used for testing all the OSP systems and may carry over into FY2025 budget request.

RHODE ISLAND HEALTH BENEFITS EXCHANGE

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

Rhode Island Health Benefits Exchange (HealthSource RI)	General Revenue
FY2023 Enacted	\$4,077,880
<i>Target and Other Adjustments</i>	<i>(57,226)</i>
Contract Services	(508,944)
Centralized Services	(27,692)
FY2024 Governor	\$3,484,018

Rhode Island Health Benefits Exchange (HealthSource RI)	Other Fund Changes
State Innovation Waiver (federal funds)	(\$2,668,816)
Rhode Island Health Benefits Exchange (restricted receipts)	1,114,634

Contract Services **(\$508,944)**

The Budget includes a net decrease of \$508,944 in general revenue for contract service expenditures as compared to the FY2023 Budget as Enacted. The largest decrease is \$532,782 for IT system support under the UHIP IAPD. According to the Budget Office, this decrease is a result of the delay in the Public Health Emergency (PHE). The Public Health Emergency (PHE) Unwinding budget was based on a PHE end date of July 15, 2022. It is now anticipated that the end date will be January 13, 2023. As a result of the delay of the end of the PHE, costs have shifted from FY2023 to FY2024. This includes the cost of personnel and related costs and changes to RIBridges. PHE Unwinding is based on Federal guidelines.

Contract Services	FY2023 Enacted	FY2024 Governor	Change
IT System Support	\$1,075,432	\$542,650	(\$532,782)
Management Consultants	2,195,652	2,406,216	210,564
Financial Services	245,564	47,837	(197,727)
All Other Services	475,514	486,515	11,001
Total	\$3,992,162	\$3,483,218	(\$508,944)

Centralized Services **(\$27,692)**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology and human resource services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted included \$13,750 in FY2023, which is decreased to a negative \$13,942 in FY2024, resulting in a \$27,692 decrease in general revenue. There is a corresponding decrease of \$71,328 in restricted receipts.

State Innovation Waiver (federal funds) **(\$2.6 million)**

The Budget includes \$11.1 million in federal funds for the Rhode Island Health Benefits Exchange for FY2024, a decrease of \$2.6 million. The use of federal funds for the Exchange declined after FY2015. From FY2016 through FY2019, federal funds were primarily used for contract services and personnel. This reflected the shift from federal funding that was provided for the establishment of an Affordable Care Act (ACA)-compliant health benefits exchange, over to a state-operated system. In FY2019, the federal funds supported only one FTE position. Through FY2022, the design, development, and implementation of HealthSource RI has been funded with \$147.5 million in federal grants.

The FY2024 Budget, includes \$11.1 million in federal funds, which includes \$9.7 million in funding for the State's reinsurance program that is revenue from pass-through funding. Pass-through funding is calculated by the U.S. Department of Treasury, and it is the result of calculated savings the federal government realizes due to Rhode Island's 1332 waiver. Annual pass-through funding amount is the difference between the following:

- Total premium tax credits (PTC) the federal government would have had to pay without the waiver (because premium rates would have been higher and therefore more PTC subsidies required), and;
- Amount of PTC the federal government pays out with the waiver in place (the waiver lowers premiums by paying coinsurance to carriers on high-cost claims thereby reducing the need for PTC subsidies).

This is the calculation used by the U. S. Treasury for 2022 (SFY2024) pass through funding:

Projected 2022 PTC Without Waiver	\$145.2
Less Projected 2022 PTC With Waiver	\$135.5
Total Savings	\$9.7

\$ in millions

Source: State Budget Office

According to the Department, in FY2024, the State will issue reinsurance payments for benefit year 2022 (BY2022). The pass-through funding in 2022 was lower than the prior year (BY2021/SFY23--\$12.3 million) due to a combination of circumstances in both years.

In 2021, the passage of the American Rescue Plan Act (ARPA) expanded eligibility for federal PTC which subsidized customers' premiums. There was also an open special enrollment period (SEP) due to the pandemic which lasted until August 15, 2021, resulting in increased enrollment and increased subsidies, thus creating more pass-through funding. In total, these conditions created an additional \$2.6 million in pass-through funding for 2021.

Due to the ongoing pandemic Public Health Emergency, all states have been required to provide continuous coverage in state Medicaid programs since 2020 except in limited circumstances. In 2022, this contributed to lower than HSRI's historical average enrollment because with members remaining on Medicaid, the typical churn between the exchange and Medicaid was not occurring. Additionally, the largest drop in enrollment is in the subsidy eligible population. These conditions led to a decreased amount of premium tax credits and therefore less pass-through funding was available for BY2022.

HealthSource RI projects enrollment to increase in 2023, due to the resumption of Medicaid renewals beginning in April. This will likely create pass-through funding increases for BY2023 and BY2024, which would be paid out to carriers in calendar years 2024 and 2025 and included in the respective FY2025 and FY2026 state budgets.

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	
HealthSource RI	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Governor	Governor	Total
Federal Funds	\$21.8	\$47.3	\$48.5	\$17.6	\$3.7	\$1.8	\$0.1	\$0.0	\$0.4	\$6.3	\$13.7	\$11.1	\$172.3
Restricted Receipts	-	-	-	2.8	5.5	5.3	5.2	8.0	10.4	14.0	15.6	16.1	82.8
Total	\$21.8	\$47.3	\$48.5	\$20.4	\$9.2	\$7.1	\$5.3	\$8.0	\$10.8	\$20.4	\$29.3	\$27.1	\$255.1

\$ in millions

Rhode Island Health Benefits Exchange (restricted receipts)

\$1.1 million

The Budget includes \$15.9 million in restricted receipts for costs at the Health Benefits Exchange. This is an increase of \$1.1 million from the FY2023 Budget as Enacted. The significant changes include \$355,200 for a Health Insurance Survey in FY2024 (conducted every 2-years), \$400,000 for a strategic analysis in FY2024 that cannot be allocated with Medicaid budget, and \$548,980 for a full marketing campaign in FY2024.

DIVISION OF EQUITY, DIVERSITY, AND INCLUSION

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

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

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

Division of Equity, Diversity, and Inclusion	General Revenue
FY2022 Enacted	\$1,508,606
<i>Target and Other Adjustments</i>	<i>6,037</i>
MBE/WBE Compliance Management System	250,000
New FTE Position	123,615
Contract Services	10,000
FY2023 Governor	\$1,898,258

MBE/WBE Compliance Management System **\$250,000**

The Budget adds \$250,000 in general revenue to establish a Centralized Cloud Based MBE/WBE Compliance Management System to replace the current paper-based process. This initiative is ranked as a top priority of the Department of Administration (DOA) and aligns with the Governor's Equity Agenda.

The implementation costs include \$225,000 for the software with an additional \$25,000 to cover any potential change orders for additional software needs that may arise during implementation. There is a recurring annual cost of \$130,000 for this software. The new certification and compliance management system will improve the accuracy and reduce processing time and cost for MBE/WBE certification processes with more efficient intake and approval workflows.

New FTE Position **\$123,615**

The Budget includes \$123,615 in general revenue to support salary and benefits for a new 1.0 Programming Service Officer position in the Division of Equity, Diversity, and Inclusion (DEDI). The addition of the new position is in response to recommendations in the recently completed Disparity Study. The recommendation is to augment existing DEDI staff to include a Contract Compliance Specialist who will be responsible to visit project sites and confirm Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) participation compliance.

DEDI - New Positions	Salary	Benefits	Total
Programming Service Officer	\$74,409	\$49,206	\$123,615
Total	\$74,409	\$49,206	\$123,615

Analyst Note: The Governor's Budget Amendment of March 8, 2023, amends language in Article 3 section 7, adding a requirement to conduct a disparity study every five years to evaluate the need for the development of programs to enhance participation in State contracts for business enterprises owned by women and minorities. The study requirement would begin in FY2025.

Contract Services

\$10,000

The Budget adds \$10,000 in general revenue to fund contracted communications and media advertising.

CAPITAL PROJECTS

The Budget includes \$135.8 million in Rhode Island Capital Plan (RICAP) funds for 42 various capital projects in FY2024. This reflects an increase of \$64.2 million from the previous fiscal year. Significant project changes include:

- **New or Major Funding Changes Capital Projects:** The Budget includes \$11.9 million for three projects including \$6.6 million for projects at the Zambarano Campus in the Town of Burrillville.

New or Major Funding Changes	FY2023 Enacted	FY2023 Governor	Change	FY2024 Governor	Change
RICAP – Zambarano LTACH	\$1,177,542	\$1,177,542	\$0	\$6,569,677	\$5,392,135
RICAP – Group Home Replacement	-	-	-	5,000,000	5,000,000
RICAP - Medical Examiner Building	4,500,000	4,868,529	368,529	300,000	(4,200,000)
Total	\$5,677,542	\$6,046,071	\$368,529	\$11,869,677	\$6,192,135

- **Zambarano LTACH:** The capital budget includes \$6.6 million in RICAP funds in FY2024 for the new Long-Term Acute Care Hospital (LTACH) on the Zambarano Campus. The total project cost is \$108.2 million in RICAP funds
- **Group Home Replacement:** The Budget includes \$5.0 million in FY2024 for a new Group Home renovation or replacement program.
- **Medical Examiner Building:** The Budget includes \$300,000 in RICAP funds to complete the build-out of the new Medical Examiner's Building located at 900 Highland Corporate Drive, Cumberland (Building # 3).
- **Pastore Center Campus Projects:** The Budget includes \$66.3 million to fund various major maintenance and repairs to 35 structures at the Pastore Government Center. This is an increase of \$45.8 million from the previous year.

Pastore Center Campus Projects	FY2023 Enacted	FY2023 Governor	Change	FY2024 Governor	Change
RICAP - Pastore Infrastructure	\$11,050,000	\$12,150,000	\$1,100,000	\$47,850,000	\$36,800,000
RICAP - Pastore Center Non-Medical Buildings Asset Protection	6,250,000	7,092,253	842,253	10,330,000	4,080,000
RICAP - Pastore Center Medical Buildings Asset Protection	500,000	505,032	5,032	4,500,000	4,000,000
RICAP - Pastore Center Master Plan	1,700,000	1,869,021	169,021	2,200,000	500,000
RICAP - Pastore Center Power Plant	-	783,726	783,726	450,000	450,000
RICAP - Pastore Center Water Utility System	-	207,681	207,681	-	-
RICAP - Pastore Center Building Demolition	\$1,000,000	\$1,150,000	\$150,000	\$1,000,000	\$0
Total	\$20,500,000	\$23,757,713	\$3,257,713	\$66,330,000	\$45,830,000

- **Pastore Infrastructure:** The Budget includes \$47.9 million in RICAP funds in FY2024 for infrastructure improvements at the Pastore Campus. These improvements include the replacement of water and sewer lines, as well as work on the power plant transformer, electrical lines, heating conduits, and the campus IT system.
- **Pastore Center Non-Medical Building Asset Protection:** The Budget includes \$10.3 million in RICAP funds reflecting an increase of \$4.1 million as compared to the FY2023 Budget as Enacted.
- **Pastore Center Medical Building Asset Protection:** The Budget includes \$4.5 million in RICAP funds for Pastore Center Medical Buildings asset protection expenses related to the Benton,

Mathias, and Adolph Meyer Hospitals. This is an increase of \$4.0 million in RICAP funds from the FY2023 Budget as Enacted.

- **Capitol Hill Campus Projects:** Includes \$15.5 million, an increase of \$8.9 million from the previous year, to fund various infrastructure upgrades to structures listed as the Capitol Hill Campus, including the Cannon Building, Old State House, Chapin Health Lab, State Office Building (DOT), and the William Powers Building.

Capital Hill Campus Projects	FY2023 Enacted	FY2023 Governor	Change	FY2024 Governor	Change
RICAP - State House Renovations	\$2,083,000	\$3,104,916	\$1,021,916	\$6,389,000	\$4,306,000
RICAP - Cannon Building	1,150,000	1,949,035	799,035	3,725,000	2,575,000
RICAP - Williams Powers Building	2,700,000	3,534,000	834,000	4,750,000	2,050,000
RICAP - Chapin Health Laboratory	500,000	791,377	291,377	425,000	(75,000)
RICAP - Old State House	100,000	372,427	272,427	100,000	-
RICAP - State Office Building	100,000	180,054	80,054	100,000	-
Total	\$6,633,000	\$9,931,809	\$3,298,809	\$15,489,000	\$8,856,000

- **State House Renovations:** The capital plan consists of \$78.8 million in renovations to the State House in Providence, including an appropriation of \$6.4 million in RICAP funds for FY2024. This reflects an increase of \$4.3 million from the previous fiscal year. The projects include HVAC replacement, asset protection, mechanical improvements, and improvements to the grounds and walkways around the structure. The Budget also includes \$2.5 million in FY2024 to determine how to address occurrences of “and Providence Plantations” from areas inside the State House and fund the associated costs.
- **Cannon Building:** The Cannon Building, located in Providence, houses the Department of Health. The Budget includes \$3.7 million in RICAP funds in FY2024, an increase of \$2.6 million from the previous budget. The projects include auditorium renovations, HVAC control upgrades, bathroom renovations, electrical upgrades, and a new standby generator.
- **William Powers Building:** The William Powers Building, located in Providence, houses the Department of Administration, the Department of Revenue, and some smaller state agencies. The Budget includes \$4.8 million in RICAP funds in FY2024 that include HVAC upgrades, bathroom renovations, window and exterior envelop repairs, and elevator renovations.
- **Rhode Island Convention Center Authority Venues:** The Budget includes \$16.6 million in RICAP funds for continued asset protection, upgrades, renovations, and funding of the renewal and replacement bond covenant for the Amica Mutual Pavilion (Dunkin Donuts Center). This is an increase of \$285,000 from the previous year.

RI Convention Center Authority Venues	FY2023 Enacted	FY2023 Governor	Change	FY2024 Governor	Change
RICAP - Rhode Island Convention Center Authority	\$7,350,000	\$7,350,000	\$0	\$10,237,500	\$2,887,500
RICAP - Dunkin Donuts Center	8,150,000	8,150,000	-	6,212,500	(1,937,500)
RICAP - Veterans Auditorium	765,000	765,000	-	100,000	(665,000)
Total	\$16,265,000	\$16,265,000	\$0	\$16,550,000	\$285,000

- **Rhode Island Convention Center Authority:** The Budget includes \$10.2 million in RICAP funds for continued asset protection, upgrades, and renovations to the Rhode Island Convention Center (RICC) in Providence. This reflects an increase of \$2.9 million over the FY2023 Budget as Enacted. The total recommended capital expenditure covering FY2023 to FY2028 is \$28.4 million in RICAP funds. The RICC is owned and operated by the Rhode Island Convention Center Authority (RICCA), but leased to the State through a sublease agreement implemented in November 1991. The Convention Center opened in December 1993 and, as the facility ages into its fourth decade, an asset protection and preventive maintenance program is required to maintain the facility.
- **Amica Mutual Pavilion (Dunkin Donuts Center):** The Budget includes \$6.2 million in RICAP funds in FY2024 for continued asset protection, upgrades and renovations for the Amica Mutual Pavilion, including roof replacement and renovations to dressing rooms, locker rooms, and suites. This

reflects a decrease of \$1.9 million in RICAP funds from the previous year. The total recommended capital expenditure covering FY2023 to FY2028 is \$22.9 million in RICAP funds.

- **Veterans Auditorium:** The Budget includes \$100,000 in RICAP funds for HVAC system upgrades, stage lighting upgrades, and auditorium seating replacement for the Auditorium. This reflects a decrease of \$665,000 in RICAP funds from the previous year.
- **Miscellaneous Capital Projects:** The Budget includes \$25.6 million in RICAP funds for various major maintenance and repairs to 20 statewide projects or structures. This is an increase of \$3.0 million from the previous year.

Miscellaneous Capital Projects	FY2023 Enacted	FY2023 Governor	Change	FY2024 Governor	Change
RICAP - 560 Jefferson Blvd Asset Protection	\$150,000	\$265,093	\$115,093	\$1,600,000	\$1,450,000
RICAP - Accessibility - Facility Renovations	1,000,000	1,000,000	-	1,000,000	-
RICAP - Arrigan Center	825,000	825,000	-	125,000	(700,000)
RICAP - BHDDH DD & Community Facilities - Asset Protection	750,000	891,341	141,341	950,000	200,000
RICAP - BHDDH DD & Community Homes - Fire Code	325,000	601,335	276,335	325,000	-
RICAP - BHDDH DD Regional Facilities - Asset Protection	1,700,000	1,700,000	-	1,800,000	100,000
RICAP - BHDDH Group Homes	1,250,000	1,428,690	178,690	1,350,000	100,000
RICAP - BHDDH Substance Abuse Asset Protection	500,000	500,000	-	600,000	100,000
RICAP - Big River Management Area	427,000	427,000	-	200,000	(227,000)
RICAP - Comm Fac Asset Protection	450,000	630,000	180,000	70,000	(380,000)
RICAP - Cranston Street Armory	750,000	750,000	-	2,250,000	1,500,000
RICAP - Energy Efficiency Improvements- Statewide	1,250,000	1,960,807	710,807	1,000,000	(250,000)
RICAP - Environmental Compliance	400,000	756,336	356,336	200,000	(200,000)
RICAP - Information Operations Center	3,300,000	3,550,000	250,000	2,140,000	(1,160,000)
RICAP - Replacement of Fueling Tanks	680,000	1,663,189	983,189	430,000	(250,000)
RICAP - State Office Reorganization & Relocation	250,000	1,562,000	1,312,000	1,650,000	1,400,000
RICAP - Washington County Government Center	500,000	500,000	-	650,000	150,000
RICAP - Zambarano Buildings	6,070,000	7,337,784	1,267,784	7,245,000	1,175,000
RICAP - Security Measures State Buildings	500,000	705,557	205,557	500,000	-
RICAP - Shepard Building Upgrades	1,500,000	3,407,272	1,907,272	1,500,000	-
Total	\$22,577,000	\$30,461,404	\$7,884,404	\$25,585,000	\$3,008,000

- **Cranston Street Armory:** The Budget includes \$2.3 million in RICAP funds for continued asset protection/structural stabilization work on the facility, design and engineering work for the structure's exterior envelope, and funds for a development agreement on the reuse of the structure. This is an increase of \$1.5 million from the previous year. The Cranston Street Armory is currently being used as a warming center for homeless people. The Division of Capital Asset Management and Maintenance (DCAMM), through the last issued RFP, chose developer Scout Urban LLC (Scout) to work on ideas for potential development of the Armory. Scout is working with the Governor's Office and DCAMM on preferable solutions, budgets, and schedules.
- **560 Jefferson Boulevard:** The Budget includes \$1.6 million in RICAP funds for asset protection work on the facility. This is an increase of \$1.5 million from the previous year. The structure houses the Office of the Post-Secondary Commissioner, the Office of Veteran Affairs, and programs under the Department of Business Regulation.

Department of Business Regulation

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted	FY2024 Governor	Change from Enacted
Central Management	\$3.7	\$3.8	\$3.2	(\$0.6) -15.6%	\$4.6	\$0.8 21.3%
Banking Regulation	1.8	2.0	1.8	(0.2) -8.5%	1.9	(0.1) -7.1%
Board of Accountancy	0.0	0.0	0.0	- 0.0%	0.0	- 0.0%
Commercial Licensing, Gaming & Athletics	2.0	2.1	2.0	(0.0) -2.3%	2.1	0.0 0.1%
Building Design & Fire Professionals	9.6	12.1	11.7	(0.4) -3.4%	16.4	4.3 35.6%
Insurance Regulation	5.4	6.5	6.5	(0.0) -0.1%	6.6	0.1 1.4%
Office of Cannabis Regulation	1.2	6.5	6.4	(0.0) -0.2%	6.1	(0.3) -5.3%
Office of the Health Insurance Commissioner	2.4	4.7	4.9	0.2 3.7%	3.8	(0.9) -19.3%
Securities Regulation	0.7	0.9	0.9	(0.0) -2.6%	0.9	0.0 0.3%
Total	\$26.8	\$38.5	\$37.4	(\$1.1) -2.8%	\$42.3	\$3.8 9.9%

Expenditures by Source	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted	FY2024 Governor	Change from Enacted
General Revenue	\$19.5	\$26.3	\$25.5	(\$0.8) -3.0%	\$25.9	(\$0.3) -1.3%
Federal Funds	0.8	0.7	0.9	0.2 25.9%	0.6	(0.0) -7.2%
Restricted Receipts	6.5	10.8	10.3	(0.5) -4.5%	10.0	(0.8) -7.6%
Other Funds	0.0	0.7	0.7	- 0.0%	5.8	5.0 677.1%
Total	\$26.8	\$38.5	\$37.4	-\$1.1 -2.8%	\$42.3	\$3.8 9.9%

Authorized FTE Levels	150.0	181.0	176.0	(5.0) -2.8%	181.0	- -
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\$ in millions. Totals may vary due to rounding

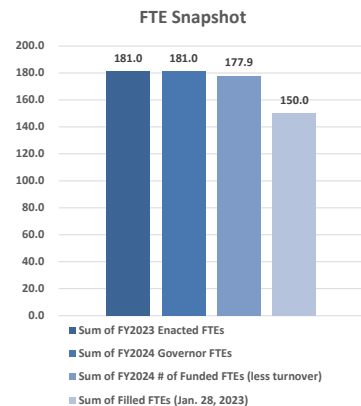
The Department of Business Regulation (DBR) implements state laws mandating the regulation and licensing of designated businesses, professions, occupations, and other specified activities. The Department is composed of nine programs: Central Management, Banking Regulation, Board of Accountancy, Commercial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

MAJOR ISSUES AND TRENDS

The FY2024 Budget includes an all funds increase of \$3.8 million, or 10.0 percent, from the FY2023 Budget as Enacted. The Budget includes a general revenue decrease of \$300,000 and a decrease of \$50,000 in federal funds as compared to the FY2023 Budget as Enacted. The general revenue increase is primarily caused by an increase of salary and wages.

The Budget includes \$37.4 million in all funds in FY2023 Governor's recommended budget, a decrease of \$1.1 million from the FY2023 Budget as Enacted. General revenues comprise 61.3 percent of the total funds, equaling \$25.5 million, a decrease of \$800,000 from the FY2023 Budget as Enacted.

The Budget authorizes 181.0 FTE positions for FY2024, and 176.0 FTE positions in FY2023.



CENTRAL MANAGEMENT

Central Management is composed of the Director's Office, and separate units for budgeting, regulatory standards, compliance, and enforcement. The specific functions include conducting administrative and rate hearings; providing legal services to the Director and Deputy Directors; compiling, submitting, and

monitoring the budgets of the respective divisions; approving vouchers and contracts; and providing management services.

Central Management	General Revenue
FY2023 Enacted	\$3,801,190
<i>Target and Other Adjustments</i>	<i>(400)</i>
Centralized Services	543,739
Personnel Adjustments	265,439
FY2024 Governor	\$4,609,968

Centralized Services **\$543,739**

The Budget increases general revenue expenditures by \$543,739 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$1.9 million for the centralized services; this increased to \$2.5 million in the FY2024 Budget.

Personnel Adjustments **\$265,439**

The Budget increases general revenue by \$265,439 for personnel adjustments within Central Management. This includes increased costs for the annual cost of living adjustment as well as an increased salary for the Director of the Department. The base salary for the position has remained the same since 2015 and the Department struggles to hire and retain leadership due to competitive wages in neighboring states. The Governor increases the base salary to \$160,473, \$30,473 more than the FY2023 Budget as Enacted salary. The increase also includes \$143,260 for funding towards vacant positions that the Department anticipates filling in FY2024 as well as planned personnel costs. The increase is primarily due to an increase of \$267,277 in general wages, and \$131,799 in turnover savings.

BANKING REGULATION

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

Banking Regulation	General Revenue
FY2023 Enacted	\$1,942,687
<i>Target and Other Adjustments</i>	<i>-</i>
Personnel Adjustments	(141,562)
FY2024 Governor	\$1,801,125

Personnel Adjustments **(\$141,562)**

The Budget decreases general revenue by \$141,562 for personnel adjustments within the Banking Regulation Division. The general revenue savings are due to turnover savings from planned personnel expenditures. The Department has maintained a consistent and stable turnover rate across the division.

BOARD OF ACCOUNTANCY

The Board of Accountancy is an autonomous board that is responsible for the licensing of certified public accountants, public accountants, partnerships, corporations, and sole proprietorships. It processes applications and fees and issues initial certificates and permits to regulated businesses, occupations, and professions. The Board of Accountancy is 100.0 percent funded by general revenues. The FY2015 Budget

as Enacted eliminated the sole Administrative Aide position for the program. Administrative responsibilities are assigned to other staff as needed. The remaining funds in the program support operating costs, such as national Certified Public Accountant (CPA) Society dues, legal expenses, and printing and mailings.

Board of Accountancy	General Revenue
FY2023 Enacted	\$5,490
<i>Target and Other Adjustments</i>	-
FY2024 Governor	\$5,490

COMMERCIAL LICENSING, GAMING, AND ATHLETICS

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

Commercial Licensing, Gaming & Athletics	General Revenue
FY2023 Enacted	\$1,167,550
<i>Target and Other Adjustments</i>	-
Personnel Adjustments	27,416
FY2024 Governor	\$1,194,966

Commercial Licensing, Gaming & Athletics	Other Fund Changes
Personnel Adjustments (restricted receipts)	(\$26,062)

Personnel Adjustments **\$27,416**

The Budget includes a net increase of by \$1,354 in all funds for personnel adjustments within the Division. This include a general revenue increase of \$27,416, which is offset by a decrease of \$26,062 in restricted receipts. The general revenue increase reflects planned personnel adjustments including the annual cost of living adjustment of 2.5 percent.

DIVISION OF BUILDING, FIRE, AND DESIGN PROFESSIONALS

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

Division of Building, Design, and Fire Professionals	General Revenue
FY2023 Enacted	\$8,852,699
<i>Target and Other Adjustments</i>	33,919
Bomb Squad Equipment - One Time Expenditure	(600,000)
Salaries and Benefits	341,145
State Fleet	(220,000)
Centralized Services	(217,261)
Bomb Squad Equipment Maintenance	100,000
FY2024 Governor	\$8,290,502

Division of Building, Design and Fire Professionals	Other Fund Changes
Furniture and Equipment (restricted receipts)	(\$223,000)
Centralized Services (restricted receipts)	(\$137,798)
Natural Gas (restricted receipts)	\$52,395

Bomb Squad Equipment – One Time Expenditure **(\$600,000)**

The Budget includes a \$600,000 decrease in general revenue to reflect the exclusion of a one-time expenditure during the FY2023 Budget as Enacted. The FY2023 Budget included a \$600,000 expenditure for the purchase of new bomb diffusing robots. These funds were also used for the purchase and maintenance for the Divisions vehicles. The FY2024 Budget includes \$13,000 in general revenue for supplies and equipment.

Salaries and Benefits **\$341,145**

The Budget includes an increase of \$341,145 in general revenue for personnel adjustments within the Division. This increase is inclusive of personnel upgrades, increased costs for retirement benefits and health insurance, and reallocating funds for one FTE position. The position – titled Administrator of Information Systems Management - was originally funded through restricted receipts. The Governor recommends shifting these funds to general revenue. This position was approved in FY2021 and was to be located within the restricted receipts account, Contractor Registration Support – Building Commission. However, this account is no longer funded. In order to maintain this position, the Department decided to shift the position to general revenue.

State Fleet **(\$220,700)**

The Budget includes a decrease of \$220,700 in general revenue to reflect revisions to the Division's capital fleet replacement plan. According to the revised plan, the Division will expend \$70,000 for the maintenance and purchase of two vehicles.

Centralized Services **(\$217,261)**

The Budget decreases general revenue expenditures by \$217,261 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$240,610 for the centralized services; this decreased to \$23,349 in the FY2024 Budget. There is a corresponding centralized service decrease of \$137,798 in restricted receipts. The FY2023 Budget as Enacted appropriated \$243,309 for centralized services, this decreased to \$105,51.

Bomb Squad Equipment Maintenance **\$100,000**

The Budget includes \$100,000 for the maintenance and upkeep of the Division's bomb squad equipment. The FY2023 Budget as Enacted authorized the Division to replace existing bomb squad equipment that has

failed over time. The purchase was necessary to maintain the Division's minimum requirements for FBI accreditation. The Department expects \$100,000 in recurring equipment costs associated with accreditation.

Furniture and Equipment (restricted receipts)

(\$223,000)

The FY2024 Budget recommends decreasing restricted receipts within the Fire Academy Training Fees Account by \$223,000. RIGL 23-28.2-29 establishes the account, which is used to fund costs associated to the fire training academy. The FY2023 Budget as Enacted appropriated \$235,000 for furniture and equipment. The Governor decreases furniture and equipment spending to \$12,000 in the FY2024 Budget

Natural Gas (restricted receipts)

\$52,395

The Division increases restricted receipts expenditures by \$52,395 to reflect billed amounts for natural gas. The FY2023 Budget as Enacted appropriated \$21,000 for natural gas. The Budget recommends \$73,392 in restricted receipts for FY2024.

INSURANCE REGULATION

Insurance Regulation conducts financial examinations of domestic insurance companies to ensure compliance with state and federal insurance statutes and regulations. The division also issues licenses for insurance companies, producers, adjusters and appraisers, and reviews rate and form filings of the life, accident and health, and property and casualty lines of business for compliance with state statutes and regulations. The division monitors and introduces legislation to maintain accreditation by the National Association of Insurance Commissioners.

Insurance Regulation	General Revenue
FY2023 Enacted	\$4,419,316
<i>Target and Other Adjustments</i>	-
Personnel Adjustments	250,540
FY2024 Governor	\$4,669,856

Insurance Regulation	Other Fund Changes
Personnel Adjustments (restricted receipts)	(\$158,467)

Personnel Adjustments

\$250,540

The Department increases general revenue by \$250,540 to reflect an increase in personnel expenditures. This increase is inclusive of personnel upgrades, and increased costs for retirement benefits and health insurance. These funds are offset by a \$217,835 in turnover savings, of which, \$59,368 are general revenue and \$158,467 are restricted receipts.

OFFICE OF CANNABIS REGULATION

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

Office of Cannabis Regulation	General Revenue
FY2023 Enacted	\$1,440,464

<i>Target and Other Adjustments</i>	-
Capital Purchases and Equipment	116,280
FY2024 Governor	\$1,556,744

Office of Cannabis Regulation	Other Fund Changes
Salary and Benefits (restricted receipts)	\$250,463
Seed-to-Sale System (restricted receipts)	(889,832)
Cannabis Office	Informational

Capital Purchases and Equipment **\$116,280**

The Budget includes \$116,280 in general revenue for the purchase of three vehicles for the travel to and from cannabis retail sites. The Office conducts inspections to ensure retailers are selling products that meet regulatory requirements. Currently, the office has only two cars; with the expected influx in cannabis retailers, the Office will need to perform inspections more frequently. The Office will have a total of five vehicles for transportation to and from cannabis retailers.

Salary and Benefits (restricted receipts) **\$250,463**

The Office increases restricted receipts by \$250,463 for planned personnel expenditures. The Office needed to shift funding to ensure that the personnel budget is balanced. This increase is inclusive of employee upgrades, and increases in health and retirement benefits. The FY2023 Budget as Enacted appropriated \$2.9 million for personnel expenses; and the Governor increases the appropriation to \$3.1 million in FY2024.

Seed-to-Sale System (restricted receipts) **(\$889,832)**

Currently, the Office oversees 79 licensed medical marijuana compassion centers, cultivators, and industrial hemp growers. The FY2023 Budget as Enacted included a one-time expenditure of \$1.2 million to contract with a new vendor to develop a new seed-to-sale system, which allows the Department to develop and manage a cannabis licensing and tracking system. The Office's restricted receipt expenditures were reduced to \$300,000 to reflect the removal of the one-time expenditure.

Cannabis Control Commission **Informational**

The passage of RIGL 21-28.11-1, otherwise known as The Rhode Island Cannabis Act, established the foundation for the Cannabis Control Commission. The Act establishes the Commission as the public body tasked with overseeing the regulation, licensing, and control of adult use and medical cannabis. The Commission is composed of 3.0 voting members, of which will be appointed by the Governor, with the advice and consent of the Senate.

The Act also established a Cannabis Advisory Board which consists of 19 members, 11 of whom are voting members. The Board works in conjunction with and advises the Commission on how to best implement policies that enhance social equity and justice when considering licensees, regulations, and other policies. Members of the Board are appointed by the Governor, and cannot begin working until the Commission gathers.

The Commission is not yet functioning as the appointment process is still ongoing. The delayed appointment process has stalled the award of new cannabis licenses and the opening of new retailers. The Governor's office expects the appointment process to be completed before the FY2024 Budget becomes enacted.

While the Commission is non-operational, the Office of Cannabis Regulation has assumed regulatory responsibilities. Under the Office, six retailers have been licensed to sell adult use cannabis products. Once the appointment process commences, and the Commission begins to function, the Office of Cannabis

Regulation will become the Cannabis Office, which will provide administrative and technical support to the Office.

OFFICE OF THE HEALTH INSURANCE COMMISSIONER

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

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

Office of the Health Insurance Commissioner	General Revenue
FY2023 Enacted	\$3,777,735
<i>Target and Other Adjustments</i>	-
Contracted Services	(1,076,948)
Salary and Benefits	219,276
Centralized Services	13,647
FY2024 Governor	\$2,933,710

Office of the Health Insurance Commissioner	Other Fund Changes
Salary, Operating Costs, and Contract Services	(\$49,929)

Human Services Programs Rates and Benefits Analysis **(\$1.1 million)**

The Budget decreases contracted services within the Office for the human service rate review analysis. RIGL 41-14.5-3 requires the Department to present deliverables, including various assessments detailing program rates, utilization trends, eligibility standards, functions of provider networks, licensed and unlicensed personnel, wait list times, and national rates compared to Rhode Island provider rates. These deliverables will be submitted to the General Assembly on a biannual basis beginning January 1, 2023. As such, the largest reporting requirements and contractual expenditures fall within odd numbered fiscal years. Program implementation will continue to be ongoing in even numbered years; however, the bulk of contract work will be required in odd fiscal years.

The Office submitted a status report in January 2023 and noted that additional time is needed to meet the statutory requirements because of delays onboarding the contract services. As of January 26, the Office has finalized the procurement and onboarding process, and expects to spend \$1.3 million in general revenue through January 2024 for actuarial and rate analysis support.

Salary and Benefits **\$219,276**

The Budget includes an increase of \$219,276 in general revenue related to personnel adjustments. In FY2023, the General Assembly charged the Office with conducting a Human Services Programs Rates and Benefits Analysis; a study that evaluates services on the Medicare fee-for-service fee schedule subsidized by both state and federal funds. The analysis aims to create an accurate database with up to date information that can be used to determine inadequate reimbursement rates. The FY2023 Budget as Enacted did not appropriate funds towards the personnel working on the analysis, instead the Office appropriated funds from contracted services to fund the position. The Office has 1.0 FTE dedicated to the Analysis.

SECURITIES REGULATION

Securities Regulation is responsible for the registration of certain securities, and the licensing and regulation of broker-dealers, sales representatives, certain investment advisers, and certain investment adviser representatives.

Securities Regulation	General Revenue
FY2023 Enacted	\$878,630
<i>Target and Other Adjustments</i>	-
Salary and Benefits	2,221
FY2024 Governor	\$880,851

Salary and Benefits **\$2,221**

The Budget includes an increase of \$2,221 in general revenue related to personnel adjustments. This increase is primarily due to an increase of \$20,750 in wages and a decrease \$21,408 in medical insurance expenditures. The increase is also associated with an increase of \$8,130 in employee retirement and a \$9,000 in general revenue savings due to the elimination of stipend payments in FY2024.

CAPITAL PROJECTS

Fire Academy: The Budget includes \$5.7 million in capital plan funds for projects related to updating the fire academy. The fire academy is experiencing unprecedented growth and prepares and trains future municipal firefighters. To meet the demand, the FY2023 Budget as Enacted appropriated a total of \$8.3 million, including \$650,000 in FY2023, \$5.7 million in FY2024, and \$1.9 million in FY2025. Projects include expanding the Fire Training Academy auditorium, an expansion of the Confined Space and Trench Rescue Training Simulators, and the re-use of an existing State-owned building as an evidence repository.

Gateway Government: Article 2 establishes the Large Systems Initiatives Fund (LSI) within the Department of Administration to support IT initiatives that receive federal reimbursements after implementation. Among these IT initiatives is Gateway to Government. Gateway to Government is a digital government pilot program that aims to transition licensing processes toward an online paperless system. The FY2024 Budget shifts \$5.0 million to the LSI to support this initiative.

Department of Labor and Training

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$1.6	\$1.4	\$0.8	(\$0.6)	-42.1%	\$2.2	\$0.7	51.9%
Governor's Workforce Board	28.2	40.5	42.9	2.5	6.1%	43.3	2.8	7.0%
Income Support	722.2	555.9	514.2	(41.7)	-7.5%	440.1	(115.8)	-20.8%
Injured Workers Services	9.4	11.4	10.3	(1.1)	-10.1%	10.9	(0.5)	-4.8%
Labor Relations Board	0.5	0.5	0.5	0.1	20.2%	0.6	0.1	22.3%
Workforce Development Services	17.6	20.6	38.6	18.0	87.4%	27.9	7.4	35.7%
Workforce Regulation and Safety	3.9	4.2	4.0	(0.3)	-6.3%	4.5	0.3	7.1%
Total	\$783.3	\$634.5	\$611.3	(\$23.2)	-3.7%	\$529.5	(\$105.0)	-16.5%

Expenditures by Source	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
General Revenue	\$15.5	\$22.8	\$22.6	(\$0.2)	-0.9%	\$17.7	(\$5.1)	-22.4%
Federal Funds	377.7	187.2	171.3	(15.9)	-8.5%	75.7	(111.5)	-59.5%
Restricted Receipts	27.2	32.3	35.3	3.0	9.3%	30.9	(1.4)	-4.2%
Other Funds	363.0	392.1	382.1	(10.1)	-2.6%	405.1	12.9	3.3%
Total	\$783.3	\$634.5	\$611.3	(\$23.2)	-3.7%	\$529.5	(\$105.0)	-16.5%

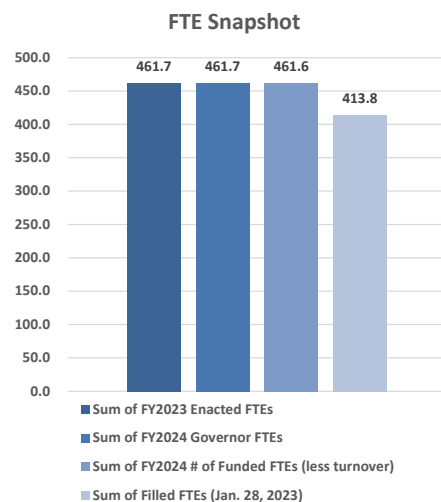
Authorized FTE Levels 461.7 461.7 461.7 - - 461.7 - -
\$s in millions. Totals may vary due to rounding

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

MAJOR ISSUES AND TRENDS

The FY2023 Governor's Revised Budget includes \$611.3 million in all funds, reflecting a \$23.2 million, or 3.7 percent decrease from the FY2023 Enacted Budget. The Budget includes \$22.6 million in general revenue, reflecting a \$208,053 or 0.9 percent decrease from the FY2023 Enacted Budget. Federal funds realized the largest reduction, decreasing \$15.9 million or 8.5 percent from the FY2023 Enacted level, largely due to the exhaustion of federal COVID-19 relief funds that were used to support unemployment benefits during the pandemic.

The FY2024 Budget includes \$529.5 million in all funds, reflecting a \$105.0 million, or 16.5 percent reduction from the FY2023 Enacted Budget. The Budget includes \$17.7 million in general revenue, reflecting a \$5.1 million or 22.4 percent decrease from the FY2023 Enacted Budget. Federal funds realized the largest reduction, decreasing \$111.5 million, or 59.5 percent from the FY2023 Enacted level, primarily due to the exhaustion of federal COVID-19 relief funds as well as a \$100.0 million savings related to the one-time expenditure of \$100.0 million in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) deposited to the Unemployment Insurance Trust Fund in FY2023.



Additionally, the Budget advances \$10.0 million in ARPA SFRF to FY2024 from FY2025 for the Enhanced Real Jobs initiative. The Budget also provides \$1.0 million in general revenue to create digital credentials for individuals enrolled in workforce development programs, as opposed to the current paper credentials offered by the Department. This initiative, which is not funded in the FY2023 Revised Budget, has an implementation deadline of July 1, 2023. The Budget also provides \$100,000 in general revenue to support the ongoing operations of the Office of Community Engagement, which is charged with bringing diversity and inclusion to the Department's operations.

The Budget authorizes 461.7 FTE positions in FY2023 and FY2024, consistent with the FY2023 Enacted level.

CENTRAL MANAGEMENT

The Central Management program is responsible for supervising, coordinating, and monitoring all departmental functions. The Central Management program provides leadership, management, strategic planning, and control of departmental activities.

Central Management	General Revenue
FY2023 Enacted	\$1,065,747
<i>Target and Other Adjustments</i>	<i>(40,034)</i>
Digital Credentials	1,000,000
Centralized Services	(323,449)
Office of Community Engagement	100,000
FY2024 Governor	\$1,802,264

Digital Credentials

\$1.0 million

The Budget includes \$1.0 million in general revenue to establish digital credentials for workforce development programs, in order to fulfill a statutory requirement. Pursuant to RIGL 28-1-5, which will be effective on July 1, 2023, "the Department shall require publicly funded workforce and training programs to supplement all paper-based credentials with verified electronic credentials." Currently, the Department offers paper-based credentials, which include certificates, licenses, and other workforce training completion and competency documents. Through this initiative, the Department will also provide electronic credentials, which can be both securely transmitted and verified. The Department will contract with an outside vendor to implement a system for issuing and verifying credentials, ensuring the requirement will be met in a secure manner.

Analyst Note: The FY2023 Revised Budget does not provide any funding for this initiative. RIGL 28-1-5 requires the Department to offer digital credentials by July 1, 2023, which is the start of FY2024. Due to the lack of funding in FY2023, it may prove challenging for the Department to ensure the initiative is completed by the statutorily required date.

Centralized Services

(\$323,429)

The Budget includes general revenue expenditures to reflect billed amounts for information technology services, human resources, and facilities management. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Enacted Budget appropriated \$952,183 for these expenses within the Central Management program, which is decreased by \$323,449 to \$628,734 in the FY2024 Governor's Recommended Budget.

	FY2023	FY2024	
Centralized Services	Enacted	Governor	Change
Information Technology	\$526,133	\$260,654	(\$265,479)
Human Resources	80,016	46,673	(33,343)
Capital Asset Management	346,034	321,407	(24,627)
Total	\$952,183	\$628,734	(\$323,449)

Office of Community Engagement**\$100,000**

The Budget includes \$100,000 in general revenue to support the newly established Office of Community Engagement. The Office of Community Engagement is charged with bringing diversity and inclusion to both the Department's internal and public facing operations. The Department will use the funds to launch an advisory group of community-based organizations that will provide feedback on programming strategies and perform community outreach, in order to bolster both recruitment and engagement with Departmental programming. Additionally, the community-based organizations will be compensated for their time and effort, as well as for any materials they may use.

GOVERNOR'S WORKFORCE BOARD

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

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

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

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

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

Governor's Workforce Board	General Revenue
FY2023 Enacted	\$12,031,000
<i>Target and Other Adjustments</i>	<i>0</i>
Real Jobs Rhode Island	(5,981,000)
FY2024 Governor	\$6,050,000

Governor's Workforce Board	Other Fund Changes
ARPA SFRF: Enhanced Real Jobs (federal funds)	\$10,000,000
GWB Education Services (restricted receipts)	(1,985,550)

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

The FY2023 Enacted Budget appropriated an additional \$6.0 million in general revenue to contract with the Real Jobs Rhode Island sector partnership administered by Skills for Rhode Island's Future (Skills RI). Skills RI partners with Rhode Island healthcare systems to facilitate the outreach, recruitment, screening, placement, onboarding, supportive services, training curriculum assistance, and outcome reporting of medical personnel to address the heightened need for healthcare services in the state. The program is currently underway and will occur only in FY2023; the Budget removes the funding in FY2024.

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

The Budget includes an additional \$10.0 million, \$20.0 million total, in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for use in FY2024, to enhance the Real Jobs Rhode Island (RJRI) platform initiative, representing a direct response to the economic impact of the pandemic. The initiative focuses on providing services to individuals facing unemployment, communities of color and low-income communities, small businesses, and industries severely affected by the COVID-19 health emergency and subsequent negative economic impacts.

Under the model, funding is directed to providing career readiness programming, job-related basic skills education (including digital skills), supportive services, financial literacy and coaching, and workforce development training for members of communities hit hardest by COVID-19 and businesses (particularly small business) within industries most impacted by the pandemic. Learning from and expanding upon the Back to Business initiative, this enhanced investment supports training, basic skills education, and wraparound services to ensure that those Rhode Islanders reentering employment do so with new skills and the capacity to succeed, while also providing the state's employers with a skilled workforce ready to increase competitiveness in the new economy. By leveraging the state's existing training and placement platforms, the program connects thousands of Rhode Islanders to the skills and resources they need to return to the workforce in more resilient jobs and careers and provide meaningful workforce solutions for employers in hardest hit industries as they emerge from the negative effects of the pandemic. According to the Department, this presents an opportunity to finally address longstanding inequities and systemic challenges facing our state's workers in the hardest hit communities.

The Department reports that this initiative has an average cost of engagement of \$5,600 per person. It is supported with an investment of \$30.0 million over two (2) years, the Department could engage approximately 7,000 Rhode Islanders and serve hundreds of businesses in industries driving the state's economy. Through FY2023, the Department indicates that the program has trained 29,649 workers, placed 13,296 in employment, and served 4,472 businesses. The Budget includes \$10.0 million in funding for FY2023 and \$20.0 million for FY2024 reflecting a total of \$30.0 million for the program. Due to compliance concerns with the U.S. Treasury, the Budget has shifted FY2025's appropriation to FY2024.

GWB Education Services (restricted receipts)**(\$2.0 million)**

The Budget includes \$11.6 million in restricted receipts within the Governor's Workforce Board (GWB) for education services, reflecting a \$2.0 million savings from the FY2023 Budget as Enacted. The Department had requested a reduction due to an adjusted projection of future expenditures. Funding for education services is generated through a 0.19 percent tax on employer paid wages. Education Services funds programs within the Governor's Workforce Board including Real Skills for Youth, Incumbent Worker Training, etc.

INCOME SUPPORT

The Income Support program encompasses all functions and activities related to the Unemployment Insurance program, which provides temporary income support to workers who have lost employment through no fault of their own; Temporary Disability Insurance (TDI), which provides benefits to individuals who are unable to work due to non-work related illness or injury; and, the Police and Firefighters' Relief Funds, which provide financial compensation to police officers, firefighters, or their families for death or disabling injuries.

Income Support	General Revenue
FY2023 Enacted	\$3,949,058
<i>Target and Other Adjustments</i>	<i>(4,605)</i>
Police and Firefighters' Relief Fund	(269,801)
Unemployment Insurance Benefit Statistics	Informational
FY2024 Governor	\$3,674,652

Income Support	Other Fund Changes
ARPA SFRF: Unemployment Insurance Trust Fund Contribution (federal funds)	(\$100,000,000)
Temporary Disability Insurance Payment of Benefits (other funds)	40,000,000
Unemployment Benefits (other funds)	(32,300,000)
COVID Emergency Funds (federal funds)	(21,126,000)
Temporary Disability Insurance: Caregiver Benefits (other funds)	7,500,000
CARES Act (federal funds)	(3,209,328)

Police and Firefighters' Relief Fund**(\$269,801)**

The Budget includes a savings of \$269,801 in general revenue for assistance and grants within the Police and Firefighters' Relief Fund compared to the FY2023 Budget as Enacted. The savings is primarily related to a one-time death benefit payment of \$304,081 in FY2023 that is not included in FY2024. Additionally, the Budget includes a reduction of \$55,720 in annuity benefits offset by a \$90,000 increase in tuition benefits paid to the families of deceased or injured firefighters and police officers from the FY2023 Budget as Enacted.

The state is required to provide a 40 percent match to federal death benefit payments from the U.S. DOJ's Public Safety Officers' Benefits (PSOB) Program, which provides death benefits for law enforcement officers and firefighters killed in the line of duty. Under RIGL 45-19, the spouse of a deceased police officer or firefighter receives an annual annuity of \$3,600 per year for as long as they remain unmarried, or if there is no spouse a total sum not exceeding \$10,000 is payable to the parent(s) of the deceased police officer or firefighter. In addition, an annuity of \$1,200 per year is paid to each widow or widower for each child of a deceased firefighter or police officer who is under the age of 18. Also, under current law, children of deceased firefighters or police officers are eligible to receive up to four years of free tuition at the University of Rhode Island, Rhode Island College, or the Community College of Rhode Island. This tuition benefit is

also available to any firefighter or police officer that is permanently disabled in the line of duty. The following table illustrates the expenditure changes.

	FY2023	FY2024	
Police Officers' Relief Fund	Enacted	Governor	Change
Police Officer Annuities	\$684,000	\$676,700	(\$7,300)
Tuition Benefits	110,000	150,000	40,000
One Time Death Benefit	304,081	-	(304,081)
Subtotal	\$1,098,081	\$826,700	(\$271,381)
Firefighters' Relief Fund			
Firefighter Annuities	\$2,430,000	\$2,381,580	(\$48,420)
Tuition Benefits	275,000	325,000	50,000
Subtotal	\$2,705,000	\$2,706,580	\$1,580
Total	\$3,803,081	\$3,533,280	(\$269,801)

Unemployment Insurance Benefit Statistics

Informational

Rhode Island currently ranks 26th in average weekly UI benefits paid nationally, and has the second lowest average weekly UI benefits paid in New England.

12 Months Ending 3rd Quarter 2022 Average UI Benefits Paid			
State	Amount	New England	National
Massachusetts	\$9,527	1	2
Rhode Island	5,765	2	16
Maine	5,465	3	19
Connecticut	5,213	4	23
Vermont	4,712	5	29
New Hampshire	3,152	6	42

Source: US Dept. of Labor/UI Data Summary

12 Months Ending 3rd Quarter 2022 Average Weekly UI Benefits Paid			
State	Amount	New England	National
Massachusetts	\$590.43	1	2
Vermont	429.06	2	14
Maine	411.29	3	18
Connecticut	397.26	4	21
Rhode Island	385.22	5	26
New Hampshire	320.09	6	35

Source: US Dept. of Labor/UI Data Summary

As of January 1, 2022 Maximum Weekly UI Benefit			
State	Amount	New England	National
Massachusetts	\$974	1	2
Connecticut	685	2	6
Rhode Island	661	3	7
Vermont	583	4	14
Maine	511	5	21
New Hampshire	427	6	35

Source: US Dept. of Labor

As of January 1, 2022 Maximum Weekly UI Benefit with Dependents Allowance			
State	Rate	New England	National
Massachusetts	\$1,461	1	1
Maine	894	2	3
Rhode Island	826	3	4
Connecticut	760	4	8
Vermont*	583	5	19
New Hampshire*	427	6	35

* No dependent's benefit provision

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

The Budget includes a savings of \$100.0 million in federal funds related to the FY2023 initiative that deposited funds into the Unemployment Insurance Trust Fund. For tax year 2022, the State had made a number of administrative adjustments to more accurately determine the health of the trust fund and the rate of UI taxes to be assessed. While these adjustments were made using the most accurate modeling and analysis available, it is possible that the trust fund will experience unexpected shortfalls in the coming tax years. Holding these funds in reserve allows for the ability to rapidly respond if a shortfall is identified in the trust fund and allows them to be put toward other effective uses to support the state's employers, if no such need is identified.

As of February 1, 2023, the Unemployment Insurance Trust Fund had a balance of \$403.9 million compared to \$198.3 million in February 1, 2022, reflecting a \$205.6 million increase due in part to a federal fund injection. On September 26, 2022, the State deposited \$100.0 million in ARPA SFRF into the Unemployment Insurance Trust Fund.

	As of 2/1/2022	As of 2/1/2023	Variance
UI Trust Fund Balance	\$198,250,646	\$403,855,532	\$205,604,886 103.7%

Temporary Disability Insurance Payment of Benefits (other funds) \$40.0 million

The Budget includes \$225.0 million in other funds to support Temporary Disability Insurance (TDI) benefits, reflecting an increase of \$40.0 million from the FY2023 Enacted Budget. The increase is due to updated projections of utilization. Funded entirely by Rhode Island worker contributions, TDI allows individuals who cannot work due to a temporary disability or injury, to receive payments for missed work. Rhode Island is one of five states that have this program.

Unemployment Benefits (other funds) (\$32.3 million)

The Budget includes \$136.8 million in other funds to support unemployment benefits, reflecting a \$32.3 million savings from the FY2023 Enacted Budget. These additional funds were required due to rising unemployment due to the COVID-19 pandemic, but are no longer necessary. The federal government made a number of changes to unemployment insurance regulations as a result of the pandemic, including increasing the length of time a person may collect unemployment insurance up to 79 weeks and including an additional supplemental payment for eligible individuals. Beginning in April 2020, the Department of Labor and Training was authorized to provide supplemental payments to individuals collecting unemployment. This additional payment was \$600/week from April 4, 2020, through July 31, 2020. An additional payment of \$300/week began again on January 2, 2021, and was extended through September 4, 2021, at a rate of \$300/week.

In FY2021, the Department paid \$2.3 billion in UI benefits, including \$369.9 million from the UI Trust fund and \$1.9 billion from federal unemployment insurance funds. For FY2022, the Department paid \$458.5 million in UI benefits, including \$140.7 million from the UI trust fund and \$317.7 million from federal unemployment insurance funds. The following table displays the fund changes.

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

COVID-19 Emergency Funds (federal funds) (\$21.1 million)

The Budget does not include any COVID-19 emergency funds, reflecting a decrease of \$21.1 million from the FY2023 Enacted Budget. These federal funds were primarily used to support unemployment benefits throughout the pandemic, as the Department experienced an uptick in individuals applying for unemployment insurance and required additional federal funds to meet the demand for the additional claims. The funds have been removed from the FY2024 Budget.

Temporary Caregiver Insurance Benefits (other funds) \$7.5 million

The Budget includes \$23.5 million in other funds, reflecting an increase of \$7.5 million from the FY2023 Enacted Budget, to support individuals who cannot work due to providing necessary care. The increase is due to updated projections of utilization. Signed into law on July 11, 2013, Temporary Caregiver Insurance (TCI) disburses payments to individuals who are unable to work due to providing necessary care for seriously ill family members, such as children, spouses, parents, domestic partners, and grandparents. Additionally, individuals who need to bond with a newborn baby or newly adopted child are also eligible to receive benefits. Eligible individuals may claim caregiver benefits for up to 6 weeks.

CARES Act (federal funds)**(\$3.2 million)**

The Budget includes \$2.4 million in Coronavirus Aid, Relief and Economic Security (CARES) Act funds reflecting a decrease of \$3.2 million from the FY2023 Enacted Budget. These federal funds were primarily used to support unemployment benefits throughout the pandemic, as the Department experienced an uptick in individuals applying for unemployment insurance and required additional federal funds to meet the demand for the additional claims.

INJURED WORKERS SERVICES

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

Injured Workers Services	Other Fund Changes
FY2023 Enacted	\$11,403,127
<i>Target and Other Adjustments</i>	<i>(33,905)</i>
Medical Services in Education Unit (restricted receipts)	(324,996)
Second Injury Fund (restricted receipts)	(183,868)
FY2024 Governor	\$10,860,358

Medical Services in Education Unit (restricted receipts)**(\$324,996)**

The Budget includes \$4 in restricted receipts for contract professional services within the program's Education Unit, reflecting a savings of \$324,996 from the FY2023 Enacted Budget. The savings are primarily related to the removal of medical services from the Education Unit, which the agency does not anticipate utilizing in FY2024 or in the future.

Second Injury Fund (restricted receipts)**(\$183,868)**

The Budget includes \$624,132 in restricted receipts for assistance and grants related to the Second Injury Fund, reflecting a savings of \$183,868 from the FY2023 Enacted Budget. The Department indicates that they are anticipating a decline in the utilization of these funds due to the decreasing number of individuals eligible to receive them. Rhode Island had repealed the second injury fund and is no longer accepting new applicants. The Second Injury Fund is a state-administered fund designed to help previously injured employees return to work and protect employers from being liable for compensation related to a new work-related injury.

LABOR RELATIONS BOARD

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

Labor Relations Board	General Revenue
FY2023 Enacted	\$452,822
<i>Target and Other Adjustments</i>	<i>(17,754)</i>
Personnel Salary and Benefit Adjustments	118,864
FY2024 Governor	\$553,932

Personnel Salary and Benefit Adjustments**\$118,864**

The Budget includes \$495,620 in general revenue to support the salary and benefits of personnel within the Labor Relations Board program, reflecting an increase of \$118,864 from the FY2023 Enacted Budget. The increases include \$68,191 in benefits and \$50,673 in salary expenditures.

WORKFORCE DEVELOPMENT SERVICES

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

Workforce Development Services	General Revenue
FY2023 Enacted	\$1,103,105
<i>Target and Other Adjustments</i>	<i>(1,633)</i>
Personnel Salary and Benefit Adjustments	(10,854)
FY2024 Governor	\$1,101,472

Workforce Development Services	Other Fund Changes
QUEST Grant (federal funds)	\$7,172,126
Workforce Innovation and Opportunity Act Grants (federal funds)	468,452

Personnel Salary and Benefit Adjustments**(\$10,854)**

The Budget includes \$187,734 in general revenue to support the salary and benefits of personnel within the Workforce Development Services program, reflecting a general revenue savings of \$10,854 from the FY2023 Enacted Budget. The general revenue savings is due to shifts in cost allocations throughout the program and is comprised of a \$12,216 decrease in benefits, offset by a \$1,176 increase in salaries.

QUEST Grant (federal funds)**\$7.2 million**

The Budget includes \$7.2 million in federal funds from the new Quality Jobs, Equity, Strategy, and Training (QUEST) grant, which is classified as a Dislocated Worker Grant (DWG) and will be available from FY2023 through FY2025. The U.S. Department of Labor announced that Rhode Island's Department of Labor and Training would receive \$15.0 million, the maximum amount, on July 5, 2022. Authorized by the Workforce Innovation and Opportunity Act, DWGs provide funding support in response to unexpected events that lead to significant job loss. The Department will utilize the funds to provide occupational training through the industry-led Real Jobs Rhode Island (RJRI) program, which invests in sector-based intermediaries who serve as RJRI Partners and enables them to design and implement their own initiatives to serve their industry's needs. The industries that the project will address include healthcare, childcare, manufacturing, construction, transportation, logistics, informational technology and finance. The FY2023 Revised Budget includes \$6.2 million for the initiative. The following table illustrates how the FY2024 appropriation will be used.

	FY2024
QUEST Grant	Governor
Assistance and Grants	\$6,125,000
Salary and Benefits	872,126
Contract Professional Services	100,000
Operating Supplies and Expenses	75,000
Total	\$7,172,126

Workforce Innovation and Opportunity Act Grants (federal funds)**\$468,452**

The Budget includes \$12.8 million in federal funds from Workforce Innovation and Opportunity Act (WIOA) grants, reflecting an increase of \$468,452 from the FY2023 Enacted Budget. Some of the grants include:

- **WIOA Adult Program:** Provides funding to enable workers to obtain good jobs by providing them with job search assistance and training opportunities. This grant is funded at \$3.5 million in FY2024, reflecting a decrease of \$572,284 from the FY2023 enacted level of \$4.1 million.
- **WIOA Youth Activities:** Provides support to help low income youth, between the ages of 14 and 24, acquire the educational and occupational skills, training, and support needed to achieve academic and employment success and successfully transition into careers and productive adulthood. This grant is funded at \$3.6 million in FY2024, reflecting an increase of \$207,508 from the FY2022 Enacted level of \$3.4 million.
- **WIOA Dislocated Worker Grants:** Provides funding for significant dislocation events. DLT's Rapid Response team provides services for closing businesses and dislocated workers. This grant is funded at \$5.6 million in FY2024, an increase of \$1.2 million from the FY2023 Enacted level of \$4.3 million.
- **WIOA National Dislocated Worker COVID-19 Grants:** Provides support for dislocated workers directly affected by COVID-19. The grant is funded at \$22,930 in FY2024 and reflects a decrease of \$387,686 from the FY2023 enacted level of \$410,616.

WORKFORCE REGULATION AND SAFETY

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

Workforce Regulation and Safety	General Revenue
FY2023 Enacted	\$4,240,619
<i>Target and Other Adjustments</i>	<i>(223,380)</i>
Intra-Agency Transfer	525,618
FY2024 Governor	\$4,542,857

Intra-Agency Transfer***\$525,618***

The Budget includes a \$525,618 increase in general revenue within the Professional Regulation and Safety Unit. The FY2023 Budget as Enacted included an anticipated deficit of \$713,845 in intra-agency transfers. The deficit is reduced through \$525,618 in supplemental general revenue funding in the FY2024 Budget, reducing the intra-agency transfer deficit to \$188,227. The Department often uses flexible funding from the Income Support program to supplement general revenue expenditures within the Workforce Regulation and Safety program.

Department of Revenue

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Director of Revenue	\$2.1	\$2.3	\$2.3	\$0.0	0.3%	\$2.3	\$0.1	4.0%
Division of Collections	0.7	0.9	1.0	0.1	10.4%	1.0	0.1	12.9%
Lottery Division	364.6	436.8	390.3	(46.6)	-10.7%	389.8	(47.0)	-10.8%
Municipal Finance	133.5	133.7	135.8	2.1	1.6%	1.8	(131.9)	-98.7%
Office of Revenue Analysis	0.8	1.0	0.9	(0.0)	-2.8%	1.0	0.0	1.3%
Registry of Motor Vehicles	33.8	42.8	43.2	0.4	1.0%	35.6	(7.2)	-16.8%
State Aid	189.5	293.2	293.4	0.2	0.1%	299.2	6.0	2.0%
Taxation	33.1	37.1	33.6	(3.5)	-9.4%	39.8	2.7	7.4%
Total	\$758.1	\$947.7	\$900.5	(\$47.2)	-5.0%	\$770.6	(\$177.1)	-18.7%

Expenditures By Source	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
General Revenue	\$258.6	\$371.9	\$371.2	(\$0.7)	-0.2%	\$370.4	(\$1.5)	-0.4%
Federal Funds	132.8	132.2	132.2	0.0	0.0%	0.6	(131.6)	-99.5%
Restricted Receipts	2.0	6.6	6.7	0.0	0.1%	9.6	2.9	43.8%
Other Funds	364.8	437.0	390.4	(46.6)	-10.7%	390.0	(47.0)	-10.7%
Total	\$758.1	\$947.7	\$900.5	(\$47.2)	-5.0%	\$770.6	(\$177.1)	-18.7%

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

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

MAJOR ISSUES AND TRENDS

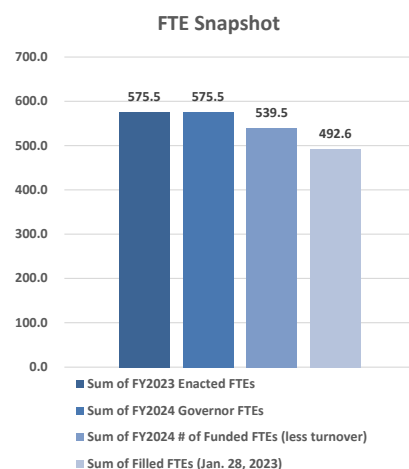
The Governor recommends \$900.5 million from all funds in FY2023 and \$770.6 million in the FY2024 Supplemental Budget, a 5.0 and 18.7 percent decrease, respectively. The FY2023 Supplemental proposal is \$47.2 million less than the enacted level, and is primarily related to a \$46.4 million anticipated reduction in lottery prize payments in the current year.

The FY2024 Budget is overall \$177.1 million less than the enacted level. This is also related to a \$46.4 million decrease in lottery payments, but also includes a \$132.0 million decrease in federal American Rescue Plan Act (ARPA) Local Fiscal Relief Funds (LFRF). These federal pandemic relief dollars are required to be disbursed to municipalities by the State via proscribed formulas set out in ARPA. The \$132.0 million in FY2023 represents the final disbursement and is not repeated in FY2024.

Important initiatives within the DOR budget include:

State Aid

- **Motor Vehicle Excise Tax Reimbursement:** The Budget includes \$224.7 million in total general revenue funding the Motor Vehicle Excise Phase Out (MVEP) program, \$3.8 million more than the FY2023 enacted level. The increase represents adjustments for fire districts, data updates, and the



lagging phase-out payment for East Providence, whose fiscal year is one year behind other municipalities.

- **Distressed Communities Relief Fund:** The Governor recommends level funding the Distressed Community Relief Fund in FY2024 at \$12.4 million in general revenue.
- **Payment in Lieu of Taxes (PILOT):** The Governor fully funds the State PILOT program at the 27.0 percent statutory level in FY2024, for a total of \$50.2 million in general revenue. This is \$1.8 million over the enacted level.

Division of Motor Vehicles

- **License Plate Reissuance:** The FY2023 Budget as Enacted includes \$8.5 million in general revenue in FY2023 to fund statutorily required reissuance of motor vehicle license plates. This includes \$5.7 million for the production of the new plates and \$2.8 million for postage. These costs do not repeat in FY2024.

Taxation

- **Pawtucket TIF Payment:** The Governor includes a \$2.9 million other funds payment to Pawtucket related to the CommerceRI-approved Tidewater Landing development taking place within the City's statutorily-authorized redevelopment district. The Division of Taxation segregates economic activity taxes generated within the district and disburses them to the Pawtucket's Redevelopment Agency (PRA) to finance economic development bonds. The disbursements are made pursuant to General Assembly appropriation and to executed agreements between CommerceRI, Pawtucket, and the developer.

DIRECTOR OF REVENUE

The Office of the Director is responsible for the administration of the Department. Functions include personnel management and legal support for the Department of Revenue.

Director of Revenue	General Revenue
FY2023 Enacted	\$2,257,475
Target and Other Adjustments	7,461
Personnel	83,912
FY2024 Governor	\$2,348,848

Personnel **\$83,912**

The Governor recommends \$1.4 million in personnel expenditures in FY2024 in the DOR's Office of the Director. This is \$83,912 more than the enacted level. This is primarily associated with anticipated statewide increases in salaries, benefits, retirement, and other personnel costs.

Personnel Category	FY2023 Enacted	FY2023 Governor	Change to Enacted	FY2024 Governor	Change to Enacted
Salaries	\$847,797	\$838,779	(\$9,018)	\$889,484	\$41,687
Benefits	166,932	177,781	10,849	187,015	20,083
Retirement Costs	284,905	279,608	(5,297)	303,591	18,686
FICA	64,195	64,167	(28)	67,651	3,456
Total	\$1,363,829	\$1,360,335	(\$3,494)	\$1,447,741	\$83,912

DIVISION OF COLLECTIONS

The Division of Collections was established in FY2019 to assist State agencies in the collection of delinquent debt. The Division enters into agreements with willing State agencies to transfer the debts to the Division, which are remitted back to the appropriate agency once successfully recovered.

Division of Collections	General Revenue
FY2023 Enacted	\$887,668
<i>Target and Other Adjustments</i>	5,708
Personnel	109,176
FY2024 Governor	\$1,002,552

Personnel **\$109,176**

The Governor recommends \$1.4 million in personnel expenditures in FY2024 in the DOR's Division of Collections. This is \$109,176 more than the enacted level. This is primarily associated with anticipated statewide increases in salaries, benefits, retirement, and other personnel costs.

Personnel Category	FY2023 Enacted	FY2023 Governor	Change to Enacted	FY2024 Governor	Change to Enacted
Salaries	\$486,675	\$517,489	\$30,814	\$550,046	\$63,371
Benefits	107,365	117,697	10,332	123,826	16,461
Retirement Costs	163,200	172,659	9,459	187,936	24,736
FICA	37,228	39,589	2,361	41,836	4,608
Total	\$794,468	\$847,434	\$52,966	\$903,644	\$109,176

LOTTERY DIVISION

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

Lottery Division	Other Funds
FY2023 Enacted	\$436,842,155
<i>Target and Other Adjustments</i>	(570,676)
Commission and Prize Payments	(46,421,715)
FY2024 Governor	\$389,849,764

Commissions and Prize Payments (other funds) **(\$46.4 million)**

The net decrease of \$46.4 million in Commissions and Prize Payments is based on the November 2022 Revenue Estimating Conference (REC) estimates of VLT net terminal income and other lottery games. Net terminal income from VLTs is estimated to total \$514.0 million and net table game revenue (NTGR) is estimated to total \$131.7 million. NTGR is deposited in the State lottery fund for administrative purposes with commissions distributed to Twin River and deductions made for casino operating expenses. The balance is remitted to the general fund.

DIVISION OF MUNICIPAL FINANCE

The Division of Municipal Finance (DMF) assists municipalities by providing data analysis and technical assistance as well as training on financial reporting, tax levy, and property valuation issues. The Division calculates the equalized property valuation information and State Aid distributions. The Motor Vehicle Value Commission is staffed by the Division and sets vehicle values that are subject to the motor vehicle excise tax. The Division plays an important role in administering the State's fiscal stability statutes. These laws provide a tiered set of interventions, from budget commissions to receiverships, when a municipality experiences financial distress.

Division of Municipal Finance	General Revenue
FY2023 Enacted	\$1,738,044
<i>Target and Other Adjustments</i>	<i>21,387</i>
FY2024 Governor	\$1,759,431
Division of Municipal Finance	Other Funds
ARPA Local Fiscal Recovery Fund	(\$131,957,594)

ARPA Local Fiscal Recovery Fund (federal funds) (\$132.0 million)

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

According to guidance from Treasury, Local Fiscal Recovery Funds are allocated across three categories: county-level, non-entitlement unit level, and entitlement unit level. Treasury disburses funds directly to entitlement unit level governments while county and non-entitlement level unit funding must be appropriated by the General Assembly. Entitlement communities in Rhode Island include Cranston, East Providence, Pawtucket, Providence, Warwick, and Woonsocket. These communities received a total of \$272.8 million directly from Treasury in 2021 and 2022. The county-level and non-entitlement unit level funds were disbursed in two tranches, with 50.0 percent, or \$132.0 million, having been made available in May 2021 and the balance disbursed in May 2022. Since these funds have been fully appropriated and disbursed and do not recur, the Governor's recommended FY2024 Budget shows a federal funds decrease of \$132.0 million as compared to the enacted level.

OFFICE OF REVENUE ANALYSIS

The Office of Revenue Analysis (ORA) analyzes the State's tax systems and revenue streams. The Office prepares the biennial Tax Expenditures Report, cost-benefit analyses of tax proposals, and fiscal notes for revenue-related legislation. The Office houses, and is the primary operator of, the State's sales tax and personal income tax models.

Office of Revenue Analysis	General Revenue
FY2023 Enacted	\$970,638
<i>Target and Other Adjustments</i>	<i>12,893</i>
FY2024 Governor	\$983,531

DIVISION OF MOTOR VEHICLES

The Division of Motor Vehicles (DMV) is responsible for issuing, suspending, and revoking all motor vehicle licenses and registrations and for the motor vehicle inspection program. The Division operates a main branch in Cranston, with satellite branches in Middletown, Wakefield, Warren, Westerly, and Woonsocket. Additionally, AAA offers some DMV services at select branch locations.

Division of Motor Vehicles	General Revenue
FY2023 Enacted	\$39,062,598
<i>Target and Other Adjustments</i>	230,279
License Plate Reissuance	(8,475,011)
Personnel	690,091
FY2024 Governor	\$31,507,957

Division of Motor Vehicles	Other Funds
Real ID	Informational

License Plate Reissuance (\$8.5 million)

The FY2023 Budget as Enacted includes \$8.5 million in general revenue in FY2023 to fund statutorily required reissuance of motor vehicle license plates. This includes \$5.7 million for the production of the new plates and \$2.8 million for postage. Pursuant to Article 1 of the FY2023 Budget as Enacted, all unexpended funds for the reissuance are automatically reappropriated into subsequent fiscal years.

Under RIGL 31-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every ten years in order to reduce fraud, improve public safety and law enforcement, and to generate revenue. The reissuance was first scheduled to take place in September 2011. It had been delayed 8 times since, with a myriad of different rationales. The reissuance began on January 1, 2023. Although the statutory-established fee for reissued plates is \$8.00, the 2022 General Assembly waived the fee for this reissuance cycle.

Personnel \$690,091

The Governor recommends \$20.5 million in personnel expenditures in FY2024 in the DMV, \$690,091 more than the enacted level. The Division has 213.5 authorized FTE positions. The planned expenditures are anticipated to support 170.6 FTE positions, including 3.0 FTE positions focused on increased Commercial Driver's License testing and 18.0 FTE positions focused upon RealID licensing. The increased costs are primarily associated with anticipated statewide increases in salaries, benefits, retirement, and other personnel costs.

Personnel Category	FY2023 Enacted	FY2023 Governor	Change to Enacted	FY2024 Governor	Change to Enacted
Salaries and Wages	\$12.0	\$12.2	\$0.2	\$12.1	\$0.4
Retirement Costs	3.8	3.8	(0.0)	4.0	0.2
Benefits	3.5	3.4	(0.1)	3.5	0.1
FICA	0.9	0.9	0.0	0.9	0.0
Total	\$20.2	\$20.3	\$0.1	\$20.5	\$0.7

\$ in millions

STATE AID

The Budget funds a number of State Aid payments. State aid is administered by staff in the Division of Municipal Finance.

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

State Aid	General Revenue
FY2023 Enacted	\$292,187,877
Target and Other Adjustments	-
Motor Vehicle Excise Phase Out	3,757,426
PILOT	1,746,576
Property Revaluation Program	491,382
FY2024 Governor	\$298,183,261

Motor Vehicle Excise Phase Out

\$3.8 million

The Budget includes \$224.7 million in total general revenue funding the Motor Vehicle Excise Phase Out (MVEP) program, \$3.8 million more than the FY2023 enacted level. The General Assembly enacted legislation in 2017 to phase out the motor vehicle excise tax by 2024. Municipalities are reimbursed annually for lost revenue. In 2022, the General Assembly advanced the phase out one-full year. For all municipalities except East Providence, this meant the funding originally estimated for FY2024 was provided in FY2023. East Providence's fiscal year operates one year behind that of the other municipalities and the State. Because of this, the advancing of the phase out by a year meant that the City received its FY2023 amount in its FY2022 allocation. Likewise, the City's original FY2024 estimated payment will be made available for its FY2023 budget cycle.

The following table summarizes the net increase to the phase-out aid program. As described above, it includes the final increase for East Providence of \$4.2 million. It also includes technical adjustments to aid amounts to fire districts and the towns of Narragansett and Tiverton. Lastly, in the FY2023 Budget as Enacted, the General Assembly included \$500,000 to account any increases in payments resulting from data updates from municipalities. This appropriation is not included in the FY2024 aid program.

Program Component	Adjustment
East Providence	\$4,231,213
FY2023 MV Data Update	(500,000)
MV fire districts	(135,357)
Narragansett	123,889
Tiverton	37,680
Total	\$3,757,425

PILOT

\$1.7 million

The Budget includes \$50.2 million in general revenue for the State's Payment in Lieu of Taxes (PILOT) program in FY2024, \$1.7 million more than the FY2023 Budget as Enacted. The program reimburses cities and towns for property taxes that would have been due on real property owned by entities that are statutorily exempt from paying taxes. These entities include private nonprofit institutions of higher education, nonprofit hospitals, or any state-owned property such as hospitals, veterans' residential facilities, or correctional facilities. The objective is to offset the costs to the community for providing public safety or other municipal services to these properties. Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. Both the FY2023 and FY2024 amounts fully fund the program.

Property Revaluation Program

\$491,382

The Budget includes \$906,329 in general revenue for the Property Revaluation program in FY2024, reflecting an increase of \$491,382 relative to the FY2023 enacted level. The change is based on a reduction in anticipated reimbursements, which are required by law. The following communities will be reimbursed

for statistical updates in 2024: Burrillville, Central Falls, Charlestown, Jamestown, Lincoln, Little Compton, North Kingstown, North Smithfield, Providence, Scituate, Smithfield, and South Kingstown. Exeter, Foster, Middletown, Narragansett, Newport, Pawtucket, Tiverton, and Woonsocket. East Providence is scheduled for a full revaluation.

DIVISION OF TAXATION

The Division of Taxation assesses and collects taxes while also enforcing the State's tax laws. It is responsible for promulgating rules and regulations and preparing taxpayer forms and instructions; registering and recording taxpayer accounts; assessing and collecting taxes due; and enforcing non-compliance through collections, audits, and liens.

Division of Taxation	General Revenue
FY2023 Enacted	\$34,793,050
<i>Target and Other Adjustments</i>	<i>(188,081)</i>
FY2024 Governor	\$34,604,969

Division of Taxation	Other Funds
Tax Increment Financing Disbursement to Pawtucket (restricted receipts)	\$2,878,111

Tax Increment Financing Disbursement to Pawtucket (restricted receipts) **\$2.9 million**

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

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

The largest project supported by this financing in Pawtucket is Tidewater Landing, a \$400.0 million mixed-use development anchored by a soccer stadium. The stadium alone is currently expected to cost \$124.0 million to build. Commerce RI has awarded the project \$14.0 million in Rebuild RI tax credits and has pledged \$36.0 million in baseline and incremental revenue-backed financing for the stadium beginning in FY2024 and continuing through FY2041. The \$2.9 million (entirely from baseline revenue) is to be made available in FY2024.

Estimated Annual Debt Service Tidewater Stadium Project							
Date	Principal	Interest Rate	Gross Debt				Net Annual Debt Service
			Interest	Service Payments	Capitalized Interest	Admin. Expenses	
1-Dec-22			\$164,762	\$164,762	(\$164,762)		
1-Jun-23	-	5.50%	988,570	988,570	(1,018,570)	30,000	-
1-Dec-23			988,570	988,570	(988,570)		
1-Jun-24	-	5.50%	988,570	988,570	(1,019,170)	30,600	-
1-Dec-24			988,570	988,570	-		
1-Jun-25	891,000	5.50%	988,570	1,879,570	-	31,212	2,899,352
1-Dec-25			964,068	964,068	-		
1-Jun-26	983,000	5.50%	964,068	1,947,068	-	31,836	2,942,971
1-Dec-26			937,035	937,035	-		
1-Jun-27	1,081,000	5.50%	937,035	2,018,035	-	32,473	2,987,543
1-Dec-27			907,308	907,308	-		
1-Jun-28	1,185,000	5.50%	907,308	2,092,308	-	33,122	3,032,737
1-Dec-28			874,720	874,720	-		
1-Jun-29	1,295,000	5.50%	874,720	2,169,720	-	33,785	3,078,225
1-Dec-29			839,108	839,108	-		
1-Jun-30	1,412,000	5.50%	839,108	2,251,108	-	34,461	3,124,676
1-Dec-30			800,278	800,278	-		
1-Jun-31	1,536,000	5.50%	800,278	2,336,278	-	35,150	3,171,705
1-Dec-31			758,038	758,038	-		
1-Jun-32	1,667,000	5.50%	758,038	2,425,038	-	35,853	3,218,928
1-Dec-32			712,195	712,195	-		
1-Jun-33	1,807,000	5.50%	712,195	2,519,195	-	36,570	3,267,960
1-Dec-33			662,503	662,503	-		
1-Jun-34	1,955,000	5.50%	662,503	2,617,503	-	37,301	3,317,306
1-Dec-34			608,740	608,740	-		
1-Jun-35	2,111,000	5.50%	608,740	2,719,740	-	38,047	3,366,527
1-Dec-35			550,688	550,688	-		
1-Jun-36	2,278,000	5.50%	550,688	2,828,688	-	38,808	3,418,183
1-Dec-36			488,043	488,043	-		
1-Jun-37	2,453,000	5.50%	488,043	2,941,043	-	39,584	3,468,669
1-Dec-37			420,585	420,585	-		
1-Jun-38	2,640,000	5.50%	420,585	3,060,585	-	40,376	3,521,546
1-Dec-38			347,985	347,985	-		
1-Jun-39	2,837,000	5.50%	347,985	3,184,985	-	41,184	3,574,154
1-Dec-39			269,968	269,968	-		
1-Jun-40	3,046,000	5.50%	269,968	3,315,968	-	42,007	3,627,942
1-Dec-40			186,203	186,203	-		
1-Jun-41	3,268,000	5.50%	186,203	3,454,203	-	42,847	3,683,252
1-Dec-41			96,333	96,333	-		
1-Jun-42	3,503,000	5.50%	96,333	3,599,333	-	43,704	3,739,369
Total	\$35,948,000		\$25,955,197	\$61,903,197	(\$3,191,072)	\$728,921	\$59,441,046

Source: Executive Office of Commerce

CAPITAL PROJECTS

The Budget includes \$2.2 million in DOR capital project spending for FY2023-FY2028, with \$850,000 in FY2023 and \$1.4 million in FY2024.

DOR Capital Projects	FY2023		FY2024		FY2025 - FY2028		Total
	RICAP	Agency Funds	RICAP	Agency Funds	RICAP	Agency Funds	
Lottery - Building Enhancements	\$850,000	-	-	-	-	-	\$850,000
Lottery - HVAC	-	-	-	750,000	-	-	750,000
Lottery - Office Space	-	-	-	600,000	-	-	600,000
Total	\$850,000	-	-	\$1,350,000	-	-	\$2,200,000

- **Lottery – Building Enhancements:** The Governor recommends \$850,000 from the Rhode Island Capital Plan Fund in FY2023 to pay for the installation of a generator to be used as a backup power source in the event of a power outage.
- **Lottery – HVAC:** The Governor recommends \$750,000 in Lottery Funds in FY2024 to pay for the replacement of the Lottery Building’s heating, ventilation, and air conditioning system.
- **Lottery – Office Space:** The Governor recommends \$600,000 from Lottery Funds in FY2024 to reconfigure the Lottery Building’s office space to better respond to new product and service offerings, including mobile and retail sports betting.

Legislature

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Auditor General	\$4.9	\$6.4	\$6.8	\$0.4	5.9%	\$7.0	\$0.6	9.3%
Fiscal Advisory Staff	2.0	2.3	2.4	0.0	2.2%	2.4	0.1	3.7%
General Assembly	6.7	6.9	11.2	4.2	60.6%	7.3	0.3	4.9%
Joint Comm. on Legislative Services	27.0	29.6	33.5	3.8	12.9%	31.1	1.4	4.9%
Legislative Council	3.5	5.2	5.3	0.1	2.6%	5.3	0.2	3.0%
Special Legislative Commissions	0.0	0.0	0.0	-	-	0.0	-	-
	\$44.0	\$50.5	\$59.1	\$8.6	17.0%	\$53.1	\$2.6	5.2%

General Revenue	\$42.7	\$48.5	\$57.0	\$8.5	17.5%	\$51.0	\$2.5	5.1%
Federal Funds	(0.0)	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Restricted Receipts	1.3	1.9	2.0	0.1	5.7%	2.1	0.2	8.9%
Total	\$44.0	\$50.5	\$59.1	\$8.6	17.0%	\$53.1	\$2.6	5.2%

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

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

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

MAJOR ISSUES AND TRENDS

The Governor includes a total of \$59.1 million in FY2023 and \$53.1 million in FY2024 for the Legislature in FY2024. General revenue expenditures are recommended at \$57.0 million and \$51.0 million, respectively, for the revised FY2023 and the recommended FY2024 budgets. Under RIGL 35-3-15, all unexpended balances of general revenue appropriations to the General Assembly are reappropriated by the Governor in the following fiscal year for the same purposes. Unexpended appropriations in FY2022, totaled \$9.3 million. Of this amount the General Assembly requested \$8.5 million, with the difference becoming part of the General Fund Surplus.

The table below summarizes the recommended general revenue budget by category for FY2023 and FY2024.

Category	FY2023 Enacted	FY2023 Governor	Change from Enacted	FY2024 Governor	Change from Enacted
Salary and Benefits	\$41.0	\$41.6	\$0.5	\$42.7	\$1.6
Operating Supplies and Expenses	3.8	9.3	5.5	4.3	0.5
Assistance and Grants	2.3	2.3	-	2.3	-
Contract Professional Services	0.9	2.0	1.1	0.9	0.0
Capital Purchases and Equipment	0.5	1.9	1.4	0.8	0.3
Total	\$48.5	\$57.0	\$8.5	\$51.0	\$2.5

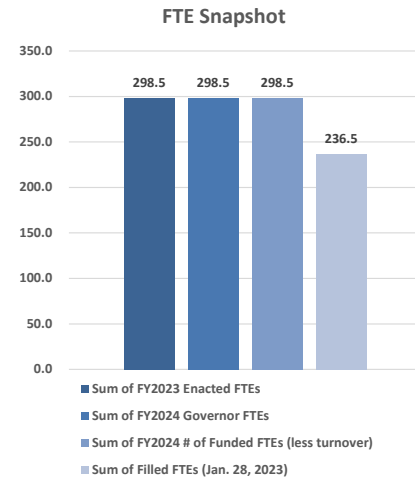
\$ in millions

Of the \$8.5 million in reappropriations in the current year, \$5.5 million is budgeted for several one-time expenses including \$3.6 million in building repairs, \$1.0 million in new computer equipment, \$911,00 in office equipment, \$750,000 in information technology programming, \$525,250 in maintenance and repairs of existing office equipment, and \$332,900 for furniture.

The \$2.5 million increase in FY2024 over the enacted level is primarily related to \$1.6 million in personnel cost increases resulting from statewide changes in salary and benefits.

The Budget provides for 298.5 FTE positions for FY2023 and FY2024, consistent with the FY2023 Budget as Enacted.

The Governor also recommends \$2.1 million in restricted receipts in FY2024. These funds are dedicated to the Auditor General's office. They are derived from a 0.5 percent audit fee that is assessed on all federal grants in State departments and are used to finance personnel costs associated with the Auditor General's annual Single Audit Report.



Lieutenant Governor

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Lieutenant Governor	\$1.1	\$1.4	\$1.4	\$0.0	0.5%	\$1.4	\$0.1	4.2%
Expenditures By Source								
General Revenue	\$1.1	\$1.4	\$1.4	\$0.0	0.5%	\$1.4	\$0.1	4.2%
Federal Funds	0.0	-	-	-	-	-	-	-
Authorized FTE Levels	8.0	8.0	8.0	-	-	8.0	-	-
\$ in millions. Totals may vary due to rounding.								

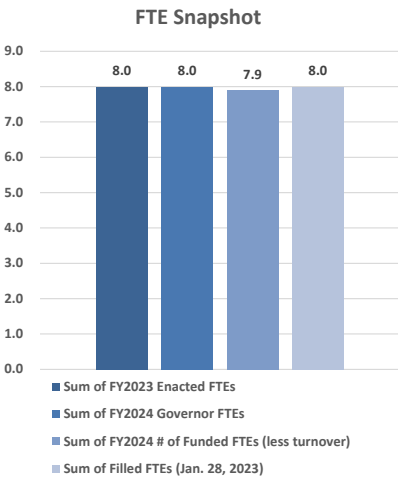
The Office of the Lieutenant Governor is one of the five general offices subject to voter election under the Constitution of Rhode Island. The Lieutenant Governor fulfills the executive responsibilities of the Governor upon his/her death, resignation, impeachment or inability to serve. The Lieutenant Governor serves on the Rhode Island Emergency Management Advisory Council (Chair); the Small Business Advocacy Council (Chair); and the Long-Term Care Coordinating Council (Chair), and the Office initiates legislation and assumes advocacy and leadership roles in several policy areas such as emergency management, veterans’ affairs, education, economic development, the environment, long-term care, health care and elderly affairs. The Office also serves as a liaison between citizens and state agencies.

MAJOR ISSUES AND TRENDS

The Office of the Lieutenant Governor’s budget is financed entirely by general revenue. The FY2023 Budget as Enacted included \$1.4 million in general revenue. The FY2023 Revised Budget includes an increase of \$13,205, of which \$10,000 is for contracted staff training and education services.

The FY2024 Budget includes \$1.4 million, an increase of \$57,763. Salary and benefit costs increase a net \$39,512 for the COLA costs for the Lieutenant Governor and staff, and the budget includes an increase of \$10,000 for contracted staff training and education services.

The Budget includes 8.0 FTE positions for FY2023 and FY2024, consistent with the enacted budget.



Lieutenant Governor	General Revenue
FY2023 Enacted	\$1,353,568
Target and Other Adjustments	8,251
Personnel Adjustments	21,756
Lt. Governor Salary Adjustment	17,756
Contracted Services	10,000
FY2024 Governor	\$1,411,331

Personnel Adjustments \$21,756

The Budget increases general revenue by \$21,756 for salary and benefit adjustments, not including the increase for the Lieutenant Governor, based on the recent negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract. The signed

contract included four cost-of-living adjustments (COLAs) of which the last COLA of 2.5 percent is set to occur in July 2023. The adjustments include turnover of \$13,903.

Lieutenant Governor Salary Adjustment

\$17,756

The Budget adds \$17,756 in general revenue reflecting an increase of \$14,623 for salary and \$3,133 for benefits for the Lieutenant Governor. The compensation increase is set by RIGL 36-6-1 and 36-6-2 for the statutorily set salary adjustment for General Officers. The statutes pertaining to the Lieutenant Governor require that, “after December 31, 1998, the salary of the Lieutenant Governor was \$80,000 and shall thereafter be adjusted at the beginning of each succeeding term by the total percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) published by the United States Department of Labor Bureau of Labor Statistics for the Northeast Region for the four (4) previous fiscal years, but in any event not to exceed twelve percent (12%).” The Budget Office used an increase of 11.9 percent to calculate the salary of the Lieutenant Governor in the succeeding term. Currently, the salary of the Lieutenant Governor is \$122,887 and the new salary will be \$137,510.

Contracted Services

\$10,000

The Budget increases general revenue expenditures by \$10,000, reflecting an increase for staff training and education costs. The FY2023 Budget as Enacted included a \$10,000 appropriation to enroll staff members in Leadership Rhode Island and to train staff in programs such as Salesforce. The increase will continue the enhanced level of professional development offered to staff in the previous fiscal year. The projected training includes: Leadership Rhode Island 10-month program for leadership development (one staff member), salesforce certification (one staff member), Asana Fundamentals Plus (building on Asana Fundamentals), and focused skills development—basic and intermediate—on all workspace platforms through the Office of Learning and Development and other training partners.

Office of the Secretary of State

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Administration	\$3.9	\$4.0	\$4.0	(\$0.1)	-1.7%	\$4.2	\$0.1	2.7%
Corporations	2.5	2.7	2.6	(0.0)	-1.5%	2.8	0.1	4.9%
State Archives	0.7	0.7	0.7	0.0	1.9%	0.8	0.1	8.3%
Elections and Civics	3.1	5.1	5.4	0.4	6.9%	4.5	(0.6)	-12.1%
State Library	1.0	0.8	0.8	(0.0)	-1.7%	0.8	(0.0)	-0.6%
Office of Public Information	0.5	0.7	0.7	0.0	1.4%	0.7	(0.0)	-0.1%
Total	\$11.7	\$14.0	\$14.3	\$0.3	1.8%	\$13.7	(\$0.3)	-2.3%

Expenditures By Source								
General Revenue	\$10.1	\$11.9	\$11.9	\$0.1	0.7%	\$11.1	(\$0.8)	-6.3%
Federal Funds	1.0	1.6	1.6	-	0.0%	2.0	0.4	23.5%
Restricted Receipts	0.6	0.5	0.6	0.0	1.1%	0.6	0.0	7.0%
Operating Transfers from Other Funds	-	-	0.2	0.2	-	-	-	-
Grand Total	\$11.7	\$14.0	\$14.3	\$0.3	1.8%	\$13.7	(\$0.3)	-2.3%

Authorized FTE Levels	59.0	59.0	59.0	-	-	59.0	-	-
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\$ in millions. Totals may vary due to rounding.

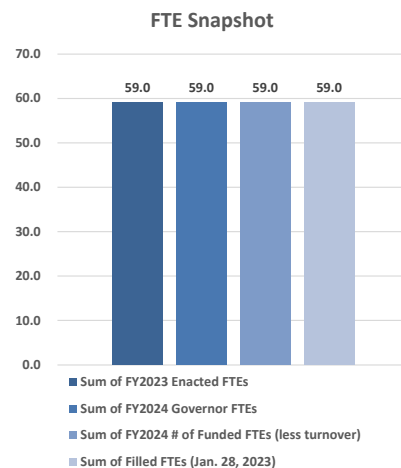
The Secretary of State is one of five general officers subject to voter election under the Constitution of Rhode Island. The Office of the Secretary of State prepares for state and local elections, manages the State's records, and provides public information about state government. The Office's budget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

MAJOR ISSUES AND TRENDS

The FY2023 Revised Budget increases by \$73,175 in general revenue (\$249,353 all funds) from the FY2023 Budget as Enacted, primarily as a result of the general election expenses that occurred in 2022 and the purchase of new voting equipment, that was offset by increased turnover and less statewide benefit costs.

For FY2024, all fund expenditures decrease by \$335,743. General revenue decreases by a net \$753,216, primarily due to the decrease of \$990,000 for general election expenses that will not occur in 2024. These expenses increase in odd-numbered fiscal years when there is a general election.

The Budget includes 59.0 FTE positions in FY2023 and in FY2024, consistent with the enacted level.



ADMINISTRATION

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

Administration	General Revenue
FY2023 Enacted	\$4,049,383
<i>Target and Other Adjustments</i>	<i>(20,816)</i>
Operating Adjustments	181,245
Multilingual Elections Hotline	(90,000)
Computer Equipment	68,250
Centralized Services	(29,145)
FY2024 Governor	\$4,158,917

Operating Adjustments **\$181,245**

The Budget increases general revenue by \$181,245 for operating adjustments within the Administration program, for computer supplies and equipment, software maintenance agreements, and central state fleet service. The remaining \$43,138 in this category is made up of smaller expense adjustments.

Operating Adjustments	FY2023 Enacted	FY2024 Governor	Change
Maintenance/Repairs: Computer Equipment	\$59,450	\$122,800	\$63,350
Software Maintenance Agreements	85,500	127,200	41,700
State Fleet: Overhead	6,000	28,103	22,103
Computer Supplies/Software & Equipment	65,615	76,569	10,954
All Other Operating	339,509	382,647	43,138
Total	\$556,074	\$737,319	\$181,245

Multilingual Elections Hotline **(\$90,000)**

The Budget eliminates \$90,000 in one-time funding for the 211 multilingual elections hotline that was part of the Let RI Vote Act. The FY2023 Budget as Enacted included funds to meet the requirements of the Let RI Vote Act, of which \$90,000 was used to establish a multi-language voter helpline.

Computer Equipment **\$68,250**

The Budget includes \$75,700 in general revenue for computer equipment purchases. This is an increase of \$68,250 from the previous fiscal year for computer equipment reflecting the Office of the Secretary of State's initiative to replace firewalls in FY2024.

Centralized Services **(\$29,145)**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$37,068 for this expense, which is decreased by \$29,145 to \$7,923 in the FY2024 budget.

STATE ARCHIVES

The State Archives Division is the official repository for preserving and maintaining the permanent records of State government. The Division sets regulations for state document retention, and assists state agencies with records management. Since 1992, the Division has also operated the Local Government Records Program, which is now largely funded with the Historical Records Trust restricted receipt account.

State Archives	General Revenue
FY2023 Enacted	\$178,651

<i>Target and Other Adjustments</i>	300
Software Maintenance Agreements	19,400
FY2024 Governor	\$198,351

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

Software Maintenance Agreements **\$19,400**

The Budget adds \$19,400 in general revenue for Software Maintenance Agreements to cover increasing contracts and a new service. There is also a corresponding \$19,000 restricted receipt increase in the Historical Records Trust to fund a new reference microfilm scanner.

Historical Records Trust (restricted receipts) **Informational**

The Budget uses the Historical Records Trust to fund certain personnel and operating costs in the State Archives program. The FY2023 Budget increases restricted receipt expenditures for personnel costs in the State Archive program thereby reducing the amount of general revenue needed to cover those costs.

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

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Balance Forward	\$44,136	\$62,239	\$41,995	\$14,665	\$119,975	\$123,167	\$96,891
Receipts	431,942	409,104	440,709	576,390	549,703	500,000	500,000
Expenditures	413,839	429,348	468,039	471,080	546,511	526,276	557,805
Cash Forward	\$62,239	\$41,995	\$14,665	\$119,975	\$123,167	\$96,891	\$39,086

CORPORATIONS

The Corporations Division is the official State repository for business and commercial records, and maintains a searchable database that includes articles of incorporation and entity annual reports. The Division also houses the First Stop Information Center, a referral service for existing and potential small business owners; the Uniform Commercial Code Unit for tangible property lien tracking; and, a Notary and Trademark application program.

Corporations	General Revenue
FY2023 Enacted	\$2,687,784

<i>Target and Other Adjustments</i>	14,500
Personnel Adjustments	91,932
Electricity Expenses	31,700
Legal Services	(20,000)
Postage	10,000
FY2024 Governor	\$2,815,916

Personnel Adjustments **\$91,932**

The Budget increases general revenue by \$91,932 reflecting an increase of \$84,037 in direct salaries and associated benefits, as well as a reduction of \$16,986 in health benefits.

Personnel Adjustments	FY2023 Enacted	FY2024 Governor	Change
Assessed Fringe Benefits	\$51,632	\$54,005	\$2,373
Contract Stipends	24,000	-	(24,000)
Direct Salaries	1,289,575	1,373,612	84,037
FICA	100,489	105,079	4,590
Health Benefits	265,008	248,022	(16,986)
Payroll Accrual	-	7,934	7,934
Retiree Health	58,558	61,796	3,238
Retirement	378,310	409,056	30,746
Total	\$2,167,572	\$2,259,504	\$91,932

Electricity Expenses**\$31,700**

The Budget adds \$31,700 in general revenue reflecting a net adjustment for electricity costs. The Budget adds \$50,000 under the Central Utility Fund (CUF) electricity line offset by a decrease of \$18,300 under the electricity operating line.

Analyst Note: In explaining the cost increase, the FY2024 impact statement states, "the largest adjustment in the request is a \$31,700 increase in the CUF Electricity natural that is primarily to accommodate a \$30,000 property tax bill. This has not been budgeted previously, but the agency had to pay it for the first time in FY2022." The Office of the Secretary of State placed the expenses for the property tax in the electricity natural account to keep it separate from the lease costs. According to the Office of the Secretary of State (Agency), the property was sold in 2022 and the new owner began sending the property tax bill to the Agency, and sought advice from the Division of Capital Asset Management and Maintenance (DCAMM), who instructed the Agency to pay the tax bill as the Agency is responsible for the payment.

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

The Budget removes \$20,000 in general revenue for contracted legal services in the Corporations program that was included in the FY2023 Budget as Enacted for reenactment legislation aimed at modernizing Rhode Island general laws with regards to partnerships, limited partnerships, and the Rhode Island Limited Liability Company Act. Funding for this expense is not required in FY2024.

Analyst Note: A reenactment is when a whole chapter of the general law is repealed and replaced.

Postage**\$10,000**

The Budget adds \$10,000 in general revenue for postage and postal services to better match recent actual expenses.

ELECTIONS AND CIVICS

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

Elections and Civics	General Revenue
FY2023 Enacted	\$3,439,462
<i>Target and Other Adjustments</i>	6,645
Election Costs	(990,000)
FY2024 Governor	\$2,456,107
Elections and Civics	Other Fund Changes
Federal HAVA Grant (federal funds)	\$379,642

Election Costs**(\$990,000)**

The Budget includes \$1.5 million in general revenue for election expenses, a decrease of \$990,000 as compared to the FY2023 Budget as Enacted, reflecting that FY2024 is not in the general election cycle. Printing, mailing of ballots and referenda materials, and advertising expenses increase in odd-numbered fiscal years when there is a statewide election or on the general election cycle which next occurs in FY2027.

Election Costs	FY2021 Actual	FY2022 Actual	FY2023 Enacted	FY2024 Governor	Change
Ballot Printing	\$987,195	\$64,960	\$885,000	\$80,000	(\$805,000)
Election Mailing	717,260	20,828	200,000	75,000	(125,000)
Computer Supplies/Software & Equipment	182,951	2,407	3,000	3,000	-
Clerical Services	14,588	-	20,000	20,000	-
Legal/Advertising	154,686	39,507	125,000	65,000	(60,000)
Software Maintenance Agreements	603,490	646,387	1,290,811	1,290,811	-
Total	\$2,660,170	\$774,089	\$2,523,811	\$1,533,811	(\$990,000)

Federal HAVA Grant (federal funds)**\$379,642**

The Office of the Secretary of State received three federal Help America Vote Act (HAVA) awards to assist the state with the federal elections. The first award predated the COVID-19 pandemic in 2018 and was intended to modernize the election systems, the second award was authorized for the same purposes, to modernize and secure the 2020 federal election cycle. The third award was to continue modernization. Total federal HAVA awards received is \$7.3 million. A total of \$3.7 million has been expended with another \$1.6 million appropriated in the FY2023 Budget as Enacted. The Budget includes expenses of \$2.0 million for FY2024, an increase of \$379,642 from the FY2023 Budget as Enacted.

HAVA Award Revenue	
2018 HAVA Award	\$3,000,000
2020 HAVA Award	3,216,181
2022 HAVA Award	1,000,000
Interest Earnings	86,075
Total HAVA Award	\$7,302,256

Expenditures	
FY2019 Actual	\$907,311
FY2020 Actual	1,358,787
FY2021 Actual	413,758
FY2022 Actual	999,628
FY2023 Enacted	1,621,565
FY2024 Governor	2,001,207
Total	\$7,302,256

HAVA Award Balance **\$0**

STATE LIBRARY

The State Library provides reference and research services about law, legislation, rules and regulations, government reports, and state history. The Library is an official Federal Government Publications Depository and State Publications Clearinghouse.

State Library	General Revenue
FY2023 Enacted	\$825,475
<i>Target and Other Adjustments</i>	<i>10,567</i>
Contract Services	18,000
FY2024 Governor	\$854,042

Contract Services**\$18,000**

The Budget includes \$18,200 in general revenue, reflecting an increase of \$18,000 from the previous fiscal year for temporary clerical services related to the Library scanning project involving the Rhode Island Acts, Resolves, and Public Laws spanning 1750 through present. Presently, the Library collection is available digitally from 1994 through the present on the General Assembly's website and from 1985 through 1993 on the State Library's website. The scanning project involves a contracted temporary employee to work two days per week to scan the records before 1984.

OFFICE OF PUBLIC INFORMATION

The Office of Public Information is designed to make government more open and accessible. State law requires many documents to be filed with the Office, including lobbying disclosures, public meeting notices and minutes, disclosure of state government consultants, and appointments to boards and commissions.

Office of Public Information	General Revenue
FY2023 Enacted	\$686,260
<i>Target and Other Adjustments</i>	<i>15,486</i>
Operating Adjustments	(81,280)
State House Tours	10,000
FY2024 Governor	\$630,466

Operating Adjustments**(\$81,280)**

The Budget decreases general revenue by \$81,280, including a \$55,000 decrease in Software Maintenance Agreements related to the Lobby Registration Desk computer application and \$21,000 for printing services related to the biannual printing of the Rhode Island Government Owner's Manual. The 300-page directory is published every two years to reflect the results of the November election. It includes contact information for hundreds of officials, including Congressional delegates, general officers, members of the General Assembly, as well as city and town councils. The printing of the manual is not required in FY2024.

Operating Adjustments	FY2023 Enacted	FY2024 Governor	Change
Software Maintenance Agreements	\$65,000	\$10,000	(\$55,000)
Printing - Outside Vendors	25,000	4,000	(21,000)
All Other Operating	132,980	127,700	(5,280)
Total	\$222,980	\$141,700	(\$81,280)

State House Tour Program**\$10,000**

The Budget includes \$55,000 in general revenue, reflecting a \$10,000 increase for State House Tours and Civics Education. Guided state house tours are offered free to the public, hourly, Monday through Friday, and include visits to the Rhode Island Charter Museum, the State Room, the Senate and House Chambers, and the State Library, where visitors can also view exhibits from the State Archives.

RECORDS CENTER

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

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

	FY2021	FY2022	FY2023	FY2023		FY2024	
Records Center Fund - ISF	Actual	Actual	Enacted	Governor	Change	Governor	Change
Personnel	\$272,019	\$336,907	\$565,807	\$572,820	\$7,013	\$591,503	\$25,696
Contract Services	2,714	49,689	56,293	56,293	-	56,293	-
Operations	533,571	532,159	521,630	527,630	6,000	527,630	6,000
Capital Equipment	-	-	-	-	-	-	-
Total	\$808,304	\$918,755	\$1,143,730	\$1,156,743	\$13,013	\$1,175,426	\$31,696

Office of the General Treasurer

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
General Treasurer	\$3.4	\$3.8	\$3.9	\$0.1	3.2%	\$3.9	\$0.2	4.3%
Employees' Retirement System	12.0	14.7	14.5	(0.2)	-1.4%	15.3	0.6	4.2%
Unclaimed Property	2.3	2.6	2.6	(0.0)	-0.4%	2.6	0.0	1.2%
Crime Victim Compensation Program	1.4	1.8	1.8	0.0	1.1%	1.9	0.1	2.7%
Total	\$19.1	\$22.8	\$22.8	(\$0.1)	-0.3%	\$23.7	\$0.9	3.8%

Expenditures By Source	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
General Revenue	\$3.4	\$3.6	\$3.7	\$0.1	3.7%	\$3.8	\$0.2	6.2%
Federal Funds	0.6	0.8	0.8	(0.0)	-2.5%	0.8	(0.0)	-0.9%
Restricted Receipts	14.6	17.8	17.6	(0.2)	-1.2%	18.5	0.6	3.6%
Other Funds	0.6	0.7	0.7	0.0	0.1	0.7	0.0	0.3%
Grand Total	\$19.1	\$22.8	\$22.8	(\$0.1)	-0.3%	\$23.7	\$0.9	3.8%

Authorized FTE Levels	89.0	89.0	89.0	-	-	89.0	-	-
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\$ in millions. Totals may vary due to rounding.

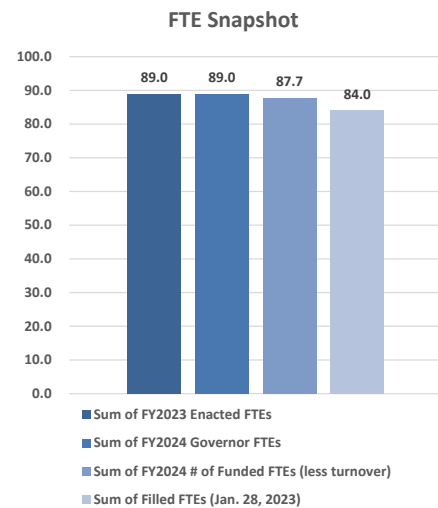
The Rhode Island Constitution establishes the Office of the General Treasurer, one of five general offices subject to voter election. The General Treasurer is charged with the safe and prudent management of the State's finances. The Treasury budget includes Treasury operations, the Employees' Retirement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

MAJOR ISSUES AND TRENDS

The Budget includes \$22.8 million in FY2023, of which \$3.7 million (16.2 percent) is general revenue. This reflects an all fund decrease of \$67,050 from the FY2023 Budget as Enacted.

The FY2024 Budget includes \$23.7 million, of which \$3.8 million (15.9 percent) is general revenue. This reflects an all funds increase of \$858,107 from the FY2023 Budget as Enacted, primarily reflecting restricted receipt expenses within the State Retirement System for operating, contract services, and disability determination costs.

The Budget provides 89.0 FTE positions in FY2023 and in FY2024, consistent with the enacted budget.



GENERAL TREASURY

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

General Treasury	General Revenue
FY2023 Enacted	\$2,709,016
<i>Target and Other Adjustments</i>	<i>6,291</i>
Centralized Service Charges	103,363
Contract Services	37,519
General Treasurer Salary Adjustment	17,756
FY2024 Governor	\$2,873,945

Centralized Service Adjustment ***\$103,363***

The Budget increases general revenue expenditures by \$103,363 to reflect the decentralization of statewide information technology and facilities management services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. As of FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$223,130 for these expenses, which is increased by \$103,363 to \$326,493 in the FY2024 Budget.

Contract Services ***\$37,519***

The Budget adds \$37,519 in general revenue for contracted IT System Support which is attributable to IT cybersecurity upgrades.

General Treasurer Salary Adjustment ***\$17,756***

The Budget adds \$17,756 in general revenue reflecting an increase of \$14,623 for salary and \$3,133 for benefits for the General Treasurer. The salary increase was included in the FY2023 Budget as Enacted but was omitted from the agency request. The compensation increase is set by RIGL 36-6-1 and 36-6-2 for the statutorily set salary adjustment for General Officers. The statutes pertaining to the General Treasurer require that, “after December 31, 1998, the salary of the General Treasurer was \$80,000 and shall thereafter be adjusted at the beginning of each succeeding term by the total percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) published by the United States Department of Labor Bureau of Labor Statistics for the Northeast Region for the four (4) previous fiscal years, but in any event not to exceed twelve percent (12%).” The Budget Office used an increase of 11.9 percent to calculate the salary of the General Treasurer in the succeeding term. Currently, the salary of the General Treasurer is \$122,887.

EMPLOYEES’ RETIREMENT SYSTEM

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

Employees' Retirement System	Other Fund Changes
Personnel Adjustments (restricted receipts)	\$267,299
Operating Adjustments (restricted receipts)	176,300
Contract Service Adjustments (restricted receipts)	103,050
Disability Determinations (restricted receipts)	100,000
Centralized Service Adjustment (restricted receipts)	(43,740)

Personnel Adjustments (restricted receipts) ***\$267,299***

The Budget increases restricted receipts by \$267,299 for salary and benefit adjustments based on the recent negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract. The signed contract included four cost-of-living adjustments (COLAs) of which the last COLA of 2.5 percent is set to occur in July 2023.

Operating Adjustments (restricted receipts) ***\$176,300***

The Budget includes \$1.6 million in restricted receipts in FY2024 for operating expenses, reflecting a net increase of \$176,300 from the FY2023 Budget as Enacted. The largest adjustment is the increase of \$75,000, reflecting higher costs associated with cyber insurance policies. Other increases include \$50,000 for outside printing, \$45,000 for increased postage, and \$6,300 for print advertising costs.

Operating Adjustments	FY2023 Enacted	FY2024 Governor	Change
Insurance	\$200,000	\$275,000	\$75,000
Printing - Outside Vendors	91,500	141,500	50,000
Postage and Postal Services	262,500	307,500	45,000
Print Advertising	8,700	15,000	6,300
All Other Operating	847,200	847,200	-
Total	\$1,409,900	\$1,586,200	\$176,300

Contract Service Adjustments (restricted receipts) ***\$103,050***

The Budget includes \$4.9 million in restricted receipts for contracted services at the State Retirement System. This reflects a net increase of \$103,050, which is mainly attributable to auditing services, security services, and cybersecurity services. The increase is offset by a decrease in IT system support and actuarial services.

Contract Service Adjustments	FY2023 Enacted	FY2024 Governor	Change
IT System Support	\$2,728,200	\$2,650,000	(\$78,200)
Accounting/Auditing	90,000	150,000	60,000
IT General Services	100,000	150,000	50,000
Other Professional Services	200,000	250,000	50,000
Security Services	88,750	120,000	31,250
All Other Contract Services	1,582,000	1,572,000	(10,000)
Total	\$4,788,950	\$4,892,000	\$103,050

Disability Determinations (restricted receipts) ***\$100,000***

The Budget includes \$450,000 in restricted receipts for disability determinations made by the State Retirement Board. This is an increase of \$100,000 over the FY2023 Budget as Enacted appropriation. Funds in this account are used to pay for the medical and other professional services employed by the State Retirement Board to determine on a case by case basis, whether an employee qualifies for a disability pension. The Office of the General Treasurer requested an increase in the appropriation to ensure sufficient funds would be available for determinations. According to Treasury, \$350,000 was budgeted in FY2022 and again as part of the FY2023 Budget as Enacted. Current expenditures in FY2023 are \$181,437. However, in FY2022, the actual costs for disability determinations was \$385,000, \$35,000 more than the

enacted amount. Treasury states the volume of disability cases received each year is not a predictable trend and requests the added funding for FY2024.

UNCLAIMED PROPERTY

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

CRIME VICTIM COMPENSATION PROGRAM

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

Crime Victim Compensation Program	General Revenue
FY2023 Enacted	\$849,616
<i>Target and Other Adjustments</i>	26,372
Centralized Service Charges	23,565
FY2024 Governor	\$899,553

Centralized Service Adjustment

\$23,565

The Budget increases general revenue expenditures by \$23,565 to reflect the decentralization of statewide facilities management services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. As of FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$6,401 for this expense, which increased by \$23,565 to \$29,966 in the FY2024 Budget.

Board of Elections

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Board of Elections	\$2.6	\$6.2	\$6.4	\$0.1	2.2%	\$3.6	(\$2.6)	-41.8%
Expenditures By Source								
General Revenue	\$2.6	\$6.2	\$6.4	\$0.1	2.2%	\$3.6	(\$2.6)	-41.8%
Federal Funds	-	-	-	-	-	-	-	-
Total	\$2.6	\$6.2	\$6.4	\$0.1	2.2%	\$3.6	(\$2.6)	-41.8%
Authorized FTE Levels	13.0	13.0	13.0	-	-	13.0	-	-

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

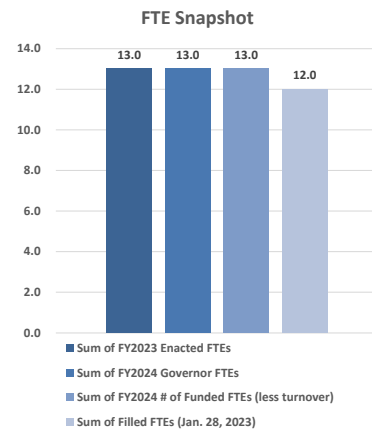
The Board of Elections supervises all elections and state and local referenda. The Board oversees voter registration and public education activities and provides all registration materials used in the State. The Board supervises and monitors the campaign finance activities of candidates, political action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

MAJOR ISSUES AND TRENDS

The Budget includes \$6.4 million in the FY2023 Revised Budget, reflecting a net increase of \$131,486 in general revenue, mainly due to an increase in the contractual maintenance cost for the electronic poll pads that was under estimated in the budget as enacted.

For FY2024, the Budget includes \$3.6 million in general revenue, of which is \$2.6 million less than the FY2023 Budget as Enacted. The decrease is largely attributable to temporary employees, voting equipment transportation, printing, and postage expenses that are only required in a general election year. The Budget does increase contractual maintenance costs for the electronic poll pads for use in the 2024 presidential preference primary.

The Budget includes 13.0 FTE positions in FY2023 and FY2024, consistent with the enacted level.



Central Management	General Revenue
FY2023 Enacted	\$6,249,463
<i>Target and Other Adjustments</i>	<i>89,369</i>
General Election Adjustments	(2,771,267)
Rental of Outside Property and Electricity	45,000
Poll Pad Maintenance Contract	25,000
FY2024 Governor	\$3,637,565

General Election Adjustments (\$2.8 million)

The Budget decreases general revenue expenditures by \$2.8 million to reflect personnel, contracted services, and operating expenditures for voter operating supplies and expenses that are not required in a non-general election year. These expenses decrease in even-numbered fiscal years when there is no statewide general election and no constitutional office elections.

	FY2023	FY2023		FY2024	
Election Costs	Enacted	Governor	Change	Governor	Change
Public Finance of Elections	\$2,700,000	\$2,700,000	\$0	\$0	(\$2,700,000)
Printing	80,000	80,000	-	62,500	(17,500)
Postage and Postal Services	30,000	30,000	-	30,000	-
Telecommunications: Overhead	65,000	65,000	-	65,000	-
Seasonal/Special Salaries/Wages	382,939	389,939	7,000	257,172	(125,767)
Express Delivery	160,000	160,000	-	250,000	90,000
Miscellaneous Expenses	100,000	100,000	-	82,000	(18,000)
Total	\$3,517,939	\$3,524,939	\$7,000	\$746,672	(\$2,771,267)

Rental of Outside Property and Electricity**\$45,000**

The Budget increases general revenue by \$45,000 for annual lease and utility costs for the property located at 2000 Plainfield Pike in Cranston. This includes an additional \$30,000 for rent (from \$550,000 to \$580,000) and an increase of \$15,000 for electricity,

Poll Pad Maintenance Contract**\$25,000**

The Budget adds \$25,000 in general revenue reflecting increased vendor expenses for the electronic Poll Pad electronic poll book system maintenance contract from \$55,000 to \$80,000. The Poll Pads were purchased by the Secretary of State during FY2019, for use in all polling locations to look up voters electronically. LHS/Knowlink is the vendor that will program the poll pads for each polling location.

Analyst Note: Because FY2024 only has the presidential preference primary, the amount is lower than the \$185,000 requested for the general election in the FY2023 Revised Budget. The revised budget increase is due to an increase in the contractual maintenance cost for the electronic poll pads that was under estimated in the budget as enacted.

Ethics Commission

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
RI Ethics Commission	\$1.8	\$2.0	\$2.0	(0.0)	-1.4%	\$2.1	\$0.0	3.0%
Expenditures by Source								
General Revenue	\$1.8	\$2.0	\$2.0	(0.0)	-1.4%	\$2.1	\$0.0	3.0%
Authorized FTE Levels	12	12	12	-	0%	12	-	-

\$ in millions. Totals may vary due to rounding

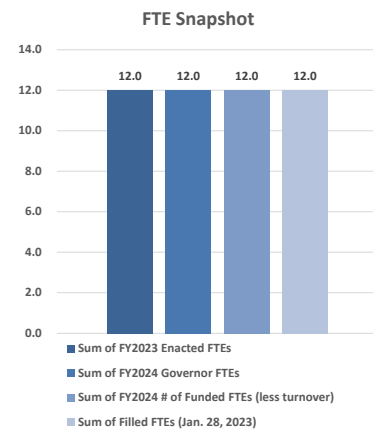
The Rhode Island Ethics Commission is responsible for adopting and disseminating the Rhode Island Code of Ethics, issuing advisory opinions to public officials and employees, enforcing financial disclosure policies and maintaining financial disclosure records, investigating and adjudicating complaints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

MAJOR ISSUES AND TRENDS

The FY2023 Revised Budget includes \$2.0 million, with a net decrease of \$27,664 (-1.4 percent) from the FY2023 Budget as Enacted. Expenditures include a decrease of \$51,532 in salary and benefits, \$19,000 for new furniture, and \$30,000 to implement a new case tracking system.

The Budget includes \$2.1 million for FY2024. The budget net increase in general revenue is \$61,914 (3.0 percent) mainly to reflect the personnel costs related to the recent hire of 6.0 FTEs and an increase in the department's rent.

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



RI Ethics Commission	General Revenue
FY2023 Enacted	\$2,035,145
<i>Target and Other Adjustments</i>	21,445
Personnel Adjustments	40,469
FY2024 Governor	\$2,097,059

Personnel Adjustments

\$40,469

The Budget increases general revenue expenditures by a net \$40,469 reflecting the recent hire of 5.0 FTEs, as well as medical insurance waivers. During FY2023 Enacted, the Commission saw a surplus of \$50,469 due to personnel shortages. Between FY2021 and FY2023, a total of 3.0 employees left the commission, of which 2.0 employees left state service, and another retired. The Commission successfully hired 3.0 new FTEs, and promoted 2.0 current employees to fill the Commission's vacancies. As of November 2022, the Commission is fully staffed with 12.0 FTEs.

Office of the Governor

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Governor	\$7.1	\$7.2	\$7.6	\$0.4	5.9%	\$8.4	\$1.2	16.7%
Expenditures By Source								
General Revenue	\$7.1	\$7.2	\$7.6	\$0.4	5.6%	\$8.4	\$1.2	16.7%
Federal Funds	0.0	-	0.0	0.0	-	-	-	-
Total	\$7.1	\$7.2	\$7.6	\$0.4	5.9%	\$8.4	\$1.2	16.7%
Authorized FTE Levels	45.0	45.0	45.0	-	-	45.0	-	-

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

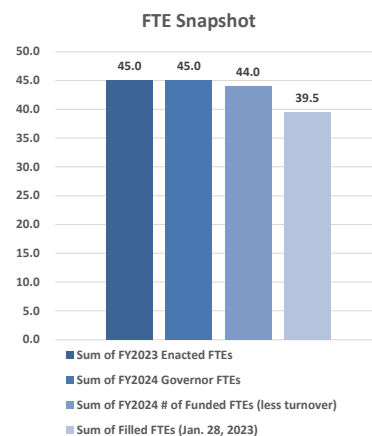
The Office of the Governor is one of five general offices subject to voter election under the Constitution of Rhode Island. The Office is responsible for directing the executive branch of government, including the preparation and submission of the annual state budget.

MAJOR ISSUES AND TRENDS

The FY2023 Revised Budget for the Office of the Governor is \$7.6 million in general revenue, \$446,987 more than the amount appropriated in the FY2023 Budget as Enacted. The majority of this increase in funding supports personnel costs related to the statewide COLA and general officer salary increase.

The FY2024 Budget includes \$8.4 million in general revenue, reflecting a \$1.2 million increase from the previous year. The majority of this increase in funding (98.9 percent) supports personnel costs related to the statewide COLA and general officer salary increase.

The Budget includes 45.0 FTE positions in both FY2023 and FY2024, consistent with the enacted budget.



Governor	General Revenue
FY2023 Enacted	\$7,152,280
<i>Target and Other Adjustments</i>	<i>\$14,387</i>
Personnel Adjustments	1,214,859
Governor Salary Adjustment	25,021
Contingency Fund	Informational
FY2024 Governor	\$8,406,547

Personnel Adjustments \$1.2 million

The Budget adds \$1.2 million in general revenue reflecting changes to various salary and benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment, negotiated between the State and the state employee bargaining units for a proposed 4-year contract. Also, the adjustments include related rate increases pertaining to employee benefits, including less anticipated turnover as compared to the FY2023 Budget as Enacted. The signed contract included four cost-of-living adjustments (COLAs) of which the last COLA of 2.5 percent is set to occur in July 2023.

Salary Adjustments	FY2023 Enacted	FY2024 Governor	Change
Assessed Fringe Benefits	\$166,199	\$195,673	\$29,474
Longevity Pay	16,063	16,465	402
Payroll Accrual	-	28,747	28,747
Regular Wages	4,584,661	5,102,970	518,309
Turnover	(393,132)	(165,704)	227,428
Subtotal	\$4,373,791	\$5,178,151	\$804,360
Benefit Adjustments	FY2023 Enacted	FY2024 Governor	Change
Defined Contribution Plan	\$42,120	\$49,185	\$7,065
Dental Insurance	20,778	22,807	2,029
Employees' Retirement	1,178,546	1,435,099	256,553
FICA: Medicare	61,011	71,828	10,817
FICA: Social Security	249,649	288,263	38,614
Medical Insurance	412,003	494,742	82,739
Medical Insurance Waiver Bonus	8,008	6,006	(2,002)
Retiree Health Insurance	184,939	223,910	38,971
Vision Insurance	3,148	3,882	734
Subtotal	\$2,160,202	\$2,595,722	\$435,520
Salary and Benefit Adjustment			\$1,239,880
Less Governor's Compensation Increase			25,021
Total Adjustment			\$1,214,859

Governor's Salary Adjustment**\$25,021**

The Budget adds \$25,021 in general revenue reflecting an increase of \$17,365 for salary and \$7,656 for benefits. The compensation increase is set by RIGL 36-6-1 and 36-6-2 for the statutorily set salary adjustment for General Officers. The statutes pertaining to the Governor state, "after December 31, 1998, the salary of the Governor was \$95,000 and shall thereafter be adjusted at the beginning of each succeeding term by the total percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) published by the United States Department of Labor Bureau of Labor Statistics for the Northeast Region for the four (4) previous fiscal years, but in any event not to exceed twelve percent (12%)." The Budget Office used an assumed increase of 11.9 percent, to calculate the salary of the Governor in the succeeding term. Currently, the salary of the Governor is \$145,930. This action increases the Governor's salary to \$163,295.

Contingency Fund**Informational**

The Budget includes \$150,000 in general revenue for the contingency fund appropriation. The Governor's Office is annually appropriated general revenue for a contingency fund for unforeseen expenses. This is a discretionary spending account. The FY2023 Budget as Enacted included \$150,000 in general revenue. As of March 13, 2023, a total of \$9,977 has been spent from the fund in FY2023, leaving a balance of \$140,023. The following table illustrates the contingency fund appropriations and expenditures over the past eight years:

Contingency Fund

Budget Year	Enacted/Request	Revised Changes	Total	Actual	Variance
FY2015	\$250,000	\$0	\$250,000	\$89,199	\$160,801
FY2016	250,000	160,800	410,800	65,966	344,834
FY2017	250,000	(8,000)	242,000	172,350	69,650
FY2018	250,000	(32,911)	217,089	206,587	10,502
FY2019	200,000	-	200,000	156,590	43,410
FY2020	150,000	-	150,000	149,802	198
FY2021	150,000	-	150,000	106,032	43,968
FY2022	150,000	-	150,000	25,919	124,081
FY2023	150,000	-	150,000	9,977	140,023
FY2024	150,000	-	150,000	-	150,000

Source: Budget Data Tables and RIFANs

FY2023 Expenditures as of March 13, 2023

Italics reflects requested amounts or non-finalized amounts

Rhode Island Commission for Human Rights

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Commission for Human Rights	\$1.8	\$2.1	\$2.2	\$0.1	3.0%	\$2.2	\$0.0	1.8%
Expenditures By Source								
General Revenue	\$1.5	\$1.7	\$1.8	\$0.1	4.0%	\$1.8	\$0.1	4.6%
Federal Funds	0.3	0.4	0.4	(0.0)	-1.3%	0.4	(0.0)	-10.3%
Total	\$1.8	\$2.1	\$2.2	\$0.1	3.0%	\$2.2	\$0.0	1.8%
Authorized FTE Levels	14.0	15.0	15.0	-	-	15.0	-	-

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

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

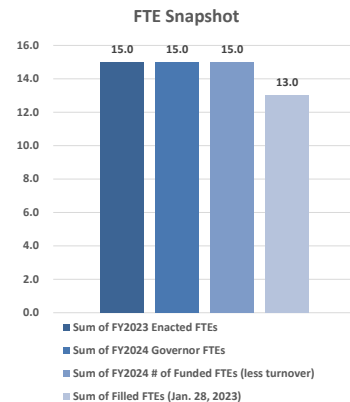
The Commission is reimbursed \$830 for each co-filed employment case processed pursuant to its work-sharing agreement with the federal Equal Employment Opportunities Commission (EEOC), this is an increase of \$30 from last year. The Commission also receives a reimbursement between \$1,600 and \$3,400, reflecting increases of \$200 and \$300 respectively, for each co-filed housing case processed pursuant to its contract with the federal Department of Housing and Urban Development (HUD). In addition, HUD provides the Commission between \$5,000 and \$8,000 for post-probable cause dispositions. Annual federal receipts are used to estimate the following federal fiscal year appropriation to the Commission. When the Commission processes fewer EEOC or HUD cases, the Commission receives a lower federal reimbursement, resulting in the need to appropriate additional general revenues to cover the annual operation of the Commission. The Commission's office is located at 180 Westminster Street in the City of Providence.

MAJOR ISSUES AND TRENDS

The FY2023 Revised Budget includes \$2.2 million in all funds, of which \$1.8 million is general revenue and \$395,214 is federal funds. This reflects an increase of \$67,642 in general revenue and a decrease of \$13,197 in federal funds from the enacted budget.

The FY2024 Budget includes \$2.2 million in all funds, of which \$1.8 million is general revenue and \$359,101 is federal funds, reflecting an increase of \$79,868 in general revenue and a decrease of \$49,310 in federal funds, primarily reflecting the shift of the office rental costs from federal funds to general revenue.

The Budget includes 15.0 FTE positions in FY2023 and in FY2023, consistent with the enacted budget.



Commission for Human Rights	General Revenue
FY2023 Enacted	\$1,744,334
<i>Target and Other Adjustments</i>	17,224
Rental of Outside Property	36,475
Case Management System	26,169
FY2024 Governor	\$1,824,202

Commission for Human Rights	Other Funds
Rental of Outside Property (federal funds)	(\$35,649)

Rental of Outside Property **\$36,475**

The Commission's leased office is located at 180 Westminster Street in the City of Providence. The lease was renewed with Dorwest Associates on September 1, 2021, and expires on August 31, 2026. The annual lease expense is \$209,351, encompassing an all fund increase of \$826 from the previous fiscal year. This year, the Budget splits the rental cost 89.0 percent paid by general revenue and 11.0 percent paid by federal funds. The enacted budgets for FY2020, FY2021, and FY2022 shifted most of the rental cost from general revenue to federal funds, to reduce general revenue expenses and absorb an existing federal fund surplus in the agency. Half of the federal cost was paid from Equal Employment Opportunities Commission (EEOC) funds and half from the federal Department of Housing and Urban Development (HUD).

The FY2023 Budget as Enacted began shifting the rental costs more to a general revenue expense because the actual and estimated federal receipts were not sufficient to fully cover these expenses. This trend continues into FY2024 and there is a corresponding decrease of \$35,649 in federal funds for rental expenses.

Case Management System **\$26,169**

The Budget adds \$26,169 in general revenue for license agreements associated with Case Management System, which will allow the Commission to communicate with the U. S. Equal Employment Opportunity Commission (EEOC) system in order for the Commission to process and get paid for co-filed cases. The Governor also recommends an appropriation of \$124,404 general revenue in the FY2023 Revised Budget for design and implementation costs to integrate the new case management system with the EEOC.

Public Utilities Commission

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Public Utilities Commission	\$10.9	\$13.6	\$13.7	\$0.2	1.1%	\$14.2	\$0.6	4.4%
Expenditures By Source								
Federal Funds	\$0.5	\$0.6	\$0.5	(\$0.1)	-10.1%	\$0.6	\$0.0	1.9%
Restricted Receipts	10.4	13.0	13.2	0.2	1.6%	13.6	0.6	4.5%
Grand Total	\$10.9	\$13.6	\$13.7	\$0.2	1.1%	\$14.2	\$0.6	4.4%
Authorized FTE Levels	52.0	54.0	54.0	-	-	54.0	-	-

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

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

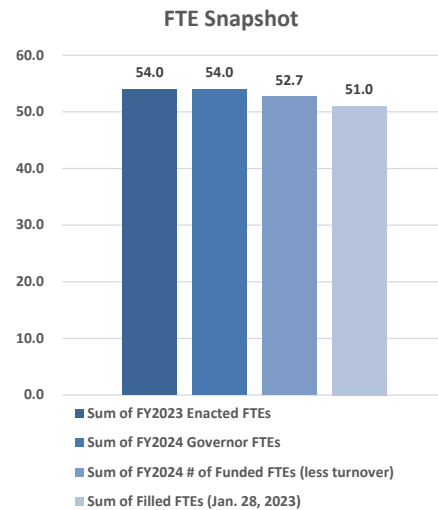
MAJOR ISSUES AND TRENDS

The FY2023 Revised Budget provides a total operating budget of \$13.7 million, including \$13.2 million in restricted receipts, and \$523,718 in federal funds. The recommendation represents an increase of \$150,592 (1.1 percent) from the FY2023 Budget as Enacted. As the agency does not receive any general revenue funding, the costs are a pass-through expenditure and are paid by the regulated utilities pursuant to RIGL 39-1-23.

The FY2024 Budget provides a total operating budget of \$14.2 million, including \$13.6 million in restricted receipts and \$593,775 in federal funds. The Budget reflects an all funds increase of \$591,535 (4.4 percent) compared to the FY2023 Budget as Enacted, and reflects an increase of \$580,449 in restricted receipts and \$11,086 in federal funds. The significant increases include \$294,501 in restricted receipts for various salary cost-of-living adjustment (COLA) and benefit planning value adjustments, and \$200,000 in restricted receipts for contracted financial service expenses associated with the Affordable Clean Energy Act.

The Budget provides a staffing level of 54.0 FTE positions in FY2023 and in FY2024 consistent with the enacted budget.

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



Public Utilities Commission	Other Fund Changes
Personnel Adjustments (restricted receipts)	\$294,501
Contracted Financial Services (restricted receipts)	200,000
Personnel Adjustments (federal funds)	66,086
Contracted Financial Services (federal funds)	(55,000)
Centralized Services (restricted receipts)	51,898

Personnel Adjustments (restricted receipts) \$294,501

The Budget increases restricted receipts by \$294,501 for salary and benefit planning value adjustments based on the recent negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract. The signed contract includes four COLAs of which the last COLA of 2.5 percent is set to occur in July 2023. There is a corresponding increase of \$66,086 in federal funds.

Contracted Financial Services (restricted receipts) \$200,000

The Budget includes an increase of \$200,000 in restricted receipts from the previous fiscal year, for contracted financial services. The 2022 General Assembly amended the Affordable Clean Energy Act, enabling Division of Public Utilities and Carriers to bill public utility companies up to \$200,000 annually for expenses associated with the Affordable Clean Energy Act. The Act is designed to make coordinated, cost-effective, strategic investments in energy resources and infrastructure to improve energy system reliability and security, and to protect the quality of life and environment for all residents and businesses in Rhode Island. The Budget includes \$75,000 in federal funds, a decrease of \$55,000 from the previous year for the same purpose.

Centralized Services (restricted receipts) \$51,898

The Budget increases restricted receipt expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$174,928 for this expense, which is increased by \$51,898 to \$226,826 in the FY2024 budget.

CAPITAL PROJECTS

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

- **Electronic Business Portal (EBP):** The Budget includes \$250,000 in FY2023 to finance the development of an online electronic business portal (EBP) for docket (official proceedings) management and for e-filing capabilities. The EBP will have an in-house scheduler for Commission employees to track dockets and tasks assigned to each docket, and will have a list server to allow the public to track specific dockets. The EBP will relieve the Division and Commission staff of document filing and document management responsibilities.

Analyst Note: The Electronic Business Portal is still in the planning phase and the DPUC has created a team which meets quarterly to discuss what is needed and what functions this portal will perform. The team is also discussing the different vendors that have the capability to build a system to fit DPUC's current needs. The pandemic slowed down the EBP planning and implementation process, but the DPUC plans to move forward with the project and be completed in FY2024.

- **Asset Protection:** The Budget includes \$125,000 in FY2023, \$100,000 in FY2024, \$200,000 in FY2025, and \$150,000 in FY2026 to fund five asset protection projects at the Public Utilities

Commission headquarters at 89 Jefferson Boulevard, including replacing exterior windows, the roof membrane, handicap railings and ramp, and to resurface the parking lot. The structure has been used by the Division of Public Utilities and Carriers/Public Utilities Commission since 2002 for office and public hearing space. The Public Utilities Commission and the Division of Public Utilities and Carriers assess public utility corporations up to \$300,000 per fiscal year for capital, asset protection, or maintenance programs for the Division. Assessments on public utilities are placed into a restricted receipt account and used for capital projects.

Executive Office of Commerce

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$2.3	\$2.4	\$2.2	(\$0.2)	-8.3%	\$2.2	(\$0.1)	-4.5%
Commerce Programs	20.3	54.8	53.3	(1.5)	-2.8%	118.8	64.0	116.7%
Economic Development Initiatives Fund	68.1	37.0	42.1	5.1	13.9%	76.1	39.2	106.0%
Housing and Community Development	51.1	122.3	140.7	18.4	15.0%	0.0	(122.3)	-100.0%
Quasi-Public Appropriations	20.5	26.2	32.0	5.8	21.9%	68.3	42.0	160.1%
Total	\$162.4	\$242.7	\$270.3	\$27.6	11.4%	\$265.4	\$22.8	9.4%

Expenditures By Source								
General Revenue	\$84.2	\$49.2	\$54.2	\$5.0	10.2%	\$77.7	\$28.5	57.8%
Federal Funds	66.5	185.0	207.3	22.3	12.0%	187.1	2.1	1.1%
Restricted Receipts	5.1	7.7	7.7	0.0	0.0%	0.0	(7.7)	-100.0%
Other Funds	6.6	0.8	1.1	0.3	31.7%	0.7	(0.1)	-13.0%
Total	\$162.4	\$242.7	\$270.3	\$27.6	11.4%	\$265.4	\$22.8	9.4%

Authorized FTE Levels 16.0 20.0 20.0 0.0 0.0% 5.0 (15.0) -75.0%

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

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

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

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

MAJOR ISSUES AND TRENDS

The Budget provides a total of \$265.5 million to fund the economic development initiatives and operations of the Executive Office of Commerce and Commerce RI in FY2024. General revenue represents 29.3 percent of the total, or \$77.7 million. This is an increase of \$28.5 million (57.8 percent) from the FY2023 enacted level. This net increase is primarily related to additional funding for incentives in the Economic Development Initiatives program, with particularly significant increases in the First Wave Closing Fund and the RebuildRI program.

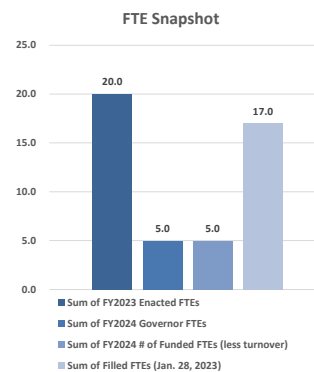
Analyst Note: It appears that CommerceRI has oversubscribed the First Wave Closing by awarding more funds than it has been appropriated. This is explained further below.

Reorganization

As noted above a new Department of Housing was created by the General Assembly in 2022. The EOC's Office of Housing and Community Development and its staff were transferred to the new Department as of

January 1, 2023. The General Assembly provided for a period of transition to stand up the new department in which programs and staff resided within the EOC for half of FY2023. With 15.0 FTE positions shifting from the EOC to Housing, the Governor recommends a restructured staff of 5.0 FTE positions, including a new fiscal manager and administrative assistant.

The Budget authorizes 20.0 FTE positions in FY2023 and 5.0 in FY2024. As of January 28, 2023, EOC had 17.0 filled FTE positions. The latter amount reflects filled FTE positions that are still being reported as being at the EOC although they have been assigned to Housing. Once FY2024 begins the allocation of authorized FTEs as compared to filled FTEs will appear within the correct agencies.



Federal Funding

Federal funds represent 70.5 percent of EOC's recommended FY2024 Budget. Although this is only a net increase of \$2.1 million compared to the enacted level, there are two significant changes occurring in FY2024.

- **Housing Transfer:** First is the transfer of OHCD programs to the new Department of Housing. This results a \$113.1 million decrease in combined American Rescue Plan Act (ARPA) State Fiscal Relief Funds (SFRF) and traditional federal housing grants within the EOC.

OHCD	FY2024 Federal Funds
ARPA SFRF Initiatives (federal funds)	(\$97.0)
Federal Grants (federal funds)	(16.1)
Total	(\$113.1)
<i>\$ in millions</i>	

- **ARPA SFRF Initiatives:** The reduction in federal housing funds is offset \$121.0 million increase in non-housing-related ARPA SFRF funds. This increase relates to the Governor's decision to budget the entire planned expenditure amounts for the various ARPA projects in FY2024 as opposed to the original out-year budgeting schedule that was included in the FY2023 Budget as Enacted. This decision is based on a clarification made in 2022 by the U.S. Department of Treasury regarding what constitutes the obligation of SFRF funds. Prior to the new guidance OMB considered the act of appropriating funds sufficient to meet the obligation deadlines and requirements under ARPA. Treasury has since clarified that ARPA monies have to be allocated to the final recipients by FY2024. The net funding changes are summarized in the following table.

ARPA SFRF Initiative	FY2023 Enacted	FY2023 Governor	Change to Enacted	FY2024 Governor	Change to Enacted	Total Expenditures (Original)	Total Expenditures (Revised)	Total Expenditures (Change)
Port of Davisville	\$6.0	\$6.0	\$0.0	\$54.0	\$48.0	\$60.0	\$60.0	-
Bioscience Investments	5.0	-	(5.0)	45.0	40.0	30.0	45.0	15.0
South Quay Marine Terminal	12.0	12.0	-	48.0	36.0	35.0	60.0	25.0
Blue Economy Investments	10.0	-	(10.0)	-	(10.0)	70.0	-	(70.0)
Small Business Financial and Technical Assistance	-	13.3	13.3	5.0	5.0	32.0	37.0	5.0
Minority Business Accelerator	2.0	2.0	-	4.0	2.0	6.0	6.0	-
Destination Marketing	1.5	1.5	-	1.5	-	3.0	3.0	-
Total	\$36.5	\$34.8	(\$1.7)	\$157.5	\$121.0	\$236.0	\$211.0	(\$25.0)
<i>\$ in millions</i>								

Incentives

In 2015, the General Assembly established numerous economic development incentives to spur investment in new capital and critical industry sectors, improve the workforce, and promote innovation. General revenue appropriations supporting these incentives totaled \$211.4 million prior to FY2023. The FY2023 Budget includes an additional \$25.9 million and the FY2024 Budget includes \$61.9 million. The following table shows the total appropriations, awards, and remaining balances for each of the incentives:

Incentive	Pre-FY2023	FY2023 Enacted	FY2023 Governor	FY2024 Governor	Appropriated To Date	Awarded to Date	Balance
Rebuild RI	\$134.7	\$13.5	\$13.5	\$26.4	\$148.2	\$213.3	(\$65.1)
I-195 Redevelopment Fund	28.0	-	-	2.0	28.0	3.0	25.0
First Wave Closing Fund	10.3	-	-	20.0	10.3	11.1	(0.8)
Wavemaker Fellowship	10.1	3.2	3.2	4.0	13.3	11.6	1.7
Small Business Assistance Fund	6.6	0.7	0.7	3.3	7.3	5.7	1.6
Innovation Initiative	12.5	1.0	1.0	2.0	13.5	10.8	2.7
Main Street RI Streetscape Improvement Fund	3.0	5.0	5.0	1.0	8.0	2.8	5.2
Air Service Development Fund	2.5	2.3	2.3	2.3	4.8	2.5	2.3
P-Tech	2.5	-	-	-	2.5	1.6	0.9
SupplyRI/Small Business Promotion	1.2	0.3	0.3	1.0	1.5	1.4	0.1
Qualified Jobs Tax Incentive	-	-	-	-	-	98.1	(98.1)
Tax Increment Financing	-	-	-	-	-	80.1	(80.1)
Tax Stabilization Agreement Incentive	-	-	-	-	-	2.1	(2.1)
Total	\$211.4	\$25.9	\$25.9	\$61.9	\$237.3	\$444.1	(\$206.8)

\$ in millions

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

- **Reauthorization of Economic Development Incentive Programs:** Extends the sunset provisions on economic development incentive programs from December 31, 2023, to December 31, 2024.
- **Wavemaker Fellowship Program:** Expands the Wavemaker Fellowship Program to explicitly include teachers.
- **RebuildRI:** Raises the total program cap on the Rebuild RI Tax Credit and Sales Tax Exemption program (Rebuild RI).
- **Main Street RI:** Expands the uses of Main Street Rhode Island Streetscape Improvement Program (Main Street RI) funding to include technical assistance and administrative costs.
- **Innovation Initiative:** Modifies the Innovation Initiative incentive program by increasing the maximum voucher awards from \$50,000 to \$75,000.

CENTRAL MANAGEMENT

The Central Management program is responsible for supervising, coordinating, and monitoring all departmental functions by providing leadership, management, and strategic planning activities.

Central Management	General Revenue
FY2023 Enacted	\$2,356,175
<i>Target and Other Adjustments</i>	<i>(9,639)</i>
Personnel	(97,168)
FY2024 Governor	\$2,249,368

Personnel **(\$97,168)**

The Governor recommends a net \$97,168 reduction in personnel expenditures within EOC's Central Management program for FY2024.

Initiative	FY2023 Enacted	FY2024 Governor	Change to Enacted
New Positions	-	\$267,854	\$267,854
Other Salary and Benefits Changes	1,137,056	772,034	(365,022)
Total	\$1,137,056	\$1,039,888	(\$97,168)

The Governor recommends \$267,854 in general revenue to fund the FY2024 personnel costs for 2.0 new FTE positions within the Executive Office of Commerce's Central Management program. These consist

of a 1.0 Chief Fiscal Manager and a 1.0 Administrative Secretary, bringing the staff to 5.0 FTE positions in total.

These additional expenditures are offset by a \$365,022 other salary and benefits savings related to statewide personnel cost changes as outlined in the following table.

Other Salary and Benefit Changes	FY2023 Enacted	Change to Enacted	FY2024 Governor	Change to Enacted
Salaries	\$753,199	(\$141,913)	\$493,019	(\$260,180)
Benefits	354,107	(45,032)	259,541	(94,566)
Statewide Benefit Assessment	29,750	(5,604)	19,474	(10,276)
Total	\$1,137,056	(\$192,549)	\$772,034	(\$365,022)

COMMERCE PROGRAMS

The Budget includes \$7.3 million from general revenues in FY2024 to support Commerce Programs, \$3.2 million less than the FY2023 Enacted level. The Governor recommends \$111.6 million in federal American Rescue Plan Act funds for small business assistance, economic development, and infrastructure initiatives.

Commerce Programs	General Revenue
FY2023 Enacted	\$10,450,000

<i>Target and Other Adjustments</i>	-
Main Street RI Streetscape Improvement Program	(4,000,000)
Wavemaker Fellowship Program	800,000
FY2024 Governor	\$7,250,000

Central Management	Other Fund Changes
ARPA SFRF Initiatives (federal funds)	73,000,000
ARPA CPF Broadband (federal funds)	(5,809,500)

Main Street RI Streetscape Improvement Program **(\$4.0 million)**

The Governor includes \$5.0 million of general revenue in FY2023, consistent with the enacted level, and \$1.0 million in FY2024 to support State's Main Street RI Streetscape Program. The program provides loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade streetscapes in local business districts. Projects include refurbishing facades, improved lighting, and signage. Recipients are required to provide a 30.0 percent match. Since its inception \$8.0 million has been appropriated to the program of which \$2.8 million has been awarded (the General Assembly appropriated \$5.0 million for FY2023). The program has supported 24 projects across 16 municipalities.

The Governor also recommends adding technical assistance and administrative costs to the list of uses for program funds. Article 7 makes this amendment and authorizes CommerceRI to establish by rules and regulations the maximum amount from the fund that may be used for technical assistance and administration. It also reauthorizes the program for another year by extending the sunset provision from December 31, 2023, to December 31, 2024.

Wavemaker Fellowship Program **\$800,000**

The Governor recommends \$4.0 million in general revenue in FY2024 for the Stay Invested in RI Wavemaker Fellowship Fund, \$800,000 more than the FY2023 enacted level. This is to support an additional cohort of 100 fellows in FY2024, presumably targeting teacher applicants based upon Article 7 of the Governor's proposed FY2024 Budget.

Background: Established in 2015, the Wavemaker program originally was a competitive student loan reimbursement program for college and university graduates who take employment in science, technology,

engineering, and mathematics (STEM) fields in Rhode Island. In 2022 the General Assembly expanded the eligible professions to include healthcare and mental health professionals. The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments for up to 4 years. The amount of the tax credit depends upon the degree earned by the taxpayer, i.e. \$1,000 for an associate’s degree up to \$6,000 for a graduate or post-graduate degree. To offset the general revenue loss resulting from the use of the credits, the General Assembly established a Stay Invested in RI Wavemaker Fellowship Fund and limited the issuance of credits to the amount in the fund. As credits are used, the equivalent amount is transferred out of the program fund to the general fund. Since its inception the General Assembly has appropriated \$11.6 million in general revenue to the fund and has served approximately 1,049 fellows.

Analyst Note: The Senate Fiscal Office has requested from CommerceRI the total amount of obligated Wavemaker Funds for each of the fellow cohorts going back to 2016. The 2018 and 2019 cohorts of Wavemaker Fellows were impacted by the federal CARES Act. Under the pandemic legislation, most federal student payments were paused. This has affected the timing and amounts of awards.

Article 7 Changes: Article 7 expands the Wavemaker program to include teachers. It does this by specifically amending certain provisions, including:

- **Healthcare Fund Provisions:** In 2022 the General Assembly extended the program to healthcare and mental health professionals. As part of this legislative change a separate Stay Invested in RI Wavemaker Fellowship Fund was established to fund healthcare and mental health fellows. This fund is distinct from the original fund for STEM professionals. With the expansion of the program to teachers, the Governor recommends consolidating these funds instead of establishing a third fund. Article 7 makes the necessary statutory changes to effectuate the consolidation.
- **Teacher Provisions:** Article 7 extends the program to teachers by modifying the definition of the eligibility requirements, specifically by including teacher within the provision around what type of employment an applicant may have to be eligible. The article charges CommerceRI with developing a definition of teacher for purposes of the program through rules and regulation and in consultation with the Rhode Island Department of Elementary and Secondary Education.
- **Sunset Provisions:** The article also reauthorizes the Wavemaker program for another year by extending the sunset date from December 31, 2023, to December 31, 2024.

ARPA Initiatives (federal funds) \$73.0 million

The Governor recommends a net \$73.0 million increase in ARPA State Fiscal Recovery Funds for various initiatives within the EOC’s Commerce Programs. The primary reason for the increase is the Governor’s decision to budget the entire planned expenditure amounts for the various projects in FY2024 as opposed to the original out-year budgeting schedule. This decision is based on a clarification made in 2022 by the U.S. Department of Treasury regarding what constitutes the obligation of SFRF funds. Prior to the new guidance OMB considered the act of appropriating funds sufficient to meet the obligation deadlines and requirements under ARPA. Treasury has since clarified that ARPA monies have to be allocated to the final recipients by FY2024. The net funding changes are summarized in the following table.

Initiative	FY2023 Enacted	FY2023 Governor	Change to Enacted	FY2024 Governor	Change to Enacted
Bioscience Investments	\$5.0	-	(\$5.0)	\$45.0	\$40.0
South Quay Marine Terminal	12.0	12.0	-	48.0	36.0
Blue Economy Investments	10.0	-	(10.0)	-	(10.0)
Small Business Assistance	-	13.3	13.3	5.0	5.0
Minority Business Accelerator	2.0	2.0	-	4.0	2.0
Total	\$29.0	\$27.3	(\$1.7)	\$102.0	\$73.0

\$ in millions

- **Bioscience Investments:** The Governor does not recommend funding in the FY2023 Supplemental Budget to support the bioscience industry in Rhode Island, but does in FY2024 in the amount of \$45.0 million. This is \$5.0 million less and \$40.0 million more, in FY2023 and FY2024, respectively. The FY2023 reduction results from restrictions placed upon the Governor's original bioscience proposal by the General Assembly. Funding in FY2023 and beyond was originally contingent upon Northeastern University's BioConnects New England partnership receiving \$15.0 million from the United States Economic Development Agency. This did not occur and thus prevents expenditures as originally planned in FY2023.

For FY2024, the Governor recommends a revised bioscience industry investment plan and budgets a total of \$45.0 million. According to the EOC, the plan includes:

- **Wet Lab Facilities:** Developing wet lab incubator space in collaboration with industry partners. The State's Comprehensive Economic Development Strategy indicates that the lack of laboratory facilities is a barrier to the expansion of the bioscience industry.
- **Bioscience Fund:** Establishing a fund to capitalize early stage companies by providing wrap-around business incubator services that aid in the commercialization of technology and business development.
- **Bioscience Workforce:** Supporting workforce development strategies and programs to ensure a talent pipeline for companies and pathways for workers. Bioscience jobs typically require specialized training and this proposal would support establishing and expanding degree and credential programs in the State.
- **Staffing:** Hiring dedicated staff support at CommerceRI (2.0 FTE positions) to administer the various elements of the proposal.
- **South Quay Marine Terminal:** The Governor recommends a total of \$60.0 million for the South Quay Marine Terminal project for FY2023-FY2024. This is a \$25.0 million increase over the original \$35.0 million in total planned expenditures outlined in the FY2023 Budget as Enacted. The project is also expected to receive \$68.0 million in funding from other private sources for a total project cost of \$128.0 million. The proposed additional \$25.0 million is recommended to be used for dredging, cargo area improvements, and utilities.

Original Planned Expenditures				Governor's Proposal					Total Change
Initiative	FY2023 Enacted	FY2024 Original	Total	FY2023 Governor	Change to Enacted	FY2024 Governor	Change to Enacted	Total	
ARPA SFRF	\$12.0	\$23.0	\$35.0	\$12.0	-	\$48.0	\$25.0	\$60.0	\$25.0
Private Funds	-	68.0	68.0	-	-	68.0	-	68.0	-
Total	\$12.0	\$91.0	\$103.0	\$12.0	-	\$116.0	\$25.0	\$128.0	\$25.0

\$ in millions

- **South Quay Background:** South Quay is a 32-acre peninsula in East Providence located along the 16.8-mile Providence River waterway. The waterway is a deep-water channel with access through Narragansett Bay to the Atlantic shipping lanes and nearby off-shore wind-energy leased property.

It was created by the US Army Corps of Engineers (USACE) in the 1940's and was always planned to be a maritime terminal, but development has never taken place. Rhode Island Waterfront Enterprises, LLC (RIWE) purchased the land in 2019 with the intent of developing for industrial uses.



- **Project Background:** The South Quay Marine Terminal program was authorized by the General Assembly in 2022 to support the development of an integrated and centralized hub of intermodal shipping designed to support the offshore wind industry along Memorial Parkway in the East Providence waterfront special development district. The project leadership team consists of the City of East Providence, RIWE, and ProvPort. According to the EOC, development of the marine terminal would take place in several phases, yielding a usable port after the initial phase (estimated completion date of January 2024, while allowing time to obtain additional financing for further expansion and improvement in subsequent phases.
- **Initial Phase:** According to the EOC, the initial phase of the marine terminal consists of constructing a 525-foot berth and developing approximately 10 acres of land sufficient for storage and laydown space. The berth would handle one large vessel or two barges used for transporting wind energy equipment.
- **Subsequent Phase(s):** According to EOC, the scale subsequent phases of the terminal project is funding-dependent. The leadership team envisions increasing the terminal acreage in 10 acre increments up to 30 in total and adding an additional two berths for a total of three.

Analyst Note: According to budget documents, the additional \$25.0 million is to be used to conduct dredging to accommodate deeper berthing opportunities, expanding the cargo laydown area by another 18 acres, and making various utility and security improvements. There does not appear to be a precise set of objectives delineating a phase under this project; but rather, what can be accomplished given available funding at any one time.

- **Status:** The Pandemic Recovery Office has approved the revenue replacement and compliance forms for this project. The EOC is reviewing elements of the project agreement with the PRO; however, funds have not been disbursed to date.
- **Blue Economy Investments:** The Governor does not recommend funding in FY2023 or FY2024 to support the blue economy in Rhode Island, representing a \$10.0 million decrease as compared to the enacted for each fiscal year. Originally, the program was to support blue economy industries consistent with the University of Rhode Island Research Foundation's Blue Economy Technology Cluster grant application. Per Article I of the FY2023 Budget as Enacted, these funds cannot be allocated and spent until a commitment of at least \$35.0 million in federal matching funds is secured from the Economic Development Administration (EDA) for Rhode Island. The funds can only be used for the purposes and amounts specified in the grant approval.
- **Status:** Funding for this program is contingent upon the receipt of a federal EDA grant through the Build Back Better Regional Challenge. Rhode Island did not receive this award and therefore this initiative has not moved forward and the Governor reallocates the funds to other projects.
- **Small Business Financial and Technical Assistance:** This program was established in FY2022 with a \$32.0 million appropriation to provide financial and technical assistance to small businesses and COVID-impacted industries. It consists of the following components and original appropriations: (1)

direct payments to businesses for lost revenue (\$12,500,000), (2) support for technical assistance for long-term business capacity building (10,500,000), (3) support for capital improvements for public health upgrades and outdoor programming (\$7,500,000), and (4) support for the administration of these programs (\$1,500,000). To be eligible to receive funds or support under this program a business must have less than one million dollars (\$1,000,000) in annual gross revenues and demonstrate a negative impact from the COVID-19 pandemic as determined by the Rhode Island Commerce Corporation. Under this program, total support in the form of direct payments, technical assistance, or capital improvement grants shall not exceed ten thousand dollars (\$10,000) per eligible business through any single program and shall not exceed twenty thousand dollars (\$20,000) in the aggregate. At least twenty percent (20%) of all funds must be reserved for awards to assist minority business enterprises as defined in R.I.G.L 37-14.1.

- **Status:** The following table shows actual and proposed funding by program component.

Initiative	FY2022 1st Revised (Enacted 1/4/22)	FY2022 Actuals	Balance/ Reappropriation*	FY2023 Governor Reappropriation	FY2024 Governor	Total Available and Recommended
Direct Payments to Small Businesses	\$12,500,000	\$12,503,751	(\$3,751)			
Technical Assistance and Capacity Building	10,500,000	1,120,000	9,380,000			
Public Health Improvements/Outdoor Programming	7,500,000	3,770,000	3,730,000		\$5,000,000	
Administration	1,500,000	1,020,682	479,318			
Total	\$32,000,000	\$18,414,433	\$13,585,567	\$13,257,568	\$5,000,000	\$18,257,568

* In FY2023, the General Assembly authorized the automatic reappropriation of unspent SFRF funds to be carried over and spent according to the original purposes.

- **Direct Payments to Small Businesses:** As of the first week in January CommerceRI has awarded 2,489 grants of either \$2,500 or \$5,000 to eligible small businesses, totaling \$12.5 million. CommerceRI's disbursed the remaining funds with grant agreements executed in January 2023. Grants are targeted to business in food services, personal services, and arts/entertainment/recreation industries.
- **Technical Assistance and Capacity Building:** The EOC is implementing this initiative in two phases. Phase One assists business in applying for and navigating the application process for the Direct Payment to Small Business Initiative. Under Phase One 1,283 business received technical assistance (34.5 percent of recipients were women or minority-owned entities). According to EOC, Phase Two of the program is significantly more complex and ambitious. It consists of providing TA to eligible small businesses through approved vendors in a range of services-marketing, legal, accounting, etc. Skills for RI's Future is the planned vendor for this portion of the program.

To date 89.3 percent of this component's program funding remains unspent. According to the EOC, the complexity of implementing Phase Two requires significant planning and design to ensure the program leads to long-term economic development benefits for businesses. An updated timeline (extending the program to December 31, 2023) has been approved by PRO.
- **Public Health Improvements/Outdoor Programming:** CommerceRI's Take It Outside program has assisted 232 business to date with \$2.3 million in funds disbursed. The program supports the purchase of goods and services that expand small business' outdoor operations and outdoor capacity. CommerceRI's ventilation program has \$3.8 million allocated; however, no funds have been spent. According to EOC, program restrictions and requirements have not initially elicited demand from the business community.
- **Governor's Proposal:** The Governor recommends \$13.3 million in SFRF funds in FY2023 and \$5.0 million in FY2024 for the SFRF Small Business Assistance program. Funding was not provided in FY2023 Budget as Enacted. The \$13.3 million represents a reappropriation in FY2023 of previously appropriated funds that did not get spent in FY2022, \$327,999 less than actual expenditures. The Governor also recommends an additional \$5.0 million in FY2024 to support small business energy efficiency initiatives.

Analyst Note: According to the Budget Office, the unspent \$327,999 not included in the total reappropriation amount is included in the \$5.0 million for energy efficiency initiatives. It is not clear how the budgets of the other components of the Small Business Assistance program will be adjusted to account for the reduction.

Article 1 of the Governor’s FY2023 Supplemental Budget recommendation amends the proviso language originally enacted by the General Assembly that directs the use, amounts, and implementation of the SFRF Small Business Assistance program. This proposed amendment specifically does the following:

- Increases the minimum revenue amount a business needs to be eligible for small business assistance from less than \$1.0 million to \$2.0 million. The EOC indicates that the original threshold was too low and created a barrier for many businesses from participating in the program.
- Increases the maximum amount an eligible business may receive across all components of the program from \$20,000 to \$30,000.
- Adds energy efficiency improvements to the list of eligible projects that businesses may spend program funds on. According to the EOC, there was low demand originally for the original public health improvements component of the program. Businesses indicated that rising energy costs associated with pandemic-related inflation was more a burden than a lack of healthy ventilation or customer environment. The EOC indicated that this resulted in the slow spending under this component.

Analyst Note: The addition of energy efficiency improvements to the eligible uses under this program may change the US Treasury category of the funds. Originally the Small Business Assistance Program was budgeted under the “negative economic impacts” or “public health” categories. Energy efficiency improvements may require shifting funds to the “revenue replacement” category.

- **Minority Business Accelerator:** The Governor recommends \$4.0 million in FY2024, \$2.0 million more than the enacted level, to support EOC’s Minority Business Accelerator program. This would bring total ARPA support for this program to \$6.0 million, consistent with the original schedule of planned expenditures.

Minority Business Accelerator program supports and invests resources to enhance the growth of minority business enterprises as defined in R.I.G.L 37-14.1. The initiative supports a range of assistance and programming, including financial and technical assistance, entrepreneurship training, space for programming and co-working, and assistance accessing low-interest loans. Commerce is required to work with minority small business associations, including the Rhode Island Black Business Association (RIBBA), to advance this program. Of the amount allocated for FY2023, five hundred thousand dollars (\$500,000) shall support the Rhode Island Black Business Association and three hundred thousand dollars (\$300,000) shall support the Roger Williams University Business Start-Up Clinic (RWU).

- **Status:** In November 2022, the PRO approved the implementation proposal for the \$5.2 million program to be administered by CommerceRI. The agency is currently recruiting a Minority Business Support Manager run the program and expects to hire this quarter. Grants to RIBBA and RWU have been processed though the PRO with funds transferred in January 2023.

ARPA SFRF/CPF - Broadband (federal funds)

(\$5.8 million)

The Governor proposes \$25.5 million of combined ARPA SFRF and Capital Projects Fund spending between FY2022 and FY2024 to expand the infrastructure and access to high-speed, broadband internet in Rhode Island. This investment reflects federal and state priorities around broadband as a utility and its critical role in education, employment, healthcare, information, and economic growth. Through federal programs authorized by ARPA, the Infrastructure and Jobs Act (IIJA), and the Digital Equity Act (DEA), Rhode Island will receive at least \$100.0 million in federal funds over time for these purposes. The following table summarizes the recent and near term proposed spending.

Purpose	Source	FY2022	Broadband Initiatives		Change from Enacted	FY2024 Governor	Change from Enacted
			FY2023 Enacted	FY2023 Governor			
Administration	SFRF	\$22,950	-	\$230,800	\$230,800	-	-
Planning	SFRF	160,000	-	-	-	-	-
Mapping	SFRF	86,250	-	-	-	-	-
Infrastructure	CPF	-	15,383,000	15,383,000	-	9,573,500	(5,809,500)
Total		\$269,200	\$15,383,000	\$15,613,800	\$230,800	\$9,573,500	(\$5,809,500)

Rhode Island Broadband Development Program: In 2023 the General Assembly established the Rhode Island Broadband Development Program (RIBDP) within the EOC to coordinate the planning, and implementation of expanded internet capacity in the State. A broadband director position was established within CommerceRI, as was an advisory council to support the work of the RIBDP. The program is required to create a statewide strategic plan; engage federal agencies to access funding; create grant and other programs; and coordinate stakeholder and governmental organizations.

According to CommerceRI, the agency hired a broadband director in July 2022, and the Broadband Advisory Council had its first meeting on November 30, 2022, where it considered the draft Rhode Island Broadband and Digital Equity Strategic Plan. The plan was subsequently submitted to the State's Pandemic Recovery Office and the federal government in December, 2022.

Federal Broadband Funding: ARPA, IIJA, and the DEA authorized several programs to advance broadband, including:

- **The Broadband Equity, Access, and Deployment (BEAD) Program:** The National Telecommunications and Information Administration (NTIA) is the lead federal agency that coordinates broadband expansion in the country, primarily through the IIJA-authorized BEAD Program which provides funding and assistance for mapping, planning, and infrastructure to states in phases based on milestones.
 - **Status:** According to EOC, Rhode Island anticipates to receive \$100.0 million in BEAD funding that in turn will be granted by the RIBDP to eligible organizations including municipalities, public-private partnerships, commercial providers, and non-profits. The first \$5.0 million of BEAD funds, received in November 2022, has been used to advance broadband mapping, establish the grant program, and assist eligible organizations in preparedness and planning. According to CommerceRI, the program is currently working on its five-year action plan which is due to NTIA in August, 2023 and is required to secure the next \$20.0 million of BEAD funding.
- **The Capital Projects Fund (CPF):** ARPA established a federal capital projects fund that provides financing to carry out critical capital projects that enable work, education, and health monitoring, including remote options, in response to the pandemic.
 - **Status:** Rhode Island has been allocated \$25.0 million in CPF funds. In September 2022, the State's Pandemic Recovery Office (PRO) submitted a request to the United States Department of Treasury (UST) to use the allocation to meet matching requirements under the BEAD program. According to the PRO, UST is backed-up and has yet to finalize a response to the request, likely delaying implementation and grants. According to CommerceRI, once available, these funds will be administered in alignment with BEAD funding.
- **The Digital Equity Act (DEA) Programs:** The DEA established three programs to ensure that all people and communities have the skills, technology, and capacity needed to participate in and benefit from internet-enabled activity. The grant programs are organized around planning, capacity-building, and competitive application.

- **Status:** In December 2022, Rhode Island was awarded \$506,000 to plan for and support digital equity efforts, including workforce training, digital literacy, and device access. According to the EOC, the State is required to complete a digital equity plan, which is to be informed by the State's Broadband and Digital Equity Strategic Plan and mapping efforts. The plan is due November 2023. The RIBDP intends to align the planning across all of the federal programs.
- **The Affordable Connectivity Program (ACP):** The Federal Communications Commission (FCC) administers a program that provides a \$30 per month subsidy to eligible households to help pay for broadband services.
 - **Status:** In November 2022, the FCC announced a grant opportunity to help increase participation in the ACP program by eligible households. In January 2023, the RIBDP applied to the FCC for at least \$500,000 in collaboration with municipal and community partners.

ECONOMIC DEVELOPMENT INITIATIVES FUND

The Budget provides \$54.6 million from general revenues in FY2024 to support various incentives, business assistance, and development programs designed to create and expand economic development in Rhode Island. The Governor recommends \$21.5 million in federal American Rescue Plan Act funds to support small businesses and the tourism and hospitality industry.

Economic Development Initiatives Fund	General Revenue
FY2023 Enacted	\$15,450,000
<i>Target and Other Adjustments</i>	-
First Wave Closing Fund	20,000,000
Rebuild RI	12,860,000
Small Business Assistance	2,600,000
I-195 Redevelopment Fund	2,000,000
Innovation Initiative	1,000,000
Small Business Promotion	700,000
FY2024 Governor	\$54,610,000

Economic Development Initiatives Fund	Other Fund Changes
State Small Business Credit Initiative (federal funds)	Informational
Aid to Tourism, Hospitality, and Events Industries (federal funds)	Informational

First Wave Closing Fund **\$20.0 million**

The First Wave Closing Fund incentive was established in FY2016 as a “last-dollar, flexible-financing” program to enable economic development transactions move forward that would not otherwise get funded and take place. It has received a net \$10.3 million in appropriation since then. It last received an appropriation in FY2018. In 2019, First Wave had a balance of \$12.7 million and had awarded \$2.6 million across seven projects. That year the General Assembly transferred \$5.0 million from First Wave to general revenue, reducing the balance to \$7.7 million.

In its FY2024 Budget request, the EOC asked to have the \$5.0 million restored, arguing that it would enable Commerce to continue to strategically and nimbly catalyze projects beneficial to the State's economy. The Governor increased this by another \$15.0 million, recommending a total of \$20.0 million.

Fiscal Year	Appropriation
2016	\$5.0
2017	8.5
2018	1.8
2019	-
2020	(5.0)
2021	-
2022	-
2023	-
Total	\$10.3
<i>\$ in millions</i>	

Program Background: First Wave is intended to support economic development by providing “gap financing” for certain types of projects. Gap financing is that portion of a project's cost that remains to be

financed after all other sources of capital have been considered or the amount that the State may invest in a project to gain a competitive advantage over another state.

When considering whether to award a project First Wave money, the Board is required to take into consideration several factors, including:

- The economic impact of the project
- The amount of the project financing gap
- The strategic importance of the project to the State, region, or locality
- The quality and number of jobs produced and the quality of the industry associated with the project
- The existence of any competitive offers regarding the project from another state or country
- The existence of any opportunity for the State to recoup or receive a return on all or portion of an award

In order to ensure that First Wave is available for more than one project, the Board is also required to consider several additional factors:

- The number and strength of applications received
- The level of appropriations
- The amounts of financing sought; and such other factors it deems relevant

According to the EOC, it is estimated that the current First Wave projects will generate 1,300 jobs and 500,000 square feet of development. The following table shows the recipients to date of First Wave Closing Fund financing.

Recipient	Project Location	Date of Award	First Wave Award
A.T. Cross Company	Providence	5/9/2016	\$200,000
General Electric Company	Providence	8/22/2016	650,000
Johnson & Johnson Services, Inc.	Providence	1/23/2017	250,000
eMoney Advisor Holdings, LLC	Providence	3/27/2017	97,500
LS One Ship, LLC	Providence	3/27/2017	700,000
Infosys Limited	Providence	12/18/2017	500,000
National Sailing Hall of Fame	Newport	3/26/2019	200,000
Virgin Pulse	Providence	9/30/2020	250,000
401 Tech Bridge	Portsmouth	12/8/2020	500,000
High Rock Westminster Street, LLC ("Superman Building")	Providence	5/11/2022	7,800,000
Total			\$11,147,500

Analyst Note: CommerceRI has awarded more First Wave funds than the program has been appropriated. Unlike the Rebuild RI Tax Credit program that has an overall program cap, First Wave's only practical limit is its total appropriations. The Fund has received a net \$10.3 million in general revenue from the General Assembly since inception. As of December 2020, CommerceRI had awarded \$3.3 million in First Wave gap financing, leaving a balance of \$7.0 million. Under previous Executive Office of Commerce leadership, CommerceRI's board awarded an additional \$7.8 million on May 11, 2022, overdrawing the First Wave Closing Fund by \$847,500.

Rebuild RI**\$12.9 million**

The Governor includes \$13.5 million in FY2023, consistent with the enacted level, and \$26.4 million in FY2024, or \$12.9 million more than the enacted level, for the Rebuild RI Tax Credit Program (Rebuild).

Rebuild uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State. Total credits and exemptions are limited to \$210.0 million and the per-project cap is set at \$15.0 million. Article 7 of the Governor's FY2024 proposed Budget increases the program cap from \$210.0 million to \$225.0 million and extends the Rebuild sunset from December 31, 2023, to December 31, 2024.

Status: Commerce has awarded \$159.2 million in Rebuild RI tax credits and \$42.7 million in sales tax exemptions across 54 projects, for a combined total of \$201.9 million, or 96.1 percent of the current \$210.0 million program cap.

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

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

Rebuild RI Fund: When Rebuild credits and exemptions are exercised by a developer, they negatively impact State revenue. To mitigate this impact, State law requires the state General Fund be reimbursed for the amount of the credits and exemptions from the Rebuild RI Fund. On an annual basis, Commerce works with the EOC, the Department of Administration, and the Division of Taxation to determine the availability of funds to award new tax credits. Each year, the Director of Revenue requests the amounts necessary to pay for the redemption of tax credits and sales tax rebates. This fund is capitalized by annual appropriations by the General Assembly. Since 2016, the Rebuild RI Fund has received \$152.1 million in appropriations. The following table provides the estimated obligations, annual drawdowns, and required appropriations by fiscal year.

Estimated Cash Flow Summary for Rebuild RI											
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Balance	\$39.0	\$59.6	\$89.8	\$73.2	\$67.2	\$52.8	\$45.9	\$43.4	\$49.3	\$56.3	\$44.3
Combined Draw Downs*	(16.9)	(22.3)	(30.1)	(32.4)	(29.4)	(21.9)	(17.5)	(14.1)	(13.0)	(22.0)	(22.0)
Estimated Appropriation^	37.5	52.5	13.5	26.4	15.0	15.0	15.0	20.0	20.0	10.0	10.0
Ending Balance	59.6	89.8	73.2	67.2	52.8	45.9	43.4	49.3	56.3	44.3	32.3

*Includes tax credits and sales tax exemptions. Amounts take into consideration all projects as of February 2023, excluding Fane Tower.

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

Small Business Assistance**\$2.6 million**

The Governor includes \$3.3 million in FY2024, \$2.6 million more than the enacted level, for the State's Small Business Assistance Program (SBA). The SBA program was established to help small businesses (under

200 employees) gain access to capital. Grants are capped at \$750,000. According to the Executive Office of Commerce, the program offers more operating flexibility than the long-standing Small Business Loan Fund, which is subject to federal regulations from the U.S. Economic Development Administration. The Commerce Corporation partners with private lending institutions to administer the applications and program. According to the EOC, 201 loans have been made resulting in 385 jobs and more than 50.0 percent have gone to minority- or woman-owned businesses.

The 2018 General Assembly increased the amount of Small Business Assistance program funds available for “micro loans” (\$2,000 to \$25,000) from 10.0 percent to 25.0 percent. These loans may be used to provide:

- Additional capital to businesses;
- Direct lending for subordinated and mezzanine debt (debt that is associated with acquisitions and buyouts where it may be used to prioritize new owners ahead of existing owners in case of bankruptcy, or be used to convert a debt into a stock option); or
- Collateral support and enhancement.

The following table shows the lenders, awards, and total loans originated to date:

Lender	SBA Award	Total Loans Originated
<i>Traditional Lending</i>		
BDC Capital	828,842	12,792,917
Business Development Co of RI	1,540,500	4,679,072
Community Investment Corporation (CIC)	654,100	3,292,305
South Eastern Economic Devel. Corp (SEED)	1,736,400	5,244,937
<i>Subtotal</i>	<i>\$4,759,842</i>	<i>\$26,009,231</i>
<i>Micro Lending</i>		
CIC Microloans	469,800	918,600
CWE Microloans	159,000	159,000
SEG Microloans	217,750	226,500
Rhode Island Black Business Association	91,500	91,500
<i>Subtotal</i>	<i>\$938,050</i>	<i>\$1,395,600</i>
Total	\$5,697,892	\$27,404,831

I-195 Redevelopment Fund

\$2.0 million

The Governor includes \$2.0 million in FY2024 for the I-195 Redevelopment Fund program (Fund). The program has received \$28.0 million in total since inception and last received an appropriation in FY2019.

The Fund is intended to serve as a catalyst for real estate development on former highway land in Providence by:

- Providing gap financing on real estate projects within the I-195 Redevelopment Zone District.
- Acquiring adjacent or proximate land nearby District land, but not an abutting parcel, including areas around the Garrahy Courthouse Garage and the South Street Landing project, or further away from the District. The I-95 Redevelopment Commission oversees the 20 acres of developable space.
- Financing public infrastructure and facilities that will enhance the District.

The I-195 Redevelopment Commission has committed \$25.6 million (91.0 percent) from the fund, supporting development projects such as the Wexford Science and Technology and CV Properties partnership development of a life sciences and research and development complex, including the Aloft Hotel and Cambridge Innovation Center. According to the EOC, the Fund’s commitments have engendered over \$800.0 million in private investment in projects completed, planned, and under construction. The Commission is focused on attracting commercial lab spaces that are likely to need significant gap financing in Rhode Island. The additional funds proposed for FY2024 are estimated to support four new projects.

Innovation Initiative***\$1.0 million***

The Governor includes \$1.0 million in FY2023, consistent with the enacted level, and \$2.0 million in FY2024 for the Innovation Initiative program. The program provides financial assistance to small businesses (under 500 employees) and manufacturers for research and development technical assistance. Awards can range from \$5,000 to \$50,000. Vouchers may be used to pay for research and technological development; product development; commercialization; market development; technology exploration; and improved business practices/strategies that grow business and create operational efficiencies.

The Governor recommends expanding the Innovation Initiative Program incentive in FY2024 in two ways. First by doubling the appropriation from \$1.0 million to \$2.0 million, the EOC argues they can better meet the demand for the incentive. For example, EOC cites that the waiting list for vouchers is presently over 20. The Governor also recommends, through Article 7 of the Budget, increasing the maximum voucher amount from \$50,000 up to \$75,000.

A total of 308 companies have received approval from the Commerce Corporation for Innovation Vouchers totaling \$10.8 million.

Small Business Promotion***\$700,000***

The Governor recommends \$1.0 million for CommerceRI's program that promotes Rhode Island-based suppliers and facilitates their connection to companies in the State that have significant procurement needs. This is \$700,000 more than the enacted level.

Known as SupplyRI, the program was established in 2018 after the EOC analyzed the operating expenditures of large employers in Rhode Island and discovered that a disproportionate number of operating budgets are spent on out-of-State suppliers. Supply RI is intended to facilitate interaction and contracting between large "Anchor" purchasing businesses and organizations and the several tier levels of Rhode Island suppliers. It does this through conducting trainings and events connecting anchors and suppliers and through a clearinghouse website. According to the EOC, the program has connected 2,200 suppliers with 16 anchors. The current budget of \$300,000 supports 5 events and 12 supplier workshops annually.

The Governor recommends that the additional funding be used to advance SupplyRI forward to serve a larger number of businesses. Specifically:

- **Develop a SupplyRI Strategic Plan:** Support a five-year program assessment to evaluate engagement, gaps, and opportunities. The assessment would be used to inform a strategic plan for SupplyRI.
- **Expand Tier 2 Supplier Engagement:** Tier 1 suppliers provide final product directly to anchor businesses. Tier 2 provide inputs to the Tier 1 supplier. CommerceRI plans to employ a "multi-session" Tier 2 "fellowship" process to train and engage these suppliers.
- **Anchor Events:** Funds would support an additional 4 large events bringing suppliers and anchors together.
- **Global RI Pilot:** Support two targeted trade missions with companies specifically focused on offshore wind and wind energy.
- **Personnel and Operations:** Support 1.0 new FTE position within CommerceRI for core SupplyRI program elements and improvements to the program website.

State Small Business Credit Initiative (federal funds)***Informational***

The Governor includes \$20.0 million in non-SFRF, direct federal ARPA funds in both FY2023 and FY2024 for the Small Business Credit Initiative (SBCI). Funded through the U.S. Small Business Administration, the SBCI makes funds available to expand or create new state small business investment programs that provide access to capital, collateral support, loan participation, loan guarantees, and venture capital.

Aid to Tourism, Hospitality, and Events Industries (federal funds)**Informational**

The Aid to Tourism, Hospitality, and Events Industries program is an ARPA SFRF funded-initiative that consists of the following components: (1) Direct cash payments to businesses demonstrating lost revenue; (2) Support for outdoor and public space capital improvements and event programming; Tourism marketing support done in coordination with state tourism regions and the Rhode Island Airport Corporation (RIAC); and (4) Destination tourism marketing in support of airline routes to T.F. Green Airport (with CommerceRI required to supply equivalent matching funds out of its portion of the state hotel tax).

Initiative	Planned Expenditures						Activity to Date		
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total	Appropriated	Spent
Direct Payments to Businesses	\$8.0	-	-	-	-	-	\$8.0	\$8.0	\$8.0
Outdoor Capital Improvements/Event Programming	3.0	-	-	-	-	-	3.0	3.0	0.5
Tourism Marketing	2.0	-	-	-	-	-	2.0	2.0	1.1
Destination Marketing	-	1.5	1.5	-	-	-	3.0	1.5	-
Total	\$13.0	\$1.5	\$1.5	-	-	-	\$16.0	\$14.5	\$9.6

\$ in millions. Spending data is through November 30, 2022 per the PRO.

- **Direct Payments to Business:** According to EOC the Hospitality, Tourism, and Events direct grant program (HTE) has awarded 163 grants (44.6 percent have been women or minority-owned entities) and has disbursed \$7.5 million. Remaining funds will focus on hotels, travel agents, tour operators, and arts/cultural business.
- **Outdoor Capital Improvements/Event Programming:** This initiative, also known as CommerceRI's Placemaking program, has awarded 32 grants through the first week of January 2023, with \$599,605 in funding disbursed. Most of these are related to the event programming component. According to EOC, the capital improvement projects are larger in scale and will take longer to complete and be reflected in the spending.
- **Tourism Marketing:** This initiative has disbursed \$2.0 million to six of the state's regional tourism districts and to the RIAC. The funding has been used for air service marketing programs, advertising campaigns targeting regional drive and fly markets via streaming and cable television, and to provide direct grants to tourism districts that have been used for paid advertising, meetings and conventions advertising, and sports advertising.
- **Destination Marketing:** The ability of the RIAC to market Rhode Island as a destination in out-of-state airports is limited by federal regulations. The Governor includes \$1.5 million in federal SFRF funds in FY2023 and FY2024 for this purpose. Article 1 contains proviso language directing the use of these funds in this manner as well as requiring the CommerceRI to supply an equivalent amount out of its portion of the state hotel tax for the same purposes, for a total of \$6.0 million over the two fiscal years.

Analyst Note: According to the Pandemic Recovery Office, the final approval meeting for this initiative's plan took place February 17, 2023. The EOC is in the process of signing the approved SFRF Reporting and Compliance Form for the project. Once that is done, the PRO will countersign and a final approval notice will be issued. Once the final approval notice is issued, then the EOC will have the ability to transfer and spend funds subject to the budget they submitted. To date, no money has been spent on this project.

OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

The Office of Housing and Community Development (OHCD) provides opportunities for healthy and affordable housing through production, lead hazard mitigation, and the coordination of the homeless system and implementation of the State's plan to end homelessness. The federal Community Development Block Grant (CDBG) provides funding to 33 municipalities to address housing and community development. In 2022, the General Assembly authorized the establishment of a new state agency responsible for housing-

related programs starting January 1, 2023. As of that date, the OHCD became a Division within the new Department of Housing.

Housing and Community Development	General Revenue
FY2023 Enacted	\$1,522,293
<i>Target and Other Adjustments</i>	-
Office of Housing and Community Development	(1,522,293)
FY2024 Governor	-

Housing and Community Development	Other Fund Changes
ARPA SFRF Initiatives (federal funds)	(97,000,000)
Federal Grants (federal funds)	(16,124,699)
Housing Resources	(7,664,150)

Office of Housing and Community Development **(\$1.5 million)**

In 2022, the General Assembly authorized the establishment of a new state agency responsible for housing-related programs starting January 1, 2023. As of that date, the OHCD became a Division within the new Department of Housing (Housing) and therefore its FY2024 expenditures are not budgeted in the EOC. This results in a \$1.5 million reduction in expenditures when comparing to the enacted level.

The Governor does include \$1.2 million in the FY2023 Supplemental Budget to fund the OHCD's personnel and operating costs as it transitions from the EOC to Housing. This is \$274,557 less than the enacted level and consists of \$343,502 in turnover savings (equal to 5.2 FTE positions) and \$68,865 in adjusted centralized services charges.

Category	FY2023 Enacted	FY2023 Governor	Change from Enacted	FY2024 Governor	Change from Enacted
Personnel	\$1,265,176	\$921,754	(\$343,422)	-	(\$1,265,176)
Operating	257,117	325,982	68,865	-	(257,117)
Total	\$1,522,293	\$1,247,736	(\$274,557)	-	(\$1,522,293)

ARPA SFRF Initiatives (federal funds) **(\$97.0 million)**

The transfer of the OHCD to the new Department of Housing (Housing) on January 1, 2023 results in a \$97.1 million reduction in ARPA SFRF expenditures within the EOC when comparing to the enacted level. The reductions are summarized in the following table.

Initiative	FY2023 Enacted	FY2023 Governor	Change from Enacted	FY2024 Governor	Change from Enacted
Development of Affordable Housing	\$30.0	\$30.3	\$0.3	-	(\$30.0)
Community Revitalization	15.0	15.0	-	-	(15.0)
Homelessness Infrastructure	15.0	15.0	-	-	(15.0)
Workforce Housing	12.0	12.0	-	-	(12.0)
Down Payment Assistance	10.0	10.0	-	-	(10.0)
Housing Stability	7.0	8.5	1.5	-	(7.0)
Site Acquisition	3.0	9.0	6.0	-	(3.0)
Affordable Housing Predevelopment Program	2.5	2.5	-	-	(2.5)
Statewide Housing Plan	2.0	2.0	-	-	(2.0)
Predevelopment and Capacity Building	0.5	0.9	0.4	-	(0.5)
Total	\$97.0	\$105.2	\$8.2	-	(\$97.0)

\$ in millions

Federal Grants (federal funds)**(\$16.1 million)**

The transfer of the OHCD to the new Department of Housing (Housing) on January 1, 2023 results in a \$16.1 million reduction in federal fund expenditures within the EOC when comparing to the enacted level. The reductions are summarized in the following table.

Initiative	FY2023 Enacted	FY2023 Governor	Change from Enacted	FY2024 Governor	Change from Enacted
CDBG Program	\$9.3	\$16.5	\$7.2	-	(\$9.3)
Housing Opportunities for Persons with Aids	0.8	1.4	0.6	-	(0.8)
Neighborhood Stabilization Program	0.5	0.1	(0.3)	-	(0.5)
Shelter Funding	5.6	7.6	1.9	-	(5.6)
Recovery Housing Program	-	1.0	1.0	-	-
Total	\$16.1	\$26.6	\$10.5	-	(\$16.1)

\$ in millions

Housing Resources (restricted receipts)**(\$7.7 million)**

The transfer of the OHCD to the new Department of Housing (Housing) on January 1, 2023 results in a \$7.7 million reduction in restricted receipts expenditures within the EOC when comparing to the enacted level. This includes a reduction in the EOC's FY2024 Budget by \$4.7 million in assistance, grants, and operating funds related to the Housing Resources Commission, and \$3.0 million reduction in assistance and grants from the Housing Production Fund.

Initiative	FY2023 Enacted	FY2023 Governor	Change from Enacted	FY2024 Governor	Change from Enacted
Housing Resources Commission	\$4.7	\$4.7	-	-	(\$4.7)
Housing Production Fund	3.0	3.0	-	-	(3.0)
Total	\$7.7	\$7.7	-	-	(\$7.7)

\$ in millions

QUASI-PUBLIC APPROPRIATIONS

The Budget provides \$13.6 million from general revenues to support the Rhode Island Commerce Corporation and several pass-through appropriations to fund specific economic programs. There are no FTE positions allocated to this program.

Quasi-Public Appropriations	General Revenue
FY2023 Enacted	\$19,435,014
<i>Target and Other Adjustments</i>	-
OSCAR	(4,000,000)
Municipal Infrastructure Grant Match	(2,500,000)
CommerceRI Base Appropriation	342,710
I-195 Commission	284,050
FY2024 Governor	\$13,561,774
Quasi-Public Appropriations	Other Fund Changes
ARPA SFRF Port of Davisville (federal funds)	48,000,000

OSCAR**(\$4.0 million)**

The FY2023 Budget as Enacted includes \$4.0 million in one-time general revenue to capitalize the Ocean State Climate Adaptation and Resilience (OSCAR) Fund. The fund was established as a resource for projects that restore and improve the climate resilience of vulnerable coastal habitats, river and stream

floodplains, and to improve community resilience and public safety. This non-recurring expenditure is reflected by the \$4.0 million reduction in FY2024 quasi-public appropriations to Commerce RI.

Municipal Infrastructure Grant Match **(\$2.5 million)**

The State’s Municipal Infrastructure Grant program (MIG) provides public infrastructure grants to municipalities for design, construction, building, land acquisition, rehabilitation, repair, and other improvements to publicly owned infrastructure including sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian ways. The program also assists municipalities with economic development projects, housing development and rehabilitation, and other community development projects. In 2021 the General Assembly shifted the program from the Division of Statewide Planning, within the Department of Administration, to the Rhode Island Infrastructure Bank, a quasi-public corporation that provides low-interest loans to municipalities for infrastructure projects.

The FY2023 Budget as enacted provided \$2.5 million in general revenue for the program; however, the Governor recommends an additional \$5.5 million in the current year (a total of \$8.0 million) to create a “Municipal Matching Grant Pool” to assist cities and towns wanting to take advantage of federal Infrastructure Investment and Jobs Act (IIJA) competitive grant funds but lack the required matching funds. The IIJA supports a complex array of infrastructure improvements ranging from roads to climate resiliency projects and applications for the grants need to take place during FY2023.

The Governor does not provide funding the MIG program in FY2024, therefore the FY2024 reflects a decrease of \$2.5 million from the enacted level.

Commerce RI Base Appropriation **\$342,710**

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

The State provides general revenue appropriations to the Corporation. However, the General Assembly does not directly approve Commerce RI’s budget. The Commerce RI Board has the sole responsibility to authorize the Corporation’s annual budget.

The Governor recommends \$8.3 million from general revenues to Commerce RI as its base allocation. This is \$342,710 more than the enacted level. Commerce RI’s total budget in FY2023 is \$22.3 million. The base allocation represents 46.2 percent of the quasi-public agency’s annual revenue. The balance is comprised of hotel tax revenue (13.2 percent), federal grants (2.2 percent), financial programs (2.6 percent), and other miscellaneous revenue (17.7 percent).

According to the Executive Office, the increase in the base allocation is attributable to increases in costs associated with personnel, healthcare, energy and technology. These increases are summarized below.

Expenditure Category	FY2024
Personnel	\$290,255
Healthcare	39,975
Energy	11,280
Technology	1,200
Total	\$342,710

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

Commerce RI Budget					
Revenues	FY2021 Actual	FY2022 Actual	FY2023 Projected *	FY2024 Projected *	Change
State Appropriations					
RI Commerce Corporation Base Appropriation	\$7,431,022	\$7,659,565	\$7,947,778	\$9,026,713	\$1,078,935
Total State Appropriations	\$7,431,022	\$7,659,565	\$7,947,778	\$9,026,713	\$1,078,935
Other Revenues					
Hotel Tax Revenue	\$3,031,364	\$6,179,118	\$5,600,000	\$5,600,000	-
Finance Program Allocation	333,026	474,358	474,358	474,358	-
Federal Grants	313,474	329,000	396,300	396,300	-
Other	2,642,623	3,101,035	3,172,621	3,184,595	11,974
Total Other Revenues	\$6,320,487	\$10,083,511	\$9,643,279	\$9,655,253	11,974
Total Revenues	\$13,751,509	\$17,743,076	\$17,591,057	\$18,681,966	1,090,909
Expenditures					
Total Operations (Personnel and Operating)	\$18,425,728	\$14,701,888	\$16,765,444	\$17,844,379	\$2,063,556
Grants or Partnerships	4,419,095	4,460,104	4,460,104	4,460,104	-
Total Expenditures	\$22,844,823	\$19,161,992	\$21,225,548	\$22,304,483	\$2,063,556
Operating Surplus/(Deficit)	(\$9,093,314)	(\$1,418,916)	(\$3,634,491)	(\$3,622,517)	(972,647)
Pass-Through and Federal Grants					
STAC Research Alliance (EPScore)	\$900,000	\$900,000	\$900,000	\$900,000	-
Innovative Matching Grants	1,000,000	1,000,000	1,000,000	1,000,000	-
Renewable Energy Fund	2,300,000	2,628,789			(2,628,789)
Airport Impact Aid	1,010,036	1,000,102			(1,000,102)
Chafee Center at Bryant/International Trade Export Prog.	476,200	476,200	476,200	476,200	-
Polaris Manufacturing Technical Assistance	350,000	350,000	450,000	350,000	100,000
East Providence Waterfront Commission	50,000	50,000	50,000	50,000	-
Urban Ventures/Minority Entrepreneurship Prog.	140,000	140,000	140,000	140,000	-
Municipal Infrastructure Bank Match	-	1,000,000	2,500,000		
OSCAR Program - RIIB	-		4,000,000		4,000,000
Pass-Through - Subtotal	6,226,236	7,545,091	9,516,200	2,916,200	471,109
Federal Grants	313,474	329,000	396,300	396,300	
Federal Grants - Subtotal	313,474	329,000	396,300	396,300	67,300
Total	6,539,710	7,874,091	9,912,500	3,312,500	\$2,038,409

Source: Executive Office of Commerce

* Pending Board Approval

I-195 Commission**\$284,050**

In 2011, the General Assembly created a commission for the purposes of marketing, selling, and overseeing the lands made available by the relocation of Interstate Highway 195 through Providence. This authority extends to the maintenance of any parkland within the district. State law also authorizes the commission to assess fees on organizations within the district for services it provides, including park development and maintenance. The commission currently assesses existing occupants of the district a per square foot fee that generates an estimated \$130,000 annually for park maintenance (as additional property is developed this revenue would increase). The commission also receives a fee for naming rights for the park or any portion thereof from Twin River Casino worth \$150,000 in FY2023 and \$100,000 annually in FY2024 and beyond. These funds also provide resources for park maintenance and development.

The Governor recommends an additional \$284,050 in general revenue funds to enhance the commission's development processes. According to the EOC, this appropriation would be used to execute a formal and strategic business development and marketing strategy to attract developers and tenants to the district in addition to expanding its community engagement process. This amount also includes a 5.0 percent increase in general operational costs and personnel costs associated with an additional project manager to assist in managing the new processes.

Port of Davisville (federal funds)**\$48.0 million**

The Governor recommends providing \$60.0 million in federal ARPA SFRF funds in FY2024 to support the advancement of the Quonset Development Corporation's (QDC) infrastructure master plan. These funds will combine with an additional \$35.0 million in funding from other sources, for total investment of

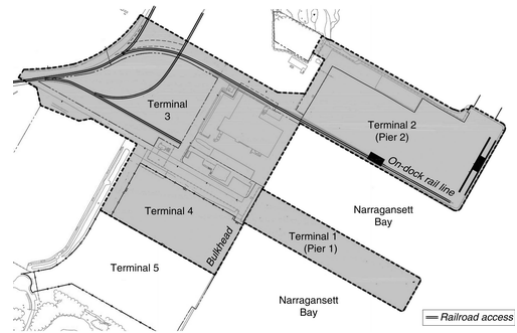
\$95.0 million in port infrastructure. The FY2024 appropriation is \$48.0 million more than the enacted level. The General Assembly appropriated \$6.0 million in FY2023 and the original planned expenditures were to take place over the next three fiscal years (summarized in the table below).

Initiative	Planned Expenditures						Total	Activity to Date	
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027		Appropriated	Spent
Port of Davisville	-	\$6.0	\$19.4	\$27.0	\$7.6	-	\$60.0	\$6.0	-
Total	-	\$6.0	\$19.4	\$27.0	\$7.6	-	\$60.0	\$6.0	-

\$ in millions. Spending data is through November 30, 2022 per the PRO.

According to the Office of Management and Budget, the Governor's decision to appropriate the entire planned expenditure amount in FY2024 is based on a clarification made in 2022 by the U.S. Department of Treasury regarding what constitutes the obligation of SFRF funds. Prior to the new guidance OMB considered the act of appropriating funds sufficient to meet the obligation requirements under ARPA. Treasury has since clarified that ARPA monies have to be allocated to the final recipients by FY2024.

The Port of Davisville is a publicly-owned international shipping port located within the Quonset Business Park (QBP) in North Kingstown. The facilities currently include 4,500 linear feet of berthing space, consisting of five terminals, two piers (each 1,200 feet in length), a bulkhead, 32 feet of controlled water depth, on-dock rail, and 60 acres of laydown and terminal storage.



According to the EOC, \$6.0 million has been obligated and disbursed to the QDC. The program is providing direct support to build four additional berths and 40 additional acres of laydown space at the Port of Davisville, leading to an additional 12 ships arriving each quarter and 30,000 short tons of cargo processed.

CAPITAL PROJECTS

The Budget includes \$316.0 million in capital project spending for FY2023-FY2028, with \$114.6 million in FY2023 and \$147 million in FY2024.

EOC Capital Projects	FY2023				FY2024				FY2025 - FY2028			
	RICAP	Bonds	ARPA	Agency Funds	RICAP	Bonds	ARPA	Agency Funds	RICAP	Bonds	ARPA	Agency Funds
Affordable Housing	-	\$40,000,000	-	-	-	\$14,428,342	-	-	-	\$16,000,000	-	-
Broadband Infrastructure	-	-	15,383,000	-	-	-	9,573,500	-	-	-	-	-
I-195 Commission	1,040,048	-	-	-	700,000	-	-	-	2,800,000	-	-	-
I-195 Park Improvements	-	3,945,532	-	-	-	-	-	-	-	-	-	-
Industrial Site Development	-	4,021,098	-	-	-	8,000,000	-	-	-	26,900,000	-	-
Innovations Centers	-	8,642,364	-	-	-	7,005,000	-	-	-	2,645,000	-	-
Port of Davisville	-	7,000,000	6,000,000	-	-	54,000,000	-	-	-	-	-	-
Port Modernization	-	4,800,000	-	-	-	5,200,000	-	-	-	6,000,000	-	-
South Quay Marine Terminal	-	12,000,000	-	-	-	48,000,000	-	-	-	-	-	-
ProvPort	-	9,971,220	-	-	-	-	-	-	-	-	-	-
Quonset Point / Davisville Pier	20,274	217,067	-	1,577,985	-	-	-	-	-	-	-	-
Total	\$1,060,322	\$90,597,281	\$21,383,000	\$1,577,985	\$700,000	\$136,633,342	\$9,573,500	-	\$2,800,000	\$51,545,000	-	-

- **Affordable Housing:** The Governor recommends providing \$14.4 million in general obligation bond proceeds in FY2024 to support affordable housing production across the State. In March 2021, voters approved a \$65.0 million bond referendum to expand affordable housing opportunities in Rhode Island, including the redevelopment of existing structures and new construction.
- **Broadband Infrastructure:** The Governor recommends providing \$15.4 million in federal American Rescue Plan (ARPA) Capital Projects funds for Broadband Infrastructure in FY2023 and \$9.6 million in FY2024 to finance broadband projects that will provide high-speed, reliable internet to across the entire state. Funds will be awarded to municipalities, public housing authorities, business cooperatives and local internet service providers for projects targeted at those unserved and underserved by the current infrastructure as defined by national telecommunications and information administration standards.

- **I-195 Commission:** The Governor recommends providing \$700,000 from the RI Capital Plan Fund in FY2024 and \$1.0 million in FY2023 for the continued development of the land made available by the relocation of I-195. Funding will continue to support engineering, design review, legal work for ongoing and prospective deals, and the design and construction of additional park infrastructure enhancements.
- **I-195 Park Improvements:** The Governor recommends providing \$4.0 million in bond proceeds to help finance the construction of park infrastructure enhancements adjacent to the Providence River Pedestrian Bridge in the I-195 District in FY2023. In March 2021, voters approved a \$4.0 million bond referendum for this purpose. Funding is being used to construct park infrastructure enhancements, including a pavilion for food and beverage service, enhanced infrastructure, office space, and a small storage facility.
- **Industrial Site Development:** The Governor recommends providing \$8.0 million in bond proceed funding in FY2024 for industrial site development. In March 2021, voters approved a \$40.0 million bond referendum for this purpose. According to the EOC, the funds are being allocated competitively for the purpose of preparing sites for the development of facilities related to manufacturing, assembly, distribution, and other job-producing commercial activities.
- **Innovation Centers:** The Governor recommends providing \$8.6 million in FY2023 and \$7.0 million in FY2024 from bond proceeds to support additional business collaborations with higher education institutions, where cutting-edge research will be developed into new products, services, and businesses. Project funding was authorized by voters in 2016. Projects include the RI Innovation Hub and Accelerator, the University of Rhode Island & Arizona State University Innovation Hub, and the RI Agricultural Technology Park.
- **Port of Davisville:** The Governor recommends providing \$60.0 million of federal ARPA SFRF funds through FY2024 to advance the Quonset Development Corporation's infrastructure master plan. The recommendation also includes \$7.0 million of bond proceeds in FY2023 for the same purpose.
- **Port Modernization:** The Governor recommends providing \$5.2 million in FY2024 to begin financing the modernization, expansion, and improvements to the Port of Davisville in North Kingstown. In March 2021, voters approved a \$20.0 million bond referendum for these purposes. The project will expand the Quonset Point Business Park waterfront with channel dredging and construction of a new pier for ocean transport barges.
- **South Quay Marine Terminal:** The Governor recommends providing \$60.0 million in ARPA SFRF funds to develop a marine terminal industry on the East Providence waterfront that would support the offshore wind industry.
- **ProvPort:** The Governor recommends providing \$10.0 million in FY2023 from the 2016 General Obligation bond authorization to increase terminal capacity at the Port of Providence, specifically by financing the acquisition of up to 25 acres of land located between Allens Avenue in the City of Providence and the Providence River. Once acquired and improved, the State of Rhode Island anticipates leasing the land to ProvPort, the City of Providence's current port operator. ProvPort, in turn, will enter into subleases with one or more private terminal operators. Those entities will make private investments in their terminal operations as well as pay fees to ProvPort for the land they lease. The State will share in the gross revenues, including sublease payments, generated from the expanded port area. The State will also realize additional income taxes from expanded employment.
- **Quonset Point/Davisville Pier:** The Governor recommends providing \$20,274 in Rhode Island Capital Plan funds and \$217,067 in bond proceeds and \$1.6 million in Quonset Development Corporation Agency Funds in FY2023 for capital improvements to the piers at Quonset. The Port has two piers (Pier One and Pier Two) that are long past their expected useful lifespan. As part of the Quonset Development

Corporation's \$205.0 million Port of Davisville master plan, Pier 2 will be rehabilitated by building an east extension and installing a sheet pile bulkhead.

Department of Housing

Expenditures By Program	FY2022 Actual*	FY2023 Enacted*	FY2023 Governor	Change from Enacted*		FY2024 Governor	Change from Enacted	
Central Management	\$51.1	\$122.3	\$140.7	\$18.4	-	\$182.2	\$59.8	48.9%
Total	\$51.1	\$122.3	\$140.7	\$18.4	-	\$182.2	\$59.8	48.9%

Expenditures By Source	FY2022 Actual*	FY2023 Enacted*	FY2023 Governor	Change from Enacted*		FY2024 Governor	Change from Enacted	
General Revenue	\$12.2	\$1.5	\$1.2	(\$0.3)	0.0%	\$5.0	\$3.5	228.3%
Federal Funds	33.8	113.1	131.8	18.7	16.5%	169.5	56.4	49.8%
Restricted Receipts	5.06	7.7	7.7	-	-	7.7	-	-
Total	\$51.1	\$122.3	\$140.7	\$18.4	15.0%	\$182.2	\$59.8	48.9%

Authorized FTE Levels	11.0	17.0	17.0	-	-	38.0	21.0	123.5%
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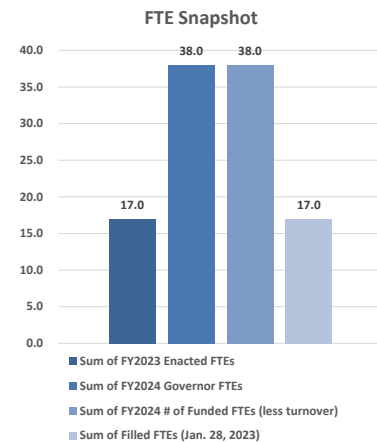
\$ in millions. Totals may vary due to rounding.

*FY2022 Actual and FY2023 Enacted levels reflect the amounts budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years. The EOC fiscally and administratively supported the Department prior to January 1, 2023.

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

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

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

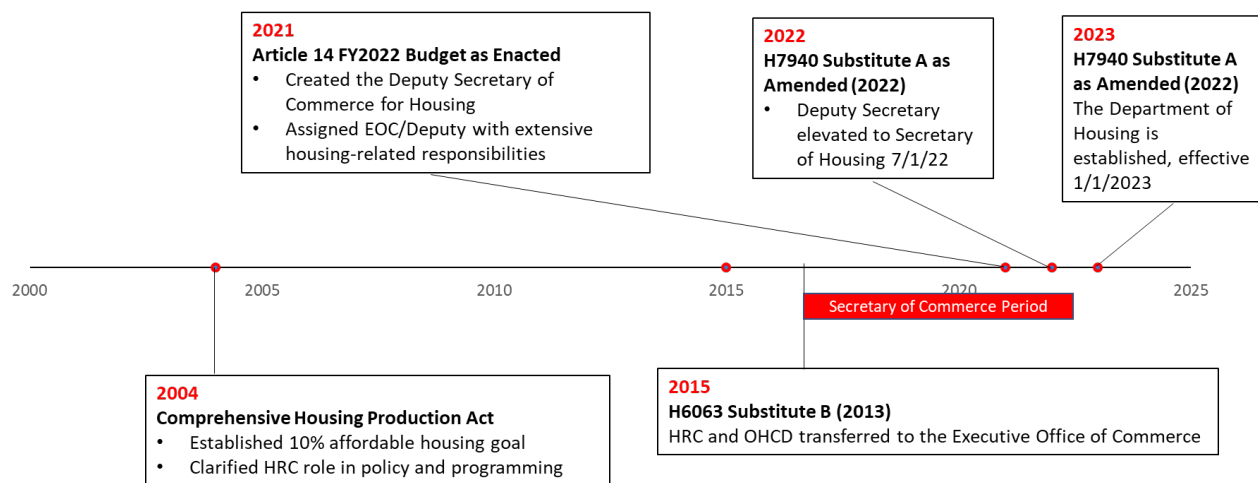


MAJOR ISSUES AND TRENDS

The Department of Housing (Housing) was operationalized on January 1, 2023, with 17.0 FTEs and the formal transfer of the Office of Housing and Community Development (OHCD) from the Executive Office of Commerce. The Governor’s recommended FY2024 Budget totals \$182.2 million from all sources, \$59.8 million more than the FY2023 enacted level for Housing’s predecessor, the Executive Office of Commerce (EOC).

Housing Governance

Housing policy, planning, and program implementation is currently governed under a complex structure. The Housing Resources Act (HRA) of 1998 established a 28-member Housing Resources Commission (HRC) to be the primary body for policy development and rule-making. It does however oversee the awarding of certain federal funding. It is administratively supported by the OHCD and together they administer programs related to remediation, lead abatement, tax credits, financing assistance for developers, homelessness, rental assistance, technical assistance, and community development. The HRA also created a coordinating committee that links the HRC, OHCD, and RIHousing. Beginning in 2015 and continuing until the creation of the Department of Housing in January 2023, the Executive Office of Commerce was the primary state agency responsible for housing policy and implementation. The current Secretary of Housing held the role of Secretary of Commerce for the bulk of that time. The timeline below shows the evolution of this governance structure over the last 20 years.



Reorganization

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

The plan was submitted on November 18 and was incomplete. It did, however, recommend that the Secretary be named ex officio chair of RIHousing's Board and that the Department assume authority over all federal housing and homelessness related funding. These recommendations are not included in the Governor's budget.

Analyst Note: The Office of Management and Budget established one Central Management program with five subprograms within the Department of Housing for organizing budget initiatives. The following table summarizes them.

Subprogram	FY2024	Initiatives
Secretary	\$12,662,045	OHCD, Housing Production Fund, Housing Resources Commission
Administration	15,493,898	USHUD Non-ARPA Federal Grant Programs
Housing Development	103,000,000	SFRF: Affordable Housing, Predevelopment, Homelessness Infrastructure, Site Acquisition
Housing Stabilization	41,000,000	SFRF: Down Payment, Homelessness Stability, Workforce Housing
Community Planning and Funding	10,000,000	SFRF: Community Revitalization
Total	\$182,155,943	

The current Secretary indicated in public remarks in March 2023, that he is interested in creating five sections within the Department to deal with “housing support for individuals and families, housing development, community development, engagement and sustainability, policy and planning, and operations support.”

Staffing

The Governor recommends 39.0 FTE positions, 21.0 more than the enacted level for EOC’s housing staff. In FY2022 the General Assembly added the Deputy Secretary of Commerce for Housing and in FY2023, 4.0 additional FTE positions were added. The 21.0 new positions in FY2024 include 9.0 analysis-related positions, 5.0 program positions, 4.0 legal and compliance positions, 2.0 public affairs positions, and 1.0 chief of staff.

ARPA SFRF Housing Initiatives

The primary reason for the funding increase in FY2024 is the Governor’s decision to budget the entire planned expenditure amounts of the federal American Rescue Plan (ARPA) State Fiscal Relief Fund (SFRF) supported projects in FY2024 as opposed to the original out-year budgeting schedule first proposed in 2022. This decision is based on a subsequent clarification made by the U.S. Department of Treasury regarding what constitutes the obligation of SFRF funds. Prior to the new guidance OMB considered the act of appropriating funds sufficient to meet the obligation deadlines and requirements under ARPA. Treasury has since clarified that ARPA monies have to be allocated to the final recipients by FY2024. The funding changes are summarized in the following table. The status of the initiatives administered by RIHousing appear in the ARPA section of this report. Despite requests for updates, information has not been provided on the status of the Department of Housing administered initiatives.

ARPA SFRF Initiative	FY2023 Enacted*	FY2023 Governor	Change*	FY2024 Governor	Change*
Development of Affordable Housing	\$30.0	\$30.3	\$0.3	\$55.0	\$25.0
Homelessness Infrastructure	15.0	15.0	-	30.0	15.0
Down Payment Assistance	10.0	10.0	-	20.0	10.0
Homelessness Assistance	7.0	8.5	1.5	13.0	13.0
Community Revitalization	15.0	15.0	-	10.0	(5.0)
Site Acquisition	3.0	9.0	6.0	10.0	7.0
Workforce Housing	12.0	12.0	-	8.0	(4.0)
Affordable Housing Predevelopment	2.5	2.5	-	7.5	5.0
Predevelopment and Capacity Building	0.5	0.9	0.4	0.5	-
Statewide Housing Plan	2.0	2.0	-	-	(2.0)
Total	\$97.0	\$105.2	\$8.2	\$154.0	\$64.0

\$ in millions

**FY2023 Enacted levels reflect the amounts budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years. The EOC fiscally and administratively supports the Department until FY2024.*

Housing Production Fund

The Housing Production Fund was established by the General Assembly in 2021 to provide support for the planning, production, and preservation of affordable housing in Rhode Island. A portion of the real estate conveyance tax was reserved as a dedicated funding stream to the fund and the General Assembly provided it with a one-time infusion of \$25.0 million in general revenue. The fund currently has a balance of \$19.2 million, with \$11.0 million in HPF funds obligated through January 2023.

	FY2022	FY2023	FY2024
Beginning Balance	\$25.0	\$27.7	\$20.9
RECT Receipts*	2.7	4.2	4.2
Obligations/Expenditures	-	(11.0)	(3.0)
Ending Balance	\$27.7	\$20.9	\$22.2

\$ in millions

* RECT receipts in FY2023 and FY2024 come from the Office of Revenue Analysis' original full year estimate from the Governor's FY2023 Budget proposal.

CENTRAL MANAGEMENT

The Governor recommends only one main program within the Department of Housing and five subprograms. Within the main Central Management program are the subprograms of the Office of the Secretary, Administration, Community Planning and Funding, Housing Stabilization, and Housing Development.

Central Management	General Revenue
FY2023 Enacted	1,522,293
Target and Other Adjustments	-
Personnel	3,185,002
Operating and Capital Expenses	290,600
FY2024 Governor	\$4,997,895
	Other Funds
ARPA SFRF Housing and Homelessness Initiatives (federal funds)	\$64,000,000
Non-ARPA SFRF Federal Grants (federal funds)	(630,801)
Housing Resources Commission (restricted receipts)	Informational
Housing Production Fund (restricted receipts)	Informational
Affordable Housing Bonds (other funds)	Informational

Personnel \$3.2 million

The Governor recommends \$4.5 million in general revenue personnel expenditures in FY2024, a net \$3.2 million more than the FY2023 enacted level for the Executive Office of Commerce's Office of Housing and Community Development (OHCD), the predecessor program to the nascent Department of Housing. This increase is primarily related to the expansion of the office into a cabinet-level state agency.

Analyst Note: These costs do not reflect the \$30,000 raise for the Secretary of Housing approved on March 15, 2023, at an Unclassified Service Public Hearing at the Department of Administration. The Secretary position will now be a paygrade 856, with a starting salary of \$217,614, with available step increases totaling \$20,983. It should be noted that State law (RIGL 36-4-16.4) requires that salaries paid to directors of all state executive departments be in a flat amount, exclusive of other monetary provision such as step increases. The only other agency director position approved in this manner is the Secretary of Commerce. The only other head of an executive department with the title Secretary is at the Executive Office of Health and Human Services. The paygrade for that position does not have step increases and is in line with all other directors.

In addition to the scheduled step increases, the position is eligible for COLAs given to nonclassified employees. This is also out of sync with other agency directors.

Personnel Cost	FY2023 Enacted*	FY2023 Governor	Change from Enacted*	FY2024 Governor	Change from Enacted
Salaries	\$789,332	\$565,225	(\$224,107)	\$2,718,727	\$1,929,395
Benefits	444,547	334,203	(110,344)	1,624,062	1,179,515
Statewide Benefit Assessment	31,297	22,326	(8,971)	107,389	76,092
Total	\$1,265,176	\$921,754	(\$343,422)	\$4,450,178	\$3,185,002

*FY2023 Enacted levels reflect the amounts budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years. The EOC fiscally and administratively supports the Department until FY2024.

Housing Staffing Structure

The State-level staffing structure supporting housing has evolved since 2021, when the position of Deputy Secretary of Commerce for Housing was established by the General Assembly.

- **OHCD & Commerce Period:** The OHCD historically consisted of a staff of 11.0 classified (civil service) FTE positions, led by a Chief of Housing and Community Development. It has been responsible for administering various federal housing and homelessness programs and staffing the State's Housing Resources Commission. In 2013, the General Assembly transferred the OHCD from DOA to Commerce, effective 2015, making the Secretary of Commerce in charge of the housing policy and program responsibilities of the OHCD.
- **Deputy Secretary of Commerce for Housing Period:** In 2021, the General Assembly authorized the unclassified (serving at the pleasure of the Governor) FTE position of Deputy Secretary of Commerce for Housing. An extensive set of qualifications and responsibilities for housing policy, programming, planning, and reporting were attributed to the position. The position was budgeted in the Executive Office of Commerce's Central Management program, not the OHCD program; however, the OHCD staff were to report to the Deputy Secretary. The total FTE positions related to housing in the EOC included 11.0 classified positions in OHCD and 1.0 Deputy Secretary in Central Management for a total of 12.0 positions.
- **Secretary of Housing Transition Period:** In July 2022, the General Assembly elevated the Deputy Secretary position the cabinet-level position of Secretary of Housing, taking with it all of its previous responsibilities. The position is budgeted and administratively supported within the Executive Office of Commerce in FY2023. That same year the General Assembly established Department of Housing, effective January 1, 2023 to be led by the Secretary and transferred the OHCD to the new department. The number of positions in the OHCD program of the Executive Office of Commerce were increased by 4.0 FTEs and included 1.0 Chief Program Specialist, 1.0 Data Analyst, 1.0 Principal Planner, and 1.0 Information and Public Relations Specialist. This resulted in 15.0 classified positions plus the 2.0 unclassified positions of the Secretary's position and a Chief of Staff, for a total of 17.0 positions.

The General Assembly also charged the Secretary with developing a State Housing Reorganization Plan, due November 1, 2022, assessing housing governance and making recommendations regarding the Department of Housing structure and interagency relationships and functions.

Analyst Note: The Secretary of Housing was required to produce a State Housing Reorganization Plan, due November 1, 2022, that assesses housing governance and making recommendations regarding the Department of Housing structure and interagency relationships and functions. This report was submitted on November 18 by the original Secretary of Housing, Josh Saal, who has since resigned. It is not clear if the recommendations from the report, including how the Department of Housing should be structured and staffed, will be implemented the next Secretary of Housing.

- Department of Housing Period:** Although the Department of Housing became effective on January 1, 2023, the Secretary and affiliated staff are not budgeted within the agency until FY2024 (FY2023 personnel expenditures are budgeted in EOC). There are currently 15.0 classified positions and 2.0 unclassified positions as described above. The Department requested \$2.6 million for personnel costs for 18.0 new FTE positions with an average salary of \$86,621. The Governor recommends 21.0 new positions, bring the total for the Department to \$38.0 FTEs. The following table summarizes the changes in staffing outlined above.

FTE Position					Salary Costs		
	FY2022 Enacted	FY2023 FTEs	FY2024 FTEs	change	FY2023	FY2024	Change
Secretary of Housing/Deputy Secretary of Commerce*	-	1.0	1.0	-	-	\$195,016	\$195,016
Chief of Staff*	-	-	1.0	1.0	-	153,636	153,636
Administrator, Financial Management	1.0	1.0	1.0	-	109,682	116,319	6,637
Assitant Administrator Community and Planning Services	1.0	1.0	-	(1.0)	-	-	-
Assistant Chief of Planning	1.0	-	-	-	-	-	-
Assistant Financial Management	-	-	1.0	1.0	110,093	112,765	2,672
Chief Implementation Aide	1.0	2.0	2.0	-	129,974	138,035	8,061
Chief Community Development	1.0	1.0	1.0	-	122,986	126,058	3,072
Chief Legal Services	-	1.0	1.0	-	97,159	103,330	6,171
Chief Program Development	1.0	1.0	2.0	1.0	81,476	173,242	91,766
Housing Commission Coordinator	1.0	1.0	1.0	-	79,095	81,073	1,978
Interdepartmental Project Manager	1.0	2.0	3.0	1.0	195,256	307,294	112,038
Principal Housing Specialist	-	1.0	1.0	-	67,072	71,268	4,196
Principal Planner (129A)	1.0	1.0	1.0	-	83,077	85,135	2,058
Principal Planner (3529A)	1.0	1.0	1.0	-	88,896	91,118	2,222
Productivity Project Director	-	1.0	1.0	-	69,898	74,277	4,379
Programming Services Officer	1.0	2.0	5.0	3.0	88,992	389,255	300,263
Chief Public Affairs Officer	-	-	2.0	2.0	-	186,150	186,150
Compliance Standardization Officer	-	-	2.0	2.0	-	147,700	147,700
Economic policy Analyst 1	-	-	1.0	1.0	-	71,687	71,687
Legal Assistant	-	-	1.0	1.0	-	48,015	48,015
Legal Counsel	-	-	1.0	1.0	-	77,445	77,445
Principal Program Analyst	-	-	8.0	8.0	-	529,072	529,072
FTE Total	11.0	17.0	38.0	21.0	\$1,323,656	\$3,277,890	\$1,954,234
					Turnover/Transfer	(\$247,432)	\$247,432
					Total Salary Cost	\$1,076,224	\$2,201,666
					Total Benefit Cost	\$634,603	\$1,322,570
					Salary & Benefits	\$1,710,827	\$3,524,236
					Statewide benefit asses	\$42,510	\$86,965
					Payroll Costs	\$1,753,337	\$3,611,201
					Contracted Services	\$921,391	(\$421,391)
					Total Personnel	\$2,674,728	\$3,189,810
					General Revenue	\$921,754	\$3,528,424
					Federal Funds	\$1,752,974	(\$338,614)
					Total	\$2,674,728	\$3,189,810

*The Secretary position remains in the Executive Office of Commerce until FY2024. The FY2024 salary cost for the Secretary does not reflect the paygrade increase approved in March 2023.

Operating and Capital Expenses

\$290,600

The Department's current 17-person staff is currently operating out of the offices of the Commerce Corporation located at 315 Iron Horse Way in Providence. According to both CommerceRI and the Department, the facility is currently too small and will not be able to accommodate the planned additional staff and equipment necessary to grow the agency. According to the agencies, the Department of Administration is working with the Department to locate new office space within a State-owned building.

The Governor recommends \$547,717 in general revenue expenditures for operating and capital expenses in FY2024. This is a net \$290,600 increase over the FY2023 enacted level for the Executive Office of Commerce's Office of Housing and Community Development (OHCD), the predecessor program to the nascent Department of Housing.

Other Category	FY2023	FY2023	Change	FY2024	Change
	Enacted	Governor		Governor	
Operating Supplies and Expenses	\$257,117	\$325,982	\$68,865	\$442,717	\$185,600
Capital Purchases and Equipment	-	-	-	105,000	105,000
Total	\$257,117	\$325,982	\$68,865	\$547,717	\$290,600

The increase consists of \$105,000 to outfit the new Department with furniture and equipment and a net \$185,600 increase in overall operating costs. The latter consists of a \$135,000 increase in miscellaneous expenses related to the expanded scope of the new Department as compared to the EOC program; \$50,000 increase in human resource charges given the increased recruiting, hiring, and on-boarding costs associated with staffing up the new department; and a \$600 expenditure to provide certain staff with state-issued cell phones.

Operating Expense	FY2023	FY2023	Change	FY2024	Change
	Enacted	Governor		Governor	
Miscellaneous Expenses	(\$3,686)	(\$3,686)	-	\$131,314	\$135,000
HR Service Centers	-	25,000	25,000	50,000	50,000
Cellular and Mobile	-	-	-	600	600
Total	(\$3,686)	\$21,314	\$25,000	\$181,914	\$185,600

ARPA SFRF Housing and Homelessness Initiatives (federal funds)

\$64.0 million

The Governor recommends \$269.2 million in ARPA State Fiscal Recovery Funds between FY2023 and FY2025 for various previously-authorized housing and homelessness initiatives within the Department of Housing. This represents a \$8.2 million and \$64.0 million increase in FY2023 and FY2024 as compared to the FY2023 enacted level, respectively. The primary reason for the increase in FY2024 is the Governor's decision to budget the entire planned expenditure amounts for the various projects in FY2024 as opposed to the original out-year budgeting schedule first proposed in 2022. This decision is based on a subsequent clarification made by the U.S. Department of Treasury regarding what constitutes the obligation of SFRF funds. Prior to the new guidance OMB considered the act of appropriating funds sufficient to meet the obligation deadlines and requirements under ARPA. Treasury has since clarified that ARPA monies have to be allocated to the final recipients by FY2024. The funding changes are summarized in the following table.

ARPA SFRF Initiative	FY2023	FY2023	Change*	FY2024	Change*
	Enacted*	Governor		Governor	
Development of Affordable Housing	\$30.0	\$30.3	\$0.3	\$55.0	\$25.0
Homelessness Infrastructure	15.0	15.0	-	30.0	15.0
Down Payment Assistance	10.0	10.0	-	20.0	10.0
Homelessness Assistance	7.0	8.5	1.5	13.0	13.0
Community Revitalization	15.0	15.0	-	10.0	(5.0)
Site Acquisition	3.0	9.0	6.0	10.0	7.0
Workforce Housing	12.0	12.0	-	8.0	(4.0)
Affordable Housing Predevelopment	2.5	2.5	-	7.5	5.0
Predevelopment and Capacity Building	0.5	0.9	0.4	0.5	-
Statewide Housing Plan	2.0	2.0	-	-	(2.0)
Total	\$97.0	\$105.2	\$8.2	\$154.0	\$64.0

\$ in millions

*FY2023 Enacted levels reflect the amounts budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years. The EOC fiscally and administratively supports the Department until FY2024.

- **Development of Affordable Housing:** The Governor recommends \$55.0 million in SFRF funds in FY2024 and \$30.3 million in FY2023. This brings the total budgeted expenditures to the \$100.0 million level that was originally planned for FY2022 through FY2025.

The initiative is administered by RIHousing and provides an enhanced gap-financing subsidy for affordable housing developments. The funds may be used in combination with or as a match to various housing programs including the state bond-supported Building Homes RI, Rhode Island's Housing Production Fund, and U.S. Housing and Urban Development (HUD)'s Low-Income Housing Tax Credit programs.

The program's authorizing legislation also requires RIHousing to use \$10.0 million of the SFRF appropriation to develop and support a pilot program that supports low income public housing through project-based rental assistance vouchers and financing for pre-development, improvement, and housing production costs.

- **Status:** According to RIHousing the \$15.0 million from the FY2022 appropriation has been committed. Thirteen development projects, representing 550 total housing units, out of which 485 are designated affordable, have received financing under the program to date. One project is completed, three are in construction, and nine are in the approval process. Under the program, developers are reimbursed after costs are incurred, and therefore expenditures are only book at the time of reimbursement. To date \$2.5 million has been expended. RIHousing also indicates that it is currently collaborating with municipal housing authorities on designing the format of the pilot program and that program guidelines were approved by the Pandemic Recovery Office on February 11, 2023.
- **Homelessness Infrastructure:** The Governor recommends expanding the Homelessness Infrastructure program in two ways. First, Article 1 of the FY2023 Supplemental expands the services eligible for funding to include homelessness prevention and stabilization programs. Secondly, the total planned expenditures for the program are increased from \$15.0 million to \$45.0 million from FY2022 through FY2024.

The Homelessness Infrastructure program, administered by the Department of Housing (Housing Development subprogram) is intended to reduce and mitigate the effects of homelessness. Funding is used to acquire or construct, both temporary and permanent shelter space, as well as other housing solutions. The authorizing legislation requires \$10.0 million of the original appropriation be provided to Crossroads Rhode Island for sponsored housing development-based and/or housing-based solutions, wrap-around services and administrative costs of implementation.

- **Status:** The Senate Fiscal Office has not received an update on this initiative as of April 4, 2023.
- **Down Payment Assistance:** The Governor recommends \$20.0 million in SFRF funds in FY2024 and \$10.0 million in FY2023. This brings the total budgeted expenditures to the \$30.0 million level that was originally planned for FY2022 through FY2025.

The Down Payment Assistance program, administered by RIHousing, provides financial resources to first-time home buyers that help lower down payment costs and promote homeownership. Eligible home buyers must have an income of less than \$112,555 for a household under three or \$129,438 for a household with more. The buyer must have a minimum credit score of 660, complete a homebuyer education course, obtain a RIHousing-funded first mortgage, and be purchasing a home worth up to \$546,752. No funds had been committed or expended under this program through January 2023.

The program originally was limited to providing only \$17,500 in down payment assistance. Article 1 of the FY2023 Supplemental eliminates this proscribed amount, allowing both lower and higher amounts of assistance.

- **Status:** The Senate Fiscal Office has not received an update on this initiative as of April 4, 2023.

- **Homelessness Assistance:** The Governor recommends \$13.0 million in SFRF funds in FY2024 and \$8.5 million in FY2023 for the Homelessness Assistance initiative. This brings the total budgeted expenditures to the \$21.5 million level that was originally planned for FY2022 through FY2025. This program, administered by the Department of Housing, with policy and training support from the Department of Behavioral Health, Developmental Disabilities, and Hospitals and the State's Continuum of Care network, expands housing navigation, behavioral health, and stabilization services to address pandemic-related homelessness. The program supports both operating subsidies for extremely low-income housing units and services for people transitioning from homelessness to housing, including individuals transitioning out of the adult correctional institutions
 - **Status:** The Senate Fiscal Office has not received an update on this initiative as of April 4, 2023
- **Community Revitalization:** The Governor recommends \$10.0 million in SFRF funds in FY2024 and \$15.0 million in FY2023 for the Community Revitalization initiative. This brings the total budgeted expenditures to the \$25.0 million level that was originally planned for FY2022 through FY2025. This initiative expands RI Housing's program that finances the acquisition and redevelopment of blighted properties. The goal is to increase the number of commercial and community spaces in disproportionately impacted communities and/or to increase the development of affordable housing. Residential development serves households earning no more than 80.0 percent of area median income. Commercial and community spaces must serve or meet the needs of residents of a census tract where at least 51 percent of the residents are low-and moderate-income persons. The program also supports critical home repairs within the same communities.
 - **Status:** Although there have not been any expenditures under this program to date, there has been a total of \$18.1 million requested through the agency's most recent request for proposal process.
- **Site Acquisition:** The Governor recommends \$10.0 million in SFRF funds in FY2024 and \$9.0 million in FY2023 for the Site Acquisition program. This brings the total budgeted expenditures to the \$25.0 million level that was originally planned for FY2022 through FY2025. This RI Housing program supports the purchasing of properties for redevelopment as affordable and supportive housing. The projects are required to have deed restrictions of not less than thirty (30) years and a non-recourse structure.
 - **Status:** According to RI Housing \$15.0 million of the funding has been committed through December 2022. Funds to date have supported the acquisition of 25 properties (19 closed on through January 2023), projected to produced 570 affordable housing units and six market rate units.
- **Workforce Housing:** The Governor recommends \$8.0 million in SFRF funds in FY2024 and \$12.0 million in FY2023 for the Workforce Housing program. This brings the total budgeted expenditures to the \$20.0 million level that was originally planned for FY2022 through FY2024.

Workforce housing is housing that is affordable to workers and is close to their jobs. It consists of both rental housing and home ownership that is affordable for those earning moderate to middle incomes and is reasonably close to workforce centers. Additionally, it is generally understood to be affordable to households making up to 100.0 percent of area medium income (AMI). Administered by RI Housing, the Workforce Housing program is structured to increase the housing supply for families earning up to 120.0 percent of area median income. The program builds on existing programs at the agency, and will augment the number and size of awards.

 - **Status:** RI Housing indicates that although there have not been any expenditures under this program through January 2023, their 2nd round Consolidated Funding RFP that ended on January 12, 2023,

received \$23.9 million in funding requests for their “Middle Income” or Workforce Housing Program.

- **Affordable Housing Predevelopment:** The Governor recommends \$7.5 million in SFRF funds in FY2024 and \$2.5 million in FY2023 for the Affordable Housing Predevelopment program. This brings the total budgeted expenditures to the \$10.0 million level that was originally planned for FY2022 through FY2026.

Oftentimes a barrier to the development of affordable housing is the cost of vetting a property and determining its viability. Once the State identifies and/or acquires potentially developable sites, the RIHousing Affordable Housing Predevelopment program is intended to subsidize expensive activities such as environmental testing, architectural design and legal work that often discourage development. Limited capacity of developers to finance these costs alone, restricts the number of developments they can have in pre-development at one time.

- **Status:** RIHousing indicates there have been \$1.25 million in loans approved under the program through February.
- **Predevelopment and Capacity Building:** The Governor recommends \$500,000 in SFRF funds in FY2024 and \$900,000 in FY2023 for the predevelopment and capacity building support within the Department of Housing. This brings the total budgeted expenditures to the \$10.0 million level that was originally planned for FY2022 through FY2026. This program supports increased contract staffing capacity to administer proposed affordable housing projects. The funding supports research and data analysis, stakeholder engagement, and the expansion of services for people experiencing homelessness.
- **Status:** The Senate Fiscal Office has not received an update on this initiative as of April 4, 2023.
- **Statewide Housing Plan:** The Governor recommends \$2.0 million in SFRF funds in FY2023 to support the development of 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. The funding must be used to support municipal planning efforts to identify and cultivate viable sites and housing projects.
- **Status:** The Senate Fiscal Office has not received an update on this initiative as of April 4, 2023.

Non-ARPA SFRF Federal Grants (federal funds)

(\$630,801)

The Governor’s recommends a net \$630,801 decrease in non-ARPA SFRF federal grant programs funds in FY2024.

	FY2023 Enacted*	FY2023 Governor	Change*	FY2024 Governor	Change*
Non-ARPA SFRF Federal Grants					
CDBG Program	\$9.3	\$16.5	\$7.2	\$11.4	\$2.1
Shelter Funding	5.6	4.9	(0.8)	3.2	(2.4)
Housing Opportunities for Persons with AIDS	0.8	1.4	0.6	0.4	(0.4)
Recovery Housing Program	-	1.0	1.0	0.5	0.5
Neighborhood Stabilization Program	0.5	0.1	(0.3)	-	(0.5)
Total	\$16.1	\$23.9	\$7.8	\$15.5	(\$0.6)

\$ in millions

*FY2022 Actual and FY2023 Enacted levels reflect the amounts budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years. The EOC fiscally and administratively supported the Department prior to January 1, 2023.

- **CDBG Program:** The Governor recommends a net \$7.2 million increase Community Development Block Grant Funds in in the FY2023 Revised Budget and a \$2.1 million net increase in FY2024. The net changes reflect a combination of additional new U.S. Department of Housing and Urban

Development’s CDBG formula funding, the expiration of previous year allocations, and updated project funding needs.

- **Shelter Funding:** The Governor recommends \$3.2 million in standard federal shelter and homelessness funding in FY2024, a net \$2.4 million decrease as compared to the enacted level. The FY2023 recommendation of \$4.9 million represents a net \$769,540 decrease.

Rhode Island receives funding for this purpose from HUD’s Emergency Shelter Grant (ESG) program, the U.S. Department of Health and Human Services’ Social Services Block Grant (SSBG) program, and the Federal Emergency Management Agency. The SSB goes to the establishment and operations of shelters and supportive services for the homeless. ESG funding is decreased by \$2.4 million and SSBG funding is increased by \$23,520 in FY2024. FEMA is was not funded in the FY2023 Budget as Enacted and is not in FY2024. The Governor; however, recommends \$2.7 million in the FY2023 Supplemental Budget. These changes reflect new and final federal formula appropriation levels for Rhode Island.

- **Housing Opportunities for Persons with AIDS:** The Governor recommends \$368,616 in federal Housing Opportunities for Persons with AIDS (HOPWA) program in FY2024, \$383,968 less than the enacted level to reflect adjusted formula allocations to the State. The program funds supportive services and housing for low-income people living with HIV/AIDS.
- **Recovery Housing Program:** The Governor recommends \$517,248 in FY2024 and \$1.0 million in FY2023 for the Recovery Housing Program (RHP). This new federal U.S. Housing and Urban Development initiative supports stable, transitional housing for individuals in recovery from a substance use disorder. RHP eligible activities include public facilities and improvements; acquisition sites; lease, rent, and utilities payments; rehabilitation and construction of housing; clearance and demolition, and relocation.
- **Neighborhood Stabilization Program:** The Governor does not recommend funding in FY2024 the Neighborhood Stabilization Program, representing a \$479,066 decrease as compared to the enacted level. The reduction reflects final federal formula appropriation levels for Rhode Island. The NSP provides assistance to state and local governments to mitigate abandonment and blight by purchasing foreclosed or abandoned homes to rehabilitate, resell, or redevelop in order to stabilize neighborhoods and prevent the values of neighboring homes from declining. Housing Resources Commission (restricted receipts) Informational

Housing Production Fund (restricted receipts) Informational

- **Background:** The FY2022 Budget as Enacted established a new fund to finance housing programs in the State. The Housing Production Fund (HPF) is a restricted receipt fund that provides “financial assistance by loan, grant, or otherwise for the planning, production, or preservation of affordable housing in Rhode Island for households earning not more than 80.0 percent of area median income”. The fund may also be used to support technical and financial assistance for municipalities to support increased local housing production. It is administered by RIHousing. The authorizing legislation also directs RIHousing to prioritize households either exiting homelessness or earning not more than 30.0 percent of area median income.

The FY2022 Budget also provided a dedicated revenue stream for the fund. Article 14 increased the State’s real estate conveyance tax on the portion of real estate value over \$800,000, with the marginal new revenue to be deposited into the HPF and used to support increased affordable housing opportunities in the State. The 2021 General Assembly Budget also provided \$25.0 million in one-time general revenue to capitalize the HPF.

- **Funding:** The following table shows expenditures and revenues for the Housing Production Fund.

	FY2022	FY2023	FY2024
Beginning Balance	\$25.0	\$27.7	\$20.9
RECT Receipts*	2.7	4.2	4.2
Obligations/Expenditures	-	(11.0)	(3.0)
Ending Balance	\$27.7	\$20.9	\$22.2

\$ in millions

** RECT receipts in FY2023 and FY2024 come from the Office of Revenue Analysis' original full year estimate from the Governor's FY2023 Budget proposal.*

- **Status:** According to RIHousing, \$11.0 million of the initial \$25.0 million capitalization in HPF funds have been obligated through January 2023. The status of these funds is summarized below.

Category	Allocation	Status
Housing Production	\$10.0	Fully Obligated. 7 developments, 360 affordable units, 32 market rate units. 1 project under construction, another received firm commitment
Extremely Low Income	\$10.0	Created new HPF-Extremely Low Income Operating Reserve Program to meet authorizing legislation's directive. \$1.0 million obligated to date, supporting 15 units for 10 years.
Technical Assistance	\$5.0	Guidelines have been approved. Request for Proposal for a consultant closed on 2/28/23.

\$ in millions

Affordable Housing Bonds (other funds)

Informational

The Governor recommends \$40.0 million in general obligation bond proceeds for affordable housing capital projects in FY2023 and \$14.4 million in FY2024. The recommendation totals \$70.4 million for FY2023 through FY2028. These expenditures appear in the capital plan within the Executive Office of Commerce.

Bond Authorization	Pre-FY2023	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	Total
P.L. 2016, Ch. 142 - Issued	\$26.1	\$10.0	\$3.9	-	-	-	-	\$40.0
P.L. 2020, Ch. 80 - Issued	8.5	30.0	-	-	-	-	-	38.5
P.L. 2020, Ch. 80 - Unissued	-	-	10.5	12.0	4.0	-	-	26.5
Total	\$34.6	\$40.0	\$14.4	\$12.0	\$4.0	-	-	\$105.0

\$ in millions

Executive Office of Health and Human Services

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$186.1	\$324.4	\$294.1	(\$30.3)	-9.3%	\$258.6	(\$65.8)	-20.3%
Medical Assistance	3,182.7	3,290.1	3,257.3	(32.7)	-1.0%	3,504.1	214.0	6.5%
Total	\$3,368.8	\$3,614.4	\$3,551.4	(\$63.0)	-1.7%	\$3,762.6	\$148.2	4.1%

Expenditures by Source

General Revenue	\$992.6	\$1,196.9	\$1,121.9	(\$75.0)	-6.3%	\$1,313.1	\$116.2	9.7%
Federal Funds	2,311.1	2,336.4	2,373.0	36.6	1.6%	2,397.0	60.6	2.6%
Restricted Receipts	65.0	81.1	56.5	(24.6)	-30.3%	52.5	(28.6)	-35.2%
Total	\$3,368.8	\$3,614.4	\$3,551.4	(\$63.0)	-1.7%	\$3,762.6	\$148.2	4.1%

Authorized FTE Levels 190.0 204.0 204.0 - - 225.0 21.0 10.3%

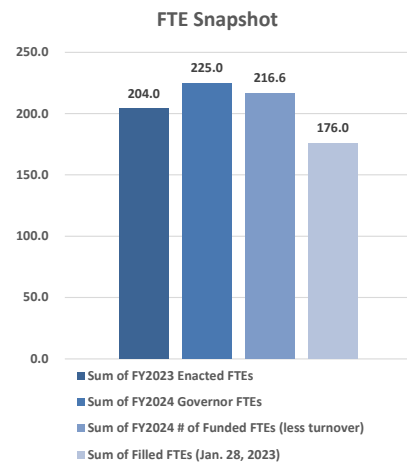
\$ in millions. Totals may vary due to rounding.

The Executive Office of Health and Human Services (EOHHS) is the umbrella agency which oversees the Departments of Health (DOH); Human Services (DHS); Children, Youth, and Families (DCYF); and Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). EOHHS coordinates the organization, finance, and delivery of publicly-funded health and human services programs and serves as the single State agency for Medicaid. Its mission is to ensure access to high quality and cost effective services which foster the health, safety, and independence of all Rhode Islanders.

MAJOR ISSUES AND TRENDS

The Governor's Budget typically focuses on cost containment measures within the Medical Assistance (Medicaid) program. The FY2024 Budget contains considerably fewer initiatives compared to a typical budget year, but there is an increase in general revenues due to the anticipated expiration of the enhanced Federal Medical Assistance Percentage (FMAP). The proposed initiatives are applied against the November 2022 Caseload Estimating Conference estimate, which projected the need for an additional \$66.9 million from general revenues to fund the Medicaid program in FY2024 compared to the FY2023 Enacted level.

The Budget authorizes 225.0 FTE positions for EOHHS in FY2024, an increase of 21.0 FTEs relative to the FY2023 Enacted level. The increase includes 7.0 FTE positions for core structure staffing; 7.0 FTEs for the transfer of Health Equity Zones from the Department of Health; 3.0 FTEs for the Public Health Emergency Unwinding; 3.0 Medicaid Eligibility Quality Control FTE positions transferred from the Department of Human Services; and, 1.0 FTE position for the Certified Community Behavioral Health Clinics



Unified Health Infrastructure Project

In September 2016, the State launched Phase II of the Unified Health Infrastructure Project (UHIP), the largest scale IT project the State has undertaken. The project, renamed RI Bridges, integrates more than 15 health and human services eligibility-determination systems into one. The system has been troublesome and expensive for the State, far exceeding the initial general revenue projections of \$89.3 million. In July 2020, the State submitted an Implementation Advanced Planning Document Update (IAPD-U) to the federal government, which projected total project costs of \$154.2 million in State funds (\$681.2 million all

funds) through September 30, 2021. These costs are shared across EOHHS, DHS, and HealthSource RI. The table below details spending within EOHHS for the UHIP project.

	EOHHS UHIP Funding						
	Pre FY2019	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Governor	FY2024 Governor
General Revenue	\$35.9	\$4.9	\$2.0	\$9.6	\$9.9	\$12.4	\$12.7
Federal Funds	236.4	40.1	36.1	37.2	35.3	39.9	45.8
Restricted Receipts	-	-	25.7	-	-	-	-
Total	\$272.3	\$45.1	\$63.8	\$46.9	\$45.3	\$52.2	\$58.5

\$584.1

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

The initial Deloitte contract was set to expire on March 31, 2019. On March 15, 2019, the State announced plans to extend the contract through June 30, 2021, with revisions to reflect a settlement with Deloitte. Under the terms of the extended contract, the State agreed not to sue the company in exchange for a 25.0 percent rate reduction for fixed-price services through FY2021, reducing the cost of services by an estimated \$75.0 million, as well as a direct cash payment of \$50.0 million. The settlement payment was received in February 2020 and the full \$50.0 million was included in restricted accounts in the FY2020 Budget as Enacted. In June 2021, Governor McKee announced that the State had awarded Deloitte with a three-year contract, valued at \$99.4 million to continue to develop and maintain the UHIP project.

Health System Transformation Project

The Budget includes \$14.5 million from federal funds and \$13.5 million from restricted receipts (\$28.0 million all funds) for the Health System Transformation Project (HSTP) in FY2024.

The Health System Transformation Project is an ongoing initiative that began in FY2017. It was a product of the Governor's Working Group to Reinvent Medicaid, which established a model to reform the State's Medicaid program to shift to value-based payments; coordinate physical, behavioral, and long-term healthcare; rebalance the care delivery system away from high-cost settings; and promote efficiency, transparency, and flexibility in publicly-funded healthcare.

The primary focus of HSTP has been to partner with the State's institutions of higher education to bolster the health workforce and with the State's managed care organizations (MCOs) to establish Accountable Entities (AEs). Accountable Entities are integrated provider organizations responsible for improving the quality of care and outcomes for patients while also managing costs. This delivery system provides coordinated care and reduces unnecessary and ineffective utilization of services. Currently, the State has approved the operation of six certified Accountable Entities: Blackstone Valley Community Health Care, Coastal Medical, Integrated Healthcare Partners, Integra Community Care Network, Providence Community Health Centers, and Prospect Health Services.

On October 20, 2016, the federal government approved an amendment to the State's Section 1115 Waiver to provide funding for the HSTP. This amendment brought in up to \$130.0 million in federal funding. The amount was determined by matching 50.0 percent of the State's existing investment in health professional education at the time the amendment was submitted, which totaled approximately \$260.0 million. The federal match enabled the State to free up \$130.0 million, which was deposited into a restricted receipt account to be invested in the development of Accountable Entities. The federal government also agreed to match these restricted receipt expenditures.

CENTRAL MANAGEMENT

EOHHS' Central Management division is responsible for consolidating and coordinating major programmatic and administrative functions of the four health and human services agencies, including budget, finance, and legal services.

Central Management	General Revenue
FY2023 Enacted	\$49,502,266
<i>Target and Other Adjustments</i>	<i>993,005</i>
Long-Term Care Rebalancing Support	(5,000,000)
UHIP Base Budget Adjustment	(1,223,801)
Core Structure Staffing (7.0 FTE positions)	559,262
Medicaid Management Information System (MMIS) Economic Adjuster	330,000
Certified Community Behavioral Health Clinic (CCBHC) (1.0 FTE position)	324,692
1115 New Waiver Implementation Costs	320,000
Public Health Emergency - Medicaid Redeterminations (Unwinding) (3.0 FTE positions)	206,160
Medicaid Eligibility Quality Control (MEQC) Staff Transfer from DHS (3.0 FTE positions)	186,974
Hospital Licensing Fee (HLF) Administrative Support	175,000
Nursing Facility Minimum Staffing	172,500
Medicare-Medicaid Plan (MMP) Ombudsman	169,737
Health Source RI (HSRI) - Project Manager Position in Department of Administration	16,399
FY2024 Governor	\$46,732,194

Central Management	Other Fund Changes
ARPA Enhanced FMAP: Home and Community Based Services (federal funds)	\$4,468,076
SAMHSA Behavioral Health System of Care for Children and Youth (federal funds)	2,510,861
Health Equity Zones transfer from DOH to EOHHS (federal funds) (7.0 FTE positions)	Informational
Statewide Opioid Abatement Account (restricted receipts)	(16,555,000)
McKinsey Opioid Settlement (restricted receipts)	(410,000)
Opioid Stewardship Fund (restricted receipts)	239,730

Long-Term Care Rebalancing Support **(\$5.0 million)**

The Budget removes \$5.0 million in both general revenue and federal funds (\$10.0 million all funds) in one-time, increased support for the long-term care rebalancing provisions, a component of the FY2023 Perry Sullivan investment. Allowable uses of these funds included efforts to increase retention and recruitment, reimbursements for education or certification costs, as well as new or renewed license attainment.

UHIP Base Budget Adjustment **(\$1.2 million)**

In September 2016, the State launched Phase II of the Unified Health Infrastructure Project (UHIP), the largest scale IT project the State has undertaken. The project, renamed RI Bridges, integrates more than 15 health and human services eligibility-determination systems into one. The system has been troublesome and expensive for the State, far exceeding the initial general revenue projections of \$89.3 million. In July 2020, the State submitted an Implementation Advanced Planning Document Update (IAPD-U) to the federal government, which projected total project costs of \$154.2 million in State funds (\$681.2 million all funds) through September 30, 2021. These costs are shared across EOHHS, DHS, and HealthSource RI. The table below details spending within EOHHS for the UHIP project.

	EOHHS UHIP Funding						
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Grand
Pre FY2019	Actual	Actual	Actual	Actual	Governor	Governor	Total
General Revenue	\$35.9	\$4.9	\$2.0	\$9.6	\$9.9	\$12.4	\$87.5
Federal Funds	236.4	40.1	36.1	37.2	35.3	39.9	470.9
Restricted Receipts	-	-	25.7	-	-	-	25.7
Total	\$272.3	\$45.1	\$63.8	\$46.9	\$45.3	\$52.2	\$584.1

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

The initial Deloitte contract was set to expire on March 31, 2019. On March 15, 2019, the State announced plans to extend the contract through June 30, 2021, with revisions to reflect a settlement with Deloitte. Under the terms of the extended contract, the State agreed not to sue the company in exchange for a 25.0 percent rate reduction for fixed-price services through FY2021, reducing the cost of services by an

estimated \$75.0 million, as well as a direct cash payment of \$50.0 million. The settlement payment was received in February 2020 and the full \$50.0 million was included in restricted accounts in the FY2020 Budget as Enacted. In June 2021, Governor McKee announced that the State had awarded Deloitte with a three-year contract, valued at \$99.4 million to continue to develop and maintain the UHIP project. The project shifts from development to maintenance, the Budget reflects a net decrease of \$5.6 million in FY2023 and a net increase of \$660,173 in FY2024, relative to the FY2023 budget as Enacted. In FY2023, the net decrease includes a decrease of \$1.5 million in general revenue and \$4.1 million in federal funds. In FY2024, the net increase includes a decrease of \$1.2 million in general revenue and an increase of \$1.9 million in federal funds.

Core Structure Staffing (7.0 FTE positions)

\$559,262

The Budget provides \$559,262 in general revenue (\$1.1 million in all funds) to support 7.0 new FTE positions intended to support the core agency structure and increase the legal capacity of the Department of Children, Youth, and Families (DCYF), and the Department of Human Services (DHS). The positions provided include

- 2.0 FTE legal staff for DCYF,
- 1.0 FTE legal staff for child support enforcement at DHS,
- 3.0 FTE positions to build finance and budgeting capacity at EOHHS, and,
- 1.0 FTE Medicaid Chief of Pharmacy at EOHHS.

EOHHS had requested \$1.3 million in general revenue and \$1.1 million in federal funds (\$2.4 million total) to support salaries and benefits for 16.0 new FTE positions. The new positions were requested to enable EOHHS to be more proactive and not reactive, particularly for the core functions of Medicaid Quality, Strategy and Innovation, Budget and Finance, and Legal support. Hiring is projected to be completed by December 31, 2023. The following positions were requested:

- 1.0 FTE Medicaid Medical Director - responsible for identifying ways to improve health outcomes for beneficiaries
- 1.0 FTE Pharmacist – for clinical management of pharmacy services available for Medicaid beneficiaries
- 1.0 FTE Health Program Evaluator – to support required clinical oversight and compliance monitoring of feed-for-service and managed care
- 2.0 FTE Financial Auditors – to ensure compliance with new RIDOH regulations and 2005 legislation to evaluate nursing facility financial well-being. To ensure appropriate use of state and federal funds and to evaluate the effectiveness and internal controls of nursing facilities, hospitals, and sub-recipients.
- 4.0 FTE Budget and Finance Staff – including
 - 1.0 Purchasing Finance Manager to improve oversight and management of EOHHS contracts in accordance with state and federal purchasing rules and regulations;
 - 1.0 Financial Management Administrator to ensure an ability and redundancy to provide timely reports and analysis to reduce dependency of general revenue funds;
 - 1.0 Financial Management Assistant Administrator to oversee and administer the Medicaid program, overseeing the full cycle of state-directed payments, including tracking, completion of CMS paperwork, and coordination with CMS and other stakeholders
 - 1.0 FTE Implementation Director to support the oversight, development, and implementation of the State's Medicaid Plan.

- 5.0 FTE Deputy of Legal Services positions - to support DCYF, RIDOH, and DHS Child Support Enforcement caseloads to address the unmanageable caseload at DCYF and RIHOH which puts children in DCYF care and state agencies overseen by RIDOH at risk. In addition, 2.0 FTE attorneys are to manage the Child Support Enforcement caseload. According to the EOHHS, DCYF attorney caseloads are more than three times those in other New England states and of 34 other states, with caseloads of 300 each, while ABA and NACC recommend caseloads of 50-100.
- 2.0 FTE positions to support improvement of EOHHS strategy and continuous quality improvement across human services agencies

Medicaid Management Information System (MMIS) Economic Adjuster

\$330,000

The Budget includes an increase of \$330,000 in general revenue and \$990,000 in federal funds for the Medicaid Management Information System (MMIS) economic adjuster in the contract with Gainwell Technologies. Gainwell Technologies is responsible for the maintenance and operations of the State's MMIS through the extended contract, which began in April 2021 and expires in March 2025. The MMIS processes claims for Medicaid services and tracks Medicaid expenditures on a monthly basis. This funding is to support the current MMIS system while the new modular system (MES) is implemented.

EOHHS requested \$659,720 in general revenue and \$2.0 million in federal funds for the economic adjuster in the contract with Gainwell Technologies. The contract provides fiscal agent services and system maintenance and modification. Without the additional funds, EOHHS indicated in the request that they may have to reduce the number of system maintenance and modification hours. This reduction could put EOHHS at risk of not complying with new federal guidelines and of not being able to implement FY2024 budget items that require an update to the MMIS system; however, subsequently, EOHHS indicated they could still meet federal guidelines under the Governor's Budget. In addition, there is a risk to the proper maintenance of the MMIS legacy system which will run in tandem with the new Medicaid Enterprise System (MES) modules until the transition is completed.

The State's existing MMIS was originally implemented in 1993. This MMIS is a rules-based, table-driven, client server system that supports integrated MMIS functionalities and data management capabilities. Over the years, the State's MMIS has continued to be adapted to meet the needs of the State, but in order to come into CMS compliance, the State must adopt a modular system to improve functionality and cost-effectiveness by allowing the State to procure technology that fits the States' business and operational needs. Without the new system, CMS will no longer provide a 90.0 percent match for future updates or maintenance.

CCBHC Rates per FY2023 Law (1.0 new FTE position)

\$324,692

The Budget provides \$324,692 in general revenue and \$324,692 in federal funds to support 1.0 FTE Senior Economic and Policy Analyst position (\$138,294 with half from federal funds) and contracted technical assistance (\$511,090 with half from federal funds) to support the costs of reporting and rate setting not funded out the State Fiscal Recovery Funds (SFRF) included for Certified Community Behavioral Health Clinics (CCHBC) in the FY2023 Budget as Enacted. The CCBHC is expected to begin providing services in February 2024; consequently, the Budget provides another \$21.8 million in all funds (\$6.9 million in general revenue, \$14.4 million in federal funds, and \$500,000 in restricted receipts) in the Medical Assistance program, to provide assistance and grants for beneficiaries.

The FY2023 Budget as Enacted provided \$30.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for the CCBHC program, including \$25.8 million to provide assistance and grants for providers and organizations to develop the capacity to operate as a CCBHC and/or participate in service delivery, \$2.3 million to support the necessary state infrastructure investments to establish the program, and \$1.9 million for contracted services to assist in the transition. These funds will be used to establish a Medicaid reimbursement rate to provide ongoing funding to sustain and expand the CCHBC delivery model.

In 2017, the Substance Abuse and Mental Health Services Agency (SAMSHA) selected eight states to participate in the demonstration program including New York and Minnesota. Case studies in both of these states found cost savings and reduction in utilization of emergency department and inpatient hospitalization of more than 50.0 percent, as a result of the program. Currently, 10 states are participating in the CCHBC federal demonstration program. EOHHS projects that full implementation of the program will result in improved access to behavioral health services and a reduction in emergency department and inpatient utilization.

EOHHS intends to implement the PPS-2 methodology which is a cost-based, per clinic monthly rate that applies uniformly to all CCBHC services rendered by a certified clinic. Each CCBHC will submit a cost report with all allowable costs by population. These reports will be used to establish a per-member-per-month (PMPM) rate for each population. The first costs reports are due in December 2022; consequently, EOHHS used a services-based rate a proxy to create a placeholder for the budget request.

The initiative consists of three phases:

- Phase I consists of the CCBHC Infrastructure Grant program currently underway with SFRF funds that focuses on assessment and the development of organizational capacity for program implementation.
- Phase II will focus on the establishment of measures and the submission of baseline data using the 22 CMS CCBHC metrics through a pay-for-reporting model.
- Phase III will focus on performance relative to established measures and model sustainability.

EOHHS intends to leverage two sources of enhanced federal match to help support this program: the CCHBC Demonstration Enhanced FMAP expected to be available from October 2024 through September 2028, and the Mobile Crisis Unit Enhanced FMAP. Under ARPA, the 85.0 percent FMAP is available for Medicaid Mobile crisis services for the first three years of state coverage. EOHHS estimates assume the mobile crisis costs are matched at the enhanced level until the demonstration enhanced match takes its place. The CCBHC enhanced FMAP rate can be applied to services that the state is currently claiming at the standard match resulting in general revenue savings to partially offset the cost of the initiative.

1115 New Waiver Implementation Costs \$320,000

The Budget includes \$320,000 in general revenue and \$620,000 in federal funds (\$940,000 all funds) in one-time implementation funds for the most recent waiver extension. The current Medicaid 1115 waiver is in effect from January 1, 2019, to December 31, 2023. The proposed waiver extension would be in effect from January 1, 2024, to December 31, 2028. In order to prepare for the implementation of the extension, the implementation funds will support system changes and a new contract staff position to manage the implementation, and ensure efficacy and monitoring. The contract position is expected to be in place for two years. With these resources in place, EOHHS will be able to implement less complex tasks as soon as approval is received and more complex tasks within the first year; otherwise, implementation might take six to 18 months. Information on the proposed waiver extension can be found here: <https://eohhs.ri.gov/reference-center/medicaid-state-plan-and-1115-waiver>.

Public Health Emergency – Medicaid Redeterminations (Unwinding) (3.0 FTE positions) \$206,160

While the Public Health Emergency (PHE) is expected to end in May 2023, the Consolidated Appropriations Act (CAA) of 2023, signed on December 29, 2022, required states to end the continuous Medicaid coverage requirements and begin disenrollment on April 1, 2023. The Budget provides \$206,160 in general revenue and \$167,265 in federal funds (\$373,325 all funds) to support 3.0 new FTE Appeals Officer positions to manage the higher volume of eligibility appeals anticipated during the redetermination process. These positions are time limited to the duration of the unwinding process, which is expected to last about 12 months. The redetermination process will require state agencies to contact individual Medicaid enrollees to reconfirm their eligibility status.

Pursuant to a Governor's Budget Amendment dated May 20, 2022, the FY2023 Budget as Enacted provided an increase of \$2.1 million in general revenue and \$5.8 million in federal funds to build IT, personnel, and operating support in anticipation of the resumption of Medicaid redetermination activity; however, these positions were not part of the original Governor's amendment. Given the timing of the passage of the CAA, Rhode Island was still awaiting guidance from the Center for Medicare and Medicaid Services on potential impacts to the States current redetermination plan; consequently, shifts in funding based on the new schedule are not included in the Governor's recommendation.

Medicaid Eligibility Quality Control (MEQC) Staff from DHS to EOHHS (3.0 FTE positions) \$186,974

The Budget shifts 3.0 FTE MEQC positions, \$186,974 in general revenue, and \$189,974 in federal funds from the Department of Human Services to EOHHS. The MEQC program of the Social Security Act requires state to report the ratio of erroneous excess payments to total expenditures for medical assistance. The Act sets a 3.0 percent threshold for improper payments in a fiscal year and generally requires the Secretary of Human Services to withhold payments to state that exceed that threshold. To avoid conflicts of interest, federal regulations require agency and personnel for the development, direction, implementation, and evaluation of MEQC review and activities be functionally and physically separate from the agency and personnel responsible for Medicaid and CHIP policy and operations, including eligibility determinations. The positions transferred include 1.0 FTE Senior Quality Control Review Supervisor position and 2.0 FTE Quality Control Reviewer positions.

Hospital Licensing Fee (HLF) Administrative Support \$175,000

The Budget provides \$175,000 in general revenue and \$175,000 in federal funds (\$350,000 all funds) to provide contracted professional services to support the changes to hospitals, including the HLF and managed care direct hospital payments, included in Article 9 of the Governor's budget recommendation. An additional \$200,000, split evenly between general revenue and federal funds, is provided in the FY2023 budget. The contractors will assist EOHHS with any changes required by the Center for Medicare and Medicaid Services (CMS), with the calculation and verification of hospital payments, and other supports as needed to support the recommended changes.

Nursing Facility Minimum Staffing \$172,500

The Budget includes \$172,500 in general revenue and \$172,500 in federal funds (\$345,000 all funds) to provide contract support to EOHHS in implementing the rate revision required in the Nursing Home Staffing and Quality Care Act of 2021 (RIGL 40-8-19), the minimum staffing law. The contract services will support the rate revision by reviewing and compiling the nursing facility cost reports, developing updated rates under the current state plan methodology, estimating payment impacts, preparing a final report with a final calculation, and assisting with stakeholder engagement and presentations. Under current law, the rate review is required every three years.

EOHHS requested an amendment to RIGL 40-19(a)(4)(i) to shift the annual nursing facility certification reporting deadline from July 31 to December 31 to allow for a full year of payment reflecting the impact of rate increases that take effect on October 1. RIGL 40-8-19 requires that 80.0 percent of direct and indirect care rate increase pass through to compensate direct care workers. Providers are required to submit certification forms attesting to their compliance annually by July 31; however, since nursing home rates are increased annually on October 31, the July deadline excludes two months of data. Shifting the deadline will allow for a full year of data to be collected. The Governor did not recommend this change.

EOHHS also requested a restricted receipt account, known as the "Minimum Staffing Level Certification Penalty Account", to receive clawback and penalties received from noncomplying nursing homes and a restriction on the use of these funds to auditing and oversight needed to ensure compliance with RIGL 40-8-19. This fund would be exempt from indirect cost recovery pursuant to RIGL 35-4-27. The Governor did not recommend this change.

Medicare-Medicaid Plan (MMP) Ombudsman**\$169,737**

The Budget provides \$169,737 in general revenue and \$169,737 in federal funds (\$339,474 total funds) for the Medicaid state match to extend the MMP Ombudsman program. Beginning in 2015, Rhode Island has worked with the Center for Medicaid Services (CMS) to test a model for providing Medicare-Medicaid dual enrollees with a more coordinated, person-centered experience; however, pursuant to a CMS final rule, issued on April 29, 2022, the Financial Alignment Initiative (FAI) demonstration will phase out on December 31, 2023. States have the option to extend their MMP demonstrations until December 31, 2025, by submitting a transition plan detailing their conversion to another type of plan, a Fully Integrated Dual Eligible Special Need Plan (FIDE-SNP). According to EOHHS, the additional time is needed to complete the transition for dual eligibles.

Currently, the MMP serves about 13,000 dual eligible beneficiaries through the ombudsman program. For these beneficiaries, Medicare is the primary payer for most hospital, medical, and pharmacy services, while Medicaid pays for the Medicare deductibles and cost share, and provides coverage for additional services, including long-term services and supports (LTSS) and home and community-based services (HCBS). According to the EOHHS, fragmentation between the systems occurs at multiple levels.

This initiative includes two parts:

- **Support for the MMP Ombudsman Program:** Currently, this program is provided through a contract with RIPIN that is totally funded with a federal grant from the Administration for Community Living (ACL). This contract and the federal grant expire on April 30, 2024; consequently, state funding is needed to continue this federally required program from May 1, 2024, to December 31, 2025. The total cost of this extension is \$394,738, including \$39,474 in FY2024, \$236,843 in FY2025, and \$118,422 in FY2026.
- **Consultant support for the implementation of the dual eligible transition plan:** The transition will occur over three years and include coordinating a stakeholder engagement process, executing a Medicaid and/or FIDE-SNP contracting process, obtaining needed State legislative or Medicaid authorities, and implementing an aligned enrollment system. This portion is estimated at \$900,000 over three years, including \$300,000 annually in FY2024 through FY2026, and \$400,000 over two years for options counseling, including \$200,000 annually in FY2025 and FY2026.

HealthSource RI (HSRI) Project Manager Position in Department of Administration**\$16,399**

The Budget includes \$16,399 in general revenue and \$106,117 in federal funds (\$122,516 total funds) in EOHHS to support the conversion of 1.0 contractor position to a new 1.0 FTE Project Manager I position located in the Department of Administration to guide the design of a new eligibility system features, improvements, and fixes. Reductions in contract costs are expected to offset this cost of this position and result in some savings. According to the Department, HSRI is more reliant on contract staff than other RI State agencies and other state Exchanges that have significantly higher staffing levels and minimal contract staff.

Analyst Note: To support this position, the Budget also provides \$14,891 in general revenue within the Department of Human Services and \$8,739 in restricted receipts within the Department of Administration, providing at total of \$146,146 in all funds.

Federal Fund Changes**\$7.0 million**

The Budget includes a net increase in federal funding of \$7.0 million, including the following:

- **ARPA Enhanced FMAP: Home and Community Based Services (\$4.5 million):** The Budget includes \$30.1 million in federal funds and \$22.9 million in restricted receipts (\$53.1 million total) for Home and Community Based Services (HCBS) funded from the enhanced FMAP, an increase of \$4.5 million in federal funds and a decrease of \$2.7 million in restricted receipts, relative to the FY2023 Budget as Enacted. An additional \$1.1 million in federal funds and \$793,797 in restricted receipts is provided in

the Medical Assistance program. Through the American Rescue Plan Act (ARPA), the State was eligible for enhanced FMAP of 10.0 percent on HCBS for all expenditures that took place from April 1, 2021, through March 31, 2022. These new federal dollars freed up an equal amount of state funding that was deposited into a restricted receipt fund which must be used to enhance, expand, or strengthen Medicaid HCBS. The State then can use these freed up funds while receiving federal matching dollars up until March 31, 2025. To retain this new funding, the State must only use the funding as outlined in the guidance, and must not reduce HCBS services as specified in the guidance. According to the Executive Office, the funds will be used to enhance, expand, or strengthen Medicaid HCBS, while addressing disparities and equity issues.

Supporting provider efforts to recruit and retain direct care workers (DCWs) remains the State's top priority for this funding with targeted rate increases, allowing the State to distribute the funding efficiently and equitably. While these rate increases are temporary, the data resulting from the investment will help the State determine appropriate rate increases for the future. The approved spending plan includes \$17.9 million for children's behavioral health programs, \$4.2 million for workforce development, \$5.0 million for housing programs, \$1.6 million to support the expansion of Certified Behavioral Health Clinics, \$1.5 million for First Connections, and \$850,000 for an oral health pilot program. The spending of the remaining \$31.4 million is to be determined. Subsequent to the initial spending plan, EOHHS has focused on three key project areas: HCBS recruitment and retention; LTSS no Wrong Door enhancements, and children's behavioral health system capacity enhancements.

- **SAMHSA Behavioral Health System of Care for Children and Youth (\$2.5 million):** In September 2022, EOHHS was awarded a four-year, \$10.5 million grant from the federal Substance Abuse and Mental Health Services Administration (SAMHSA). The Budget provides \$2.2 million in FY2023 and \$2.5 million in FY2024 to strengthen pediatric mental and behavioral health services in the State. The grant will be used in the following programs: Expanded Mobile Crisis and Stabilization Services (MRSS), Community-Based Intensive Care program, Family Engagement activities, and data collection and performance evaluation.
- **Health Equity Zones transfer from DOH to EOHHS (7.0 FTE positions) (informational):** The Budget transfers the Health Equity Zones (HEZ) program and 7.0 FTE positions from the Department of Health (DOH) to EOHHS; however, the funding for the program remains in DOH. A Health Equity Zone (HEZ) initiative is a community-based approach to focus public health investments designed to organize people in specific neighborhoods to build healthy resilient communities. The HEZ initiative in Rhode Island was established in 2015 and currently supports 15 HEZ servicing more than 85.0 percent of the State. The Department asserts that transferring the program to EOHHS will enable other health and human service agencies to better align community facing investments with the needs of the residents to improve performance and outcomes. The shift transfers 7.0 FTE positions. The positions include:
 - 1.0 FTE Chief of Strategic Planning, Monitoring, & Evaluation position
 - 2.0 Chief of Office of Special Projects positions
 - 1.0 FTE Health Program Administrator position
 - 1.0 FTE Public Health Epidemiologist position
 - 2.0 FTE Senior Public Health Promotion Specialist positions

Restricted Receipt Changes

(\$16.7 million)

The Budget includes a net decrease in restricted receipt funding of \$16.7 million, including the following:

		EOHHS				
Account	Project	FY2023 Enacted	FY2023 Governor	Change from Enacted	FY2024 Governor	Change from Enacted
Statewide Opioid Abatement Account						
	Distributors Settlement Account in EOHHS	\$19,980,000	\$0	(\$19,980,000)	\$0	(\$19,980,000)
	Investment in Community -Based Mental Health - RI Foundation		2,500,000	2,500,000	575,000	575,000
	Harm Reduction Centers Infrastructure	2,000,000	2,000,000		1,250,000	1,250,000
	First Responder/Peer Recovery Specialist Trauma Supports	1,000,000	1,000,000		-	-
	Housing Capital, Operating, and Services for High-Risk Communitiites	1,000,000	1,000,000		-	-
	Non-Profit Capacity Building and Technical Assistance - RI Foundation	1,000,000	1,000,000		-	-
	BIPOC Industry Workers and Chronic Pain Treatment and Prevention	500,000	500,000		-	-
	Recovery Housing Incentives	500,000	500,000		-	-
	Project Evaluation (contractor)	500,000	500,000		500,000	500,000
	Communications - multilingual media	380,000	380,000		-	-
	Emergency Response Set-Aside - Department of Housing	367,500	367,500		500,000	500,000
	Harm Reduction Technologies	250,000	250,000		-	-
	Project Administration	250,000	250,000		600,000	600,000
	Total	\$19,980,000	\$10,247,500	(\$9,732,500)	\$3,425,000	(\$16,555,000)
Opioid Stewardship Fund						
	Director of Overdose, Prevention, and Response	\$163,931	\$84,422	(\$79,509)	\$176,739	\$12,808
	Prescription Drug Monitoring Program (PDMP) Integration	135,000	-	(135,000)	-	(135,000)
	Supervising Accountant (Programming Services Officer)	124,078	63,686	(60,392)	126,000	1,922
	Support for the Task Force Work Group Community Co-Chairs	-	-	-	360,000	360,000
	Total	\$423,009	\$148,108	(\$274,901)	\$662,739	\$239,730
McKinsey Opioid Settlement Fund						
	Harm Reduction Communications Campaign	\$450,000	\$450,000	\$0	\$100,000	(\$350,000)
	Harm Reduction - West Elmwood Health Equity Zone (HEZ)	60,000	60,000	-	-	-
	Total	\$510,000	\$510,000	\$0	\$100,000	(\$350,000)
Total		\$20,913,009	\$10,905,608	(\$10,007,401)	\$4,187,739	(\$16,665,270)

- **Statewide Opioid Abatement Account (\$16.6 million):** The Budget provides \$3.4 million in Statewide Opioid Abatement, a.k.a. Distributors Settlement, funds in FY2024 and \$10.2 million in FY2023, a reduction of \$16.6 million and \$9.7 million respectively from the FY2023 Budget as Enacted. All of the funding was placed into an account EOHHS in the enacted budget; however, as the funding priorities have been identified, the funds have been moved into different agencies and earmarked for specific programs. The programming of the Opioid Abatement Account is determined through formal recommendations from the Advisory Committee to the Secretary of EOHHS. The Distributors Settlement requires the establishment of an Advisory Committee to ensure that the State and participating municipalities have equal input into the distribution of the funds for approved purposes across the State. Distributions from the McKinsey Settlement Agreement will continue to be deposited into a separate account.
- **McKinsey Opioid Settlement (\$350,000):** The Budget provides \$100,000 in McKinsey Opioid Settlement restricted receipts in FY2024, a reduction of \$350,000 from the FY2023 Budget as Enacted. In FY2023, \$450,000 was used for an interagency evidence-based communications campaign on polysubstance use, fentanyl risk, and harm reduction, and \$60,000 was used for the West Elmwood Health Equity Zone. In FY2024, \$100,000 in funds will be used to continue the evidence-based, Harm Reduction Campaign.

A Health Equity Zone (HEZ) is designed to organize people in specific neighborhoods to build healthy resilient communities. The West Elmwood (02907) HEZ encompasses the West End, Elmwood, South Elmwood, and Reservoir neighborhoods in Providence, as well as the western portion of the Upper South Providence neighborhood.

In February 2021, the Attorney General's office reached a settlement with McKinsey and Company, consultant to several opioid manufacturers including Purdue Pharma. Rhode Island has received \$2.6 million as part of the settlement for McKinsey's role in the opioid epidemic. The

funds must be used to address the impact of the opioid epidemic in the State through treatment, rescue, recovery, and prevention programs.

- **Opioid Stewardship Fund (\$239,730):** The Budget provides \$662,739 in restricted receipts from the Opioid Stewardship Fund within EOHHS in FY2024 and \$148,108 in FY2023, an increase of \$239,730 in FY2024 and a decrease of \$274,901 in FY2023 relative to the enacted level. In FY2024, the Budget provides \$360,000 in assistance and grants and \$302,739 in salaries and benefits to support 2.0 FTE positions. The reduction in FY2023 is due to the shift of \$135,000 into the Rhode Island Department of Health (RIDOH) for prescription drug monitoring and \$139,900 in turnover due to delays in filling the Director of Overdose Prevention and Response position, and an administrative position.

The FY2020 Budget as Enacted established an annual restricted, \$5.0 million Opioid Stewardship Fund requiring all licensed manufacturers, distributors, and wholesalers to contribute towards the fund through a registration fee. The registration fee is intended to encourage the monitoring of prescription opioids produced and distributed in Rhode Island and to provide accountability for the role that pharmaceuticals have had in the opioid crisis. Licensed manufacturers, distributors, and wholesalers are required to report the details of all opioids sold or distributed in the State to calculate their liability. Registration payments are due annually on December 31. The first payment was due by December 31, 2019, based on 2018 data.

The Opioid Stewardship Fund is only to be used for opioid addiction treatment, recovery, prevention, education services, and other related programs. The FY2023 Budget as Enacted transferred the management of the Opioid Stewardship Fund and the assessment of the registration fee to the Executive Office of Health and Human Services (EOHHS) from the Department of Health. According to the Office of Management and Budget, as the health and human services umbrella agency, EOHHS can better lead and coordinate the Opioid Stewardship Fund efforts.

MEDICAL ASSISTANCE

The Medical Assistance (Medicaid) program provides medical benefits to low-income, elderly, and disabled individuals. The State pays for a growing portion of Medicaid services through *managed care*, whereby the State contracts with managed care organizations (Neighborhood Health Plan of Rhode Island, Tufts Health Plan, and United Healthcare) and pays a fixed monthly fee, or capitation rate, for each enrolled beneficiary. A smaller portion of Medicaid services continue to be financed through *fee-for-service* arrangements, whereby providers bill the Medicaid program directly based on the specific services utilized.

Medical Assistance	General Revenue
FY2023 Enacted	\$1,147,404,580
<i>Target and Other Adjustments</i>	-
November 2022 Caseload Estimating Conference	66,910,810
Medicaid Hospitals	36,715,221
CCHBC Rates per FY2023 Law	6,850,227
Conflict Free Case Management	6,457,097
Family Home Visiting Medicaid Benefits Funding Transfer	794,299
Cedar Rate Increase	551,955
Equality in Abortion Coverage/Reproductive Justice	536,384
First Connection Medicaid Benefits Funding Transfer	124,771
FY2024 Governor	\$1,266,345,344

November 2022 Caseload Estimating Conference

\$66.9 million

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget year. These adopted expenditure

levels determine the appropriations for the Governor's and Enacted Budgets. Projections are based on enrollment trends as well as inflation-based price adjustments.

November 2021 CEC	FY2023 Enacted		FY2024 November CEC		Change to Enacted	
	GR	AF	GR	AF	GR	AF
Hospitals - Regular	\$29,690,188	\$69,198,590	\$27,948,690	\$62,700,000	(\$1,741,498)	(\$6,498,590)
Hospitals - DSH	56,465,088	145,079,879	61,338,847	136,338,847	4,873,759	(8,741,032)
Nursing and Hospice Care	137,967,876	311,623,884	161,995,000	358,000,000	24,027,124	46,376,116
Home and Community Care	61,054,127	137,765,970	57,693,750	127,500,000	(3,360,377)	(10,265,970)
Managed Care	407,943,888	960,857,772	429,409,309	989,000,000	21,465,421	28,142,228
Rhody Health Partners	142,019,764	318,336,605	146,759,750	321,900,000	4,739,986	3,563,395
Rhody Health Options	79,093,617	178,628,398	83,033,750	183,500,000	3,940,133	4,871,602
Medicaid Expansion	90,608,631	860,432,687	87,509,044	811,300,000	(3,099,587)	(49,132,687)
Pharmacy	183,555	300,000	476,250	500,000	292,695	200,000
Clawback	87,100,000	87,100,000.00	91,400,000	91,400,000.00	4,300,000	4,300,000
Other Medical Services	55,277,846	160,510,717	66,751,000	174,900,000	11,473,154	14,389,283
Total	\$1,147,404,580	\$3,229,834,502	\$1,214,315,390	\$3,257,038,847	\$66,910,810	\$27,204,345

The November 2022 CEC projected increased general revenue expenditures of \$66.9 million in the medical assistance program in FY2024, or \$27.2 million all funds. The increase in general revenue is primarily a result of the assumed expiration of the enhanced FMAP, which provides an additional 6.2 percent in federal matching dollars for eligible services.

- **Enhanced Federal Match:** In March 2020, the federal government authorized a temporary 6.2 percentage point increase to the Federal Medical Assistance Percentage (FMAP) for the duration of the COVID-19 public health emergency. This reduces the State's share of Medicaid expenditures by shifting expenses to the federal government. The enhanced rate provides an estimated \$32.4 million in general revenue relief per quarter within the Medical Assistance program.

FMAP Savings Per Quarter	General Revenue
Hospitals - Regular	(\$1,042,056)
Hospitals - DSH	(2,944,876)
Nursing and Hospice Care	(6,514,650)
Managed Care	(12,670,364)
Rhody Health Partners	(4,699,582)
Rhody Health Options	(2,210,530)
Medicaid Expansion	-
Pharmacy	(2,958)
Clawback	-
Other Medical Services	(2,274,096)
Total	(\$32,359,112)

The November 2022 CEC estimates assumed that the Public Health Emergency (PHE) would continue through January 11, 2023, with the enhanced FMAP was authorized through March 31, 2022. The Consolidated Appropriations Act (CAA), signed on December 29, 2022, provides for the gradual phase down of the enhanced FMAP; however, given the timing of the passage of the CAA Rhode Island was still awaiting guidance from the Center for Medicare and Medicaid Services on potential impacts to the States current redetermination plan; consequently, shifts in funding based on the new schedule are not included in the Governor's recommendation.

- **Disproportionate Share Hospital (DSH) Payments:** Article 9 authorizes the disbursement of Medicaid Disproportionate Share Hospital (DSH) payments to qualifying community hospitals in federal fiscal years (FFY) 2022 and 2023. Federal law requires that state Medicaid programs make DSH payments to qualifying community hospitals that serve a large number of Medicaid and uninsured patients. The DSH program subsidizes hospitals with high uncompensated care costs, which include certain expenses that are not covered by Medicaid or other sources. DSH payments are lump-sum disbursements issued each July and are subject to the applicable Federal Medical Assistance Percentage (FMAP) at the time of issuance. Funds are distributed in proportion to each hospital's share of statewide uncompensated care

Article 9 identifies the DSH aggregate limit for FFY2024 at \$15.2 million and requires payment on or before June 15, 2024, and authorizes the Executive Office of Health and Human Services (EOHHS) to amend the state plan for next year's payment. The Budget includes \$14.7 million for DSH payments in FY2024, including \$6.6 million in general revenue and \$8.1 million in federal funds. The DSH payment for FFY2023 remains at \$145.1 million as provided in the enacted budget.

DSH Payment	FY2023 Enacted	FY2024 November CEC	FY2024 Governor	Change from Enacted	Governor Change from from CEC
General Revenue	\$56,465,088	\$61,338,847	\$6,631,019	(\$49,834,069)	(\$54,707,828)
Federal Funds	88,614,791	75,000,000	8,107,853	(80,506,938)	(66,892,147)
Total	\$145,079,879	\$136,338,847	\$14,738,872	(\$130,341,007)	(\$121,599,975)

In addition, the base year for calculating the DSH payment is advanced one fiscal year, to allow for the FY2024 payment, and the uncompensated care index is set at 5.38 percent for FFY2024, which remains unchanged from the FFY2020 level. This section also authorizes EOHHS to submit a state plan amendment to identify the aggregate DSH limit for FFY2024 and update the distribution method.

In FY2024, federal DSH allotments are scheduled to be reduced by \$8.0 billion nationally. Rhode Island's allotment is scheduled to be reduced by 90.0 percent, from \$83.4 million to \$8.4 million. The DSH program is intended to provide support to hospitals with a large percentage of uninsured patients. Based on a new distribution model intended to target funding toward uncompensated care, the DSH Health Reform Methodology (DHRH), the distribution of federal funds will be most reduced for states with higher insurance coverage rates, such as Rhode Island.

Analyst Note: On January 19, 2023, EOHHS notified the caseload conferees that the federal payment for FY2024 is \$8.4 million (\$15.3 million all funds).

- **Other Changes:** The remaining general revenue expenditure changes reflect program enrollment and price trends. The conference typically includes price increases ranging from 2.5 to 3.5 percent to account for medical benefits inflation and statutory rate increases to hospitals, nursing homes, and home care providers. The impact of inflation is mitigated in the estimate by an expected reduction in Medicaid enrollment. Prior to the onset of the COVID-19 pandemic, Medicaid enrollment was gradually declining; however, in order to be eligible for the enhanced federal match, the State cannot terminate any beneficiaries during the public health emergency. This results in a number of enrollees remaining on Medicaid that would have otherwise been terminated. The conference assumed that terminations would resume in April 2023 and continue into FY2024, contributing to large reductions in program caseloads.

The savings attributable to the Medicaid initiatives, described below, are calculated relative to the caseload estimate, rather than the Enacted Budget.

Medicaid Hospitals

\$36.7 million

The Budget includes an additional net \$36.7 million in general revenue and \$129.6 million in federal funds (\$166.4 million all funds) for changes in payments made to hospitals proposed in Article 9. In addition to setting the DSH payment limits for FY2024, resulting in a decrease of \$54.7 million in general revenue (\$121.6 million all funds), Article 9 authorizes EOHHS to establish a new hospital state directed care payment with payments made on a quarterly basis. To support the new managed care direct payments to hospitals, the Budget includes an increase of \$91.4 million in general revenue (\$288.0 million all funds).

CCHBC Rates per FY2023 Law

\$6.9 million

The Certified Community Behavioral Health Clinic (CCBHC) is expected to begin providing services in February 2024; consequently, the Budget provides \$6.9 million in general revenue and \$14.4 million in federal funds (\$21.3 million in all funds), to provide assistance and grants. To administer the program, the Budget includes funding in Central Management, including \$324,692 in general revenue and \$324,692 in

federal funds to support 1.0 FTE Senior Economic and Policy Analyst position (\$138,294 with half from federal funds), and contracted technical assistance (\$511,090 with half from federal funds) to support the costs of reporting and rate setting not funded out the State Fiscal Recovery Funds (SFRF) included for Certified Community Behavioral Health Clinics (CCHBC) in the FY2023 Budget as Enacted.

The FY2023 Budget as Enacted provided \$30.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for the CCBHC program, including \$25.8 million to provide assistance and grants for providers and organizations to develop the capacity to operate as a CCBHC and/or participate in service delivery, \$2.3 million to support the necessary state infrastructure investments to establish the program, and \$1.9 million for contracted services to assist in the transition. These funds will be used to establish a Medicaid reimbursement rate to provide ongoing funding to sustain and expand the CCHBC delivery model.

In 2017, the Substance Abuse and Mental Health Services Agency (SAMHSA) selected eight states to participate in the demonstration program including New York and Minnesota. Case studies in both of these states found cost savings and reduction in utilization of emergency department and inpatient hospitalization of more than 50.0 percent, as a result of the program. Currently, 10 state are participating in the CCHBC federal demonstration program. EOHHS projects that full implementation of the program will result in improved access to behavioral health services and a reduction in emergency department and inpatient utilization.

EOHHS intends to implement the PPS-2 methodology which is a cost-based, per clinic monthly rate that applies uniformly to all CCBHC services rendered by a certified clinic. Each CCBHC will submit a cost report with all allowable costs by population. These reports will be used to establish a per-member-per-month (PMPM) rate for each population. The first costs reports are due in December 2022; consequently, EOHHS used a services-based rate as a proxy to create a placeholder for the budget request.

The initiative consists of three phases:

- Phase I consists of the CCBHC Infrastructure Grant program currently underway with SFRF funds that focuses on assessment and the development of organizational capacity for program implementation.
- Phase II will focus on the establishment of measures and the submission of baseline data using the 22 CMS CCBHC metrics through a pay-for-reporting model.
- Phase III will focus on performance relative to established measures and model sustainability.

EOHHS intends to leverage two sources of enhanced federal match to help support this program: the CCHBC Demonstration Enhanced FMAP expected to be available from October 2024 through September 2028, and the Mobile Crisis Unit Enhanced FMAP. Under ARPA, the 85.0 percent FMAP is available for Medicaid Mobile crisis services for the first three years of state coverage. EOHHS estimates assume the mobile crisis costs are matched at the enhanced level until the demonstration enhanced match takes its place. The CCBHC enhanced FMAP rate can be applied to services that the state is currently claiming at the standard match resulting in general revenue savings to partially offset the cost of the initiative.

Conflict Free Case Management

\$6.4 million

The Budget provides \$6.4 million in general revenue and \$7.9 million in federal funds (\$14.4 million total) to provide person-centered planning (PCP) and conflict-free case management (CFCM) to Medicaid beneficiaries who receive long-term services and supports (LTSS) in a home or community-based setting, as required by federal regulation. In order to comply with the ongoing consent decree, the Intellectually and Developmentally Disabled (IDD) population, the majority of the population impacted, will start on July 1, 2023. The remaining population is expected to begin on January 1, 2024, except for the Katie Beckett population which will likely be added in FY2025, since the immediate needs of this population are being met through the rate increase for Cedar Family Centers discussed below.

In March 2014, the Centers for Medicaid and Medicare Management implemented a final rule requiring states to separate case management from service delivery to reduce conflicts of interest for services provided under home and community-based services (HCBS). Rhode Island is required to comply with this rule by March 17, 2023, or risk losing federal matching funds. As part of this initiative, EOHHS intends to define CFCM consistently across populations and programs to ensure equity in access and service.

The State has been under a consent decree with the United States Department of Justice (US DOJ) since 2014 for violating the Olmstead Decision of the Americans with Disabilities Act. The US DOJ, focusing specifically on sheltered workshops, concluded that the State's services for individuals with developmental disabilities were not adequately integrated within the community.

Family Home Visiting Medicaid Benefits Funding Transfer

\$794,299

The Budget provides \$794,299 in general revenue and \$937,506 in federal funds (\$1.7 million total) to transfer RIDOH Medicaid funding to EOHHS as a technical change to allow providers to submit claims for the three home visiting program provided through DOH through the MMIS system. RIDOH will continue to provide home services to families. The transfer is fiscally neutral across the impacted agencies.

Equality in Abortion Coverage/Reproductive Justice

\$536,384

Article 10 expands the Reproductive Privacy Act of 2019 to individuals enrolled in Medicaid, ensuring Medicaid recipients have full access to termination of pregnancy services permitted under RIGL 23-4.130-2; however, federal funds may not be used to support such services unless authorized under federal law. Currently, pursuant to the Hyde Amendment, federal funds can only be used in pregnancies resulting from rape, incest, or endangering the life of the pregnant individual.

The Budget includes \$536,384 in general revenue, to support the expansion of services to Medicaid beneficiaries. This estimate, from the Executive Office of Health and Human Services (EOHHS), is based on 2021-2022 Medicaid claims and abortion data reported to the Centers for Disease Control and Prevention (CDC). The estimate is based on a projection of 978 procedures at a unit cost of \$548.

The estimated number of procedures is based on the 2020 Rhode Island abortion rate of 12.6 per 1,000 females aged 15-44 years, as reported by the CDC, and an estimated 77,651 eligible maternity-aged (15-44 years old) Medicaid enrollees. While acknowledging that the Medicaid population is not necessarily representative of the general population, the CDC does not stratify rates by insurance coverage. The estimate of maternity-aged females is from November caseload for FY2024.

The average cost of \$548 is based on the two most recent years of Rhode Island Medicaid claims (2021-2022). During this time, the number of claims ranged from 43 in FY2021 to 29 in FY2022, with an average cost per claim of \$437 and \$724, respectively. The total amount paid was \$18,779 in FY2021 and \$21,009 in FY2022. The cost per unit of \$548 is the weighted average of total amount paid over the two fiscal years divided by the total number of claims. This estimate reflects new general revenue spending to cover abortions for those insured by Medicaid.

Since this service must be provided from state funds only, implementation costs are needed to create a new procedure code in the MMIS. EOHHS estimates this will cost \$56,021 in general revenue. EOHHS cannot use federal funds on costs related to this initiative. This is based on an estimate of 450 hours at a rate of \$124.49 per hour. The Budget provides this one-time funding in the Central Management program of the EOHHS budget.

Cedar Rate Increase

\$551,955

The Budget provides \$551,955 in general revenue and \$667,835 in federal funds (1.2 million total) to support a rate increase and adequate pay structure to support and expand the Cedar Family Centers. The Cedar Family Centers provide care management to help families of Children and Youth with Special Health Care Needs (CYSHCN) access support services, including those who are Medicaid eligible through the Katie Becket waiver. In May 2022, the State entered into a settlement agreement with the United States

Department of Justice impacting members enrolled in Medicaid through the Katie Beckett waiver. Due to the settlement, approximately 600 families are eligible for enrollment with Cedar Family Centers which, in addition to the current scope of work, will be required to

- Meet monthly with EOHHS to review performance, utilization of services, compliance, quality assurance, and continuous quality improvement
- Engage in an Active Contract Management process with the State conducted through monthly meeting to review key performance indicators, deliverables, and other metrics.
- Be responsible for monitoring the receipt of services by Members and actions taken if deliverables are not received.

Cedar Family Services has not received a rate increase since 2016 and additional scope of work confirm that the current rate and payment structure is not adequate to ensure sustainability. Cedar Family Services was not part of the children's therapeutic and respite services rate increase provided in the FY2023 budget as Enacted which ensured that direct care providers were paid at least \$15.00 per hour.

First Connection Medicaid Benefits Funding Transfer

\$124,771

The Budget provides \$124,771 in general revenue and \$147,269 in federal funds (\$272,040 total) to transfer RIDOH Medicaid funding to EOHHS as a technical change to allow providers to submit claims through the MMIS system. RIDOH will provide home services to pregnant individuals through the First Connections home visiting program and providers will bill EOHHS for Medicaid claims and RIDOH for non-Medicaid claims. First Connections is a risk assessment and response program, primarily serving families with children from birth to age three, designed to connect families with necessary services at the earliest opportunity. According to the Department, the program has very limited capacity to serve women prenatally. The transfer is fiscally neutral across the impacted agencies.

Department of Children, Youth, and Families

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$23.6	\$24.0	\$26.3	\$2.3	9.5%	\$25.2	\$1.2	5.1%
Children's Behavioral Health Services	13.6	30.1	28.3	(1.8)	-6.1%	17.5	-12.6	-42.0%
Child Welfare	207.5	237.1	239.8	2.7	1.1%	260.4	23.3	9.8%
Youth Development Services	20.1	23.1	22.7	(0.4)	-1.7%	38.7	15.6	67.7%
Higher Education Incentive Grants	0.0	0.2	0.2	-	0%	0.2	0.0	-2.6%
Total	\$264.9	\$314.5	\$317.3	\$2.8	0.9%	\$342.0	\$27.5	8.7%
Expenditures by Source								
General Revenue	\$171.7	\$206.6	\$204.5	(\$2.2)	-1.0%	\$218.4	\$11.8	5.7%
Federal Funds	91.8	105.1	110.3	5.2	4.9%	106.9	1.7	1.6%
Restricted Receipts	1.3	1.8	1.5	(0.3)	-15.4%	1.5	(0.3)	-16.5%
Other Funds	0.1	1.0	1.0	0.0	0.6%	15.3	14.3	1425.0%
Total	\$264.9	\$314.5	\$317.3	\$2.8	0.9%	\$342.0	\$27.5	8.7%
Authorized FTE Levels	702.5	702.5	702.5	-	-	705.5	3	0.4%

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

The Department of Children, Youth, and Families (DCYF) is charged with implementing a statewide network of supports to protect vulnerable children and families. The Department develops, oversees, and evaluates programs which provide opportunities for children to reach their full potential. DCYF has three major operational divisions: Children's Behavioral Health Services, Child Welfare (including child protective services, family services, and permanency supports), and Youth Development Services (formerly Juvenile Correctional Services, which includes the Rhode Island Training School and juvenile probation). The Department supports an average of 3,400 children and their families, and indirectly serves thousands more through community-based programs.

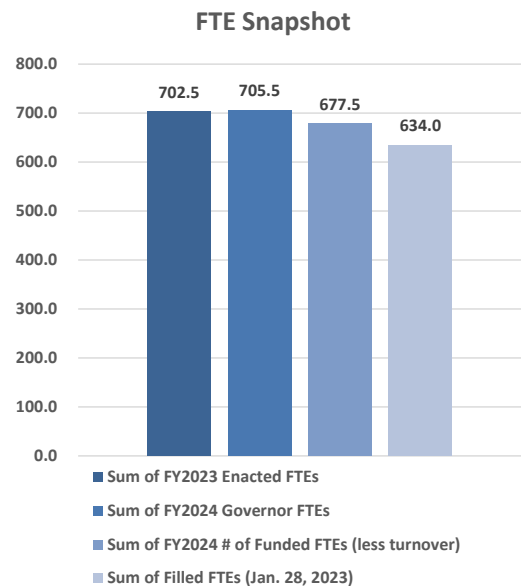
MAJOR ISSUES AND TRENDS

The Budget includes \$342.0 million in all funds for the Department of Children, Youth, and Families (DCYF). This includes \$218.4 million in general revenue, \$106.9 million in federal funds, \$1.5 million in restricted receipts, and \$15.3 million in other funds. General revenue funding increases by \$11.8 million, or 5.7 percent, relative to the FY2023 Budget as Enacted.

The Budget also provides an additional 3.0 Juvenile Program Worker FTE positions within the Rhode Island Training School (RITS), increasing the Department's total authorization to 705.5 FTEs. The Budget includes funding for approximately 677.5 of the 705.5 positions authorized for FY2024, or 96.0 percent. As of January 28, 2023, the Department had 634.0 FTE positions filled (90.3 percent).

Accreditation

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



October 1, 2020, to inform the Governor and the General Assembly regarding necessary organizational changes to obtain and maintain accreditation along with the resources needed in order to do so.

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

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

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

The report recommends a "Prioritized Practice" approach for the Department, occurring over a four-year period, where the Department completes a self-study and gradually demonstrates alignment with COA standards. The timeline is "contingent upon the approval and appropriation by the Governor and the General Assembly of sufficient and sustained funding necessary for the Department to achieve COA accreditation". Accordingly, the FY2022 Budget as Enacted authorized and funded the 91.0 FTE positions and incidental operating costs identified in the COA report. The Budget also provides a financing mechanism to replace the RICHIST system. These investments provide the necessary support for the Department to continue its progress towards accreditation.

Accreditation Update: The Department completed its COA-related hiring plans and continues its focus on backfilling existing vacancies, with an emphasis on frontline positions, in order to reach COA standards for caseload. COA standards require a caseload of fewer than 12 families for Family Service Unit (FSU) caseworkers and no more than 8 new investigations per month for Child Protective Investigators (CPIs). As of February 20, 2023, the caseload for the average FSU caseworker was 15.4 and the average CPI received a median of 11 new investigations per month. As of September 2022, the Department has entered the self-study phase of the accreditation plan, excluding the Family Services Unit (FSU) which is still in the analysis-phase. The Department anticipates completion of the self-study phase by December 18, 2023, and expects to achieve accreditation by summer of 2024, which would represent an on-time completion of the project.

RICHIST Replacement

The FY2021 Revised Budget transferred \$17.0 million to the Information Technology Investment Fund (ITIF) to provide upfront capital to fund the 60.0 percent State share of the costs to replace RICHIST, the Department's case management information system replacement, over a three-year period. RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, provider, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was a national

leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes over the last 23 years. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested. The project was initially scheduled to take place from FY2022 to FY2024, but the FY2023 Budget as Enacted included an adjusted schedule stretching the project into FY2025 due to project delays. The RICHIST project technically appears under the Department of Administration budget.

RICHIST Replacement Update: The Planning Vendor for the project began in August 2022, resulting in no funds expended in FY2022. The schedule included in the FY2024 Budget removes all funding from FY2022 and additionally stretches the project into FY2026 to represent those additional delays. An updated implementation date factoring in these delays has not yet been identified but will be a part of the planning portion of the project. The planning process is anticipated to be completed in April 2023.

Children's Rights Settlement

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State's child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement outlined a number of new screening and reporting requirements to be met by the Department and overseen by the Office of the Child Advocate. The Department continues to monitor these benchmarks and provides monthly reports pursuant to the Settlement. The Budget contains \$138,000 in annual general revenue funding within the Child Welfare program for a data validator for this purpose.

CENTRAL MANAGEMENT

The Central Management program includes the Office of the Director and Support Services. Central Management functions are primarily administrative and strive to improve policies and maximize operational efficiency. These functions provide coordination and oversight, fiscal management, accountability supports, facility management, legal services, and youth development services.

Central Management	General Revenue
FY2023 Enacted	\$14,033,990
<i>Target and Other Adjustments</i>	<i>454,994</i>
Salary and Benefit Adjustments	629,335
Centralized Services	(423,582)
Council on Accreditation FTEs	273,584
FY2024 Governor	\$14,968,321

Central Management	Other Fund Changes
RICHIST replacement (federal funds)	\$4,080,000
DCYF Provider Workforce Stabilization (federal funds)	(2,500,000)
Foster Home Lead Abatement and Fire Safety (federal funds)	(1,125,000)

Salary and Benefit Adjustments **\$629,335**

The Budget increases general revenues by \$629,335 related to salary and benefit adjustments within the program. Due to the timeframe of their hiring, many Council on Accreditation positions will reach the 6- and 18-month employment marks during FY2024, both of which come with step increases in wages. These increases, along with cabinet director and statewide benefit adjustments, are represented in this change.

Centralized Services **(\$423,582)**

The Budget increases general revenue expenditures reflecting billed amounts for information technology, human resources, and facilities management services. The FY2018 Budget as Enacted authorized the Governor to establish centralized service accounts for information technology, capital asset management

and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$1.8 million for these expenses, which is decreased by \$423,582 to \$1.4 million in FY2024.

Council on Accreditation FTEs

\$273,584

The Budget increases general revenues by \$273,584 to accommodate the hiring of 3.0 FTE positions to support the Department's ongoing effort to achieve accreditation by the national Council on Accreditation (COA). The Department's FY2024 Budget request included a request for 3.0 FTEs, including 1.0 Casework Supervisor II, 1.0 Program Services Officer, and 1.0 Contract Compliance Officer. As part of the accreditation process, each division within the Department must meet COA standards. The 3.0 requested positions are targeted to assist Central Management in meeting their set of COA standards. The Governor recommends filling the positions from within the existing agency FTE authorization.

RICHIST replacement (federal funds)

\$4.1 million

The Budget includes \$5.0 million in federal funding, a \$4.1 million increase over FY2023, to finance the costs to replace RICHIST, the Department's case management information system. The Budget also includes \$7.5 million in restricted receipt expenditures in FY2024 for this purpose within the Department of Administration (DOA) to draw funds from the Information Technology Investment Fund (ITIF), which is housed in DOA. The upgrade was initially planned to take approximately three years and \$28.0 million from all funds, with the costs shared 60/40 between the State and federal government as follows:

RICHIST Replacement	FY2022	FY2023	FY2024	Total
State Funds - ITIF	\$2,000,000	\$10,000,000	\$5,000,000	\$17,000,000
Federal Funds	1,300,000	6,500,000	3,200,000	11,000,000
Total	\$3,300,000	\$16,500,000	\$8,200,000	\$28,000,000

The project was initially intended to begin in FY2022, however, the vendor did not begin until August 2022, so no funds were expended in FY2022. The FY2024 Budget adjusts the funding schedule and stretches the project through FY2026 to reflect the project delays as follows:

RICHIST Replacement - Revised Schedule	Pre-FY2023	FY2023	FY2024	FY2025	FY2026	Total
State Funds - ITIF	-	\$750,000	\$7,500,000	\$4,800,000	\$3,600,000	\$16,650,000
Federal Funds	-	750,000	5,000,000	3,200,000	2,400,000	11,350,000
Total	-	\$1,500,000	\$12,500,000	\$8,000,000	\$6,000,000	\$28,000,000

The FY2021 Revised Budget transferred \$17.0 million to the ITIF to provide upfront capital to fund the 60.0 percent State share of the system replacement over the three-year period. The Governor proposed issuing debt, in the form of certificates of participation (COPs), which would have accrued \$2.7 million in interest over ten years; instead, the Budget uses one-time general revenues to provide interest-free financing.

RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, provider, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was a national leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes over the last 23 years. Most significantly, the existing RICHIST system does not enable easy mobility for staff in the field which inhibits the Department's ability to operate efficiently.

The new system would be a modular system that enables data analytics and reporting, allows easy access to real-time information when making important decisions for children and families, and simplifies the system's mobile interface. The federal government encourages use of modular systems because they are more comprehensive and flexible, and enhance the ability to navigate case information and incorporate data analytics into child welfare practice. Modern systems are also more dynamic, allowing child welfare agencies to respond more adeptly to frequent changes in standards and practices. The Budget assumes the

use of Custom-Off-the-Shelf (COTS) software package which can be adapted from interfaces being used in other states, as opposed to custom-building a solution from scratch. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested.

DCYF Provider Workforce Stabilization (federal funds) (\$2.5 million)

The FY2023 Budget as Enacted included \$2.5 million in ARPA SFRF funds to support continued wage stabilization payments which were initially intended to phase down over the course of FY2023. The initiative provided \$12.5 million in FY2022 and \$2.5 million in FY2023 for a total of \$15.0 million to support workforce stabilization supplemental wage payments up to seven hundred dollars (\$700) monthly to eligible direct care and supporting care staff of contracted service providers. As of January 12, 2023, the program has expended \$6.8 million in FY2022 and \$3.2 million in FY2023, and the providers have reported a net gain of 88 staff through November 30, 2022. There is no additional funding for the initiative in FY2024, resulting in a federal funds decrease of \$2.5 million as compared to FY2023.

Foster Home Lead Abatement and Fire Safety (federal funds) (\$1.1 million)

The Budget recommends \$375,000 in federal American Rescue Plan Act (ARPA) funds to provide financial assistance to foster families for costs related to lead remediation and fire safety. Rhode Island has lead remediation and fire code standards for placement of youth in foster care settings. When an otherwise-qualified foster family is denied placement due to a failure to meet lead and/or fire code standards, youth are placed in higher-cost congregate care settings. The FY2023 Budget as Enacted includes federal ARPA funds in the amount of \$1.5 million in FY2023 and \$375,000 in FY2024 to fund upgrades to potential foster homes to meet lead and/or fire code standards. The FY2024 Budget includes the \$375,000 in ARPA funds, representing a \$1.1 million decrease as compared to the FY2023 Budget as Enacted.

CHILDREN'S BEHAVIORAL HEALTH SERVICES

The Children's Behavioral Health Services program designs, implements, and monitors a statewide system of care for children and youth requiring mental health services, including those children who are involved with the Department due to abuse, neglect, or delinquency. The Department seeks to support all children and youth with developmental disabilities or emotional disturbances in the least restrictive settings possible.

Children's Behavioral Health Services	General Revenue
FY2023 Enacted	\$8,684,693
<i>Target and Other Adjustments</i>	<i>(232,672)</i>
Placement and Community-Based Provider Rate Increase	374,414
Caseload Adjustment	(123,821)
FMAP Adjustment	116,358
FY2024 Governor	\$8,818,972

Children's Behavioral Health Services	Other Fund Changes
Psychiatric Residential Treatment Facility (federal funds)	(\$12,000,000)

Placement and Community-Based Provider Rate Increase \$374,414

The Budget includes an increase of \$374,414 from general revenues (\$848,194 all funds) for an expected rate increase resulting from the upcoming expiration of provider contracts. The Department's existing contracts with foster and congregate care placement and community-based providers are set to expire on July 1, 2023. Provider agencies have not received a contract increase since 2016, and many existing contracts were negotiated using an hourly rate of less than \$16 per hour. Providers received a temporary rate increase of 14.0 percent in the FY2023 Budget as Enacted. Although the exact impact of the procurement process is not known ahead of time, DCYF anticipates that the new contracts will include rates above the enacted 14.0 percent increase and used an increase of 12.0 percent on top of the 14.0 percent

temporary increase to estimate FY2024 expenditures. The \$374,414 increase in Children's Behavioral Health Services represents the program's proportional increase to their budgetary authority to absorb these anticipated rate changes as new contracts for approximately 120 facilities and approximately 40 providers are procured across the Department. The new rates, once decided, will take effect July 1, 2023.

Caseload Adjustment

(\$123,821)

The Budget decreases general revenues by \$123,821 to reflect estimated savings as a result of updated caseload projections in the Department for FY2024. The Budget decreases caseload expenditures Department wide in FY2024, a total reduction of \$5.0 million in all funds. While the majority of this reduction takes place in the Child Welfare program, a small portion of caseload expenditures are located within the Children's Behavioral Health Services and Youth Development Services programs. The reduction within Children's Behavioral Health Services is related to residential placement and direct bill Medicaid savings.

FMAP Adjustment

\$116,358

The Budget includes \$116,358 in general revenues to reflect the end of the enhanced federal medical assistance percentage (FMAP). The Public Health Emergency (PHE) is scheduled to end on March 31, 2023, at which point the enhanced FMAP will begin to phase out. The Budget utilizes the FMAP rate adopted at the November Caseload Estimating Conference, which does not factor in the phase out, and increases general revenues to reflect the end of the enhanced federal funding. The Budget includes a corresponding decrease of \$116,358 in federal funds.

Analyst Note: Because the impacts of the Consolidated Appropriations Act (CAA) of 2023 are not yet included in this adjustment, the Governor anticipates submission of an amendment later in the legislative session to accommodate changes to this adjustment related to the CAA.

Psychiatric Residential Treatment Facility (federal funds)

(\$12.0 million)

The FY2023 Budget as Enacted included \$12.0 million in federal ARPA SFRF funds to expand existing in-state capacity at private facilities as well as the initial design of a new qualified psychiatric residential treatment facility (PRTF). Although the project is ongoing, current funding is entirely within general revenues and Rhode Island Capital Plan Funds (RICAP). The ARPA SFRF allocation was for FY2023 only, and therefore the FY2024 Budget includes a \$12.0 million reduction as compared to the FY2023 Budget as Enacted.

The PRTF project consists of the expansion of a current psychiatric residential facility as well as the construction of a new step-down facility, both of which will help increase state capacity to house female youth with severe behavioral health challenges. A current shortage of available, in-state, residential facilities for these youth results in, on average, approximately 25 to 30 female youth being placed out of state at any given time.

The FY2023 Budget included \$12.0 million in ARPA SFRF funds for FY2023, as well as \$15.0 million per year in RICAP funds from FY2024 through FY2026, for a total of \$45.0 million in RICAP funds. Of the \$12.0 million in ARPA SFRF funds, \$11.0 million is allocated for the expansion of a current psychiatric residential facility and \$1.0 million is allocated for the initial stage of the design and construction of a new step-down facility. The Department announced a signed agreement for the expansion of services with St. Mary's Home for Children, the only existing licensed PRTF in the State, on February 9, 2023. The expansion will consist of the construction and operation of an additional 12-bed facility on the St. Mary's Campus in North Providence, bringing their total capacity to 26. While the FY2023 Budget as Enacted anticipated a project completion date of June 2024, the new timeline anticipates that the facility will be completed in November 2024, with the anticipated start of operations in spring of 2025. The new step-down facility project remains in the planning phase, with construction estimated to begin in FY2024 and project completion anticipated in FY2026.

CHILD WELFARE

The Child Welfare division has two major sub-programs:

- **Child Protective Services (CPS):** CPS reviews and responds to reports of child abuse and neglect. CPS staff includes child protective investigators who specialize in the investigation of these reports. If a child is deemed to be at imminent risk of harm, they may be removed from the home and placed in State care for up to 48 hours, pending petitions before the Rhode Island Family Court.
- **Family Services Unit (FSU):** Staff members within Family Services provide ongoing social services and case management to children and families who become involved with DCYF due to abuse, neglect, substance abuse, or behavioral health issues.

The Child Welfare Program includes out-of-home placements such as foster and congregate care. Foster care settings include kinship and non-kinship placements as well as private agency homes. Congregate care settings encompass residential treatment facilities, group homes, semi-independent living, and independent living. Child Welfare also includes the Permanency Services Unit, which oversees the administration of the adoption and guardianship subsidy program for children and youth in permanent placements.

The Budget includes \$260.4 million from all funds to support Child Welfare. This is \$23.3 million more from all funds compared to the FY2023 Budget as Enacted level of \$237.1 million. Actual all funds expenditures were \$207.5 million in FY2022.

Child Welfare	General Revenue
FY2023 Enacted	\$161,584,128
<i>Target and Other Adjustments</i>	<i>2,206,268</i>
Foster Care Stipend Increases	3,914,192
Placement and Community-Based Provider Rate Increase	3,261,376
Caseload Adjustment	(2,831,108)
Temporary Housing Payments	1,849,753
FMAP Adjustment	1,186,678
Workload Study FTEs	135,459
DHS CEC Adopted Adjustment	17,662
FY2024 Governor	\$171,324,408

Foster Care Stipend Increases**\$3.9 million**

The Department increases general revenues by \$3.9 million to account for increases in stipends for foster families. The Department is obligated under the Children's Rights Lawsuit settlement to reassess Foster Care rates every three years, and to request additional appropriations from the General Assembly to increase base rates based upon the results of the reassessment. The increase considers the following elements: food, clothing, shelter, daily supervision, school supplies, personal incidentals, liability insurance with respect to a child, reasonable travel to the child's home for visitation, and reasonable travel for the child to remain in the school in which the child is enrolled at the time of placement.

Placement and Community-Based Provider Rate Increase**\$3.3 million**

The Budget includes an increase of \$3.3 million from general revenues (\$6.9 million all funds) for an expected rate increase resulting from the upcoming expiration of provider contracts. The Department's existing contracts with foster and congregate care placement and community-based providers are set to expire on July 1, 2023. Provider agencies have not received a contract increase since 2016, and many existing contracts were negotiated using an hourly rate of less than \$16 per hour. Providers received a temporary rate increase of 14.0 percent in the FY2023 Budget as Enacted. Although the exact impact of the procurement process is not known ahead of time, DCYF anticipates that the new contracts will include rates above the enacted 14.0 percent increase and used an increase of 12.0 percent on top of the 14.0 temporary increase to estimate FY2024 expenditures. The \$3.3 million increase in Child Welfare represents the program's proportional increase to their budgetary authority to absorb these anticipated rate changes as new contracts for approximately 120 facilities and approximately 40 providers are procured across the Department. The new rates, once decided, will take effect July 1, 2023.

Foster Care Stipend Increases

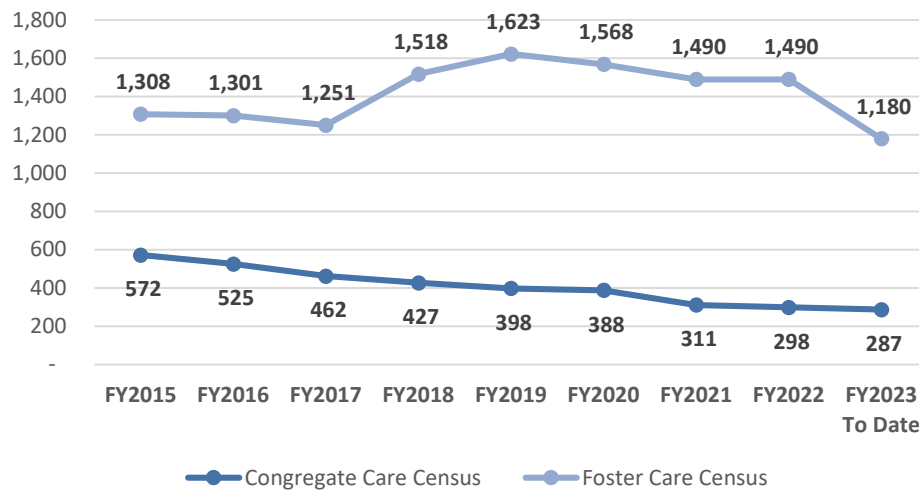
Age Bracket	Old Rate	New Rate
0-3 years		
Tier 1	\$24.00	\$28.32
Tier 2	\$24.00	\$28.32
Tier 3	\$45.00	\$54.00
Tier 4	\$55.00	\$65.00
Tier 5	\$65.00	\$77.00
Medical	\$75.00	\$89.00
4-11 years		
Tier 1	\$27.00	\$31.86
Tier 2	\$27.00	\$31.86
Tier 3	\$45.00	\$54.00
Tier 4	\$55.00	\$65.00
Tier 5	\$65.00	\$77.00
Medical	\$75.00	\$89.00
12+ years		
Tier 1	\$28.00	\$33.04
Tier 2	\$28.00	\$33.04
Tier 3	\$45.00	\$54.00
Tier 4	\$55.00	\$65.00
Tier 5	\$65.00	\$77.00
Medical	\$75.00	\$89.00

Caseload Adjustment**(\$2.8 million)**

The Budget estimates \$2.8 million in general revenue savings (\$4.6 million all funds) in the Child Welfare department to reflect the updated caseload projections for the Department in FY2024. The Budget decreases caseload expenditures Department wide in FY2024, a total reduction of \$5.0 million in all funds, with the largest portion of the adjustments taking place within Child Welfare.

The majority of expenditures in the Child Welfare program are caseload-driven and funded through the assistance and grants category. Funding includes per-diem reimbursement for foster families, private agency foster care, group homes, and residential treatment centers as well as subsidies for youth who have been adopted or are placed under a guardianship arrangement. Since on the onset of the COVID-19 pandemic, the Department has experienced significantly fewer child abuse and neglect reports and investigations, with a corresponding reduction in the number of children entering State care. The average number of Child Protective Services (CPS) reports has declined from a pre-COVID average of 1,700 to 1,800 a month to an average below 1,300 in the first half of FY2023. There was also a 12.5 percent reduction in out-of-home placements from a pre-COVID average of 2,000 to an average of approximately 1,750 in FY2022. While caseloads remain relatively low, the Department continues to anticipate increases as more children return to day care, school, and other in-person activities and more incidents are reported.

Out of Home Placements



Temporary Housing Payments

\$1.8 million

The Budget includes \$2.5 million in general revenues for costs associated with temporary housing placements for homeless families, a \$1.8 million increase as compared to the FY2023 Budget as Enacted. The Family Court has authority to require the Department to provide emergency housing for families, which most often takes the form of a hotel. The increase represents adjustments in hotel rates and an increasing population of families that require temporary housing. Currently, the Department is housing approximately 30 homeless families in hotels, at a cost of approximately \$200,000 per month.

FMAP Adjustment

\$1.2 million

The Budget includes a \$1.2 million increase in general revenues to reflect the end of the enhanced federal medical assistance percentage (FMAP). The Public Health Emergency (PHE) is scheduled to end on March 31, 2023, at which point the enhanced FMAP rate will begin to phase out. The Budget utilizes the FMAP rate adopted at the November Caseload Estimating Conference, which does not factor in the phase out, and increases general revenues across the categories below to reflect the end of the enhanced federal funding. The Budget includes a corresponding decrease of \$1.2 million in federal funds.

Child Welfare - FMAP Adjustments	General Revenue
CNOM - Residential Diversion CW State	20,562
Medicaid - CW Program - State Match	590,761
Medicaid - POS Placements - State Match	210,211
Title IV-E Adoption Assistance State Program	196,606
Title IV-E Direct Services State Program	(2,641,038)
Title IV-E Guardianship Assistance	2,809,576
Total	\$1,186,678

Analyst note: Because the impacts of the FMAP phase down reflected in the Consolidated Appropriations Act (CAA) of 2023 are not yet included in this adjustment, the Governor anticipates submission of an amendment later in the legislative session to accommodate changes to this adjustment related to the CAA.

Workload Study FTEs

\$135,459

The Budget includes \$135,459 in general revenues to fund 2.0 FTE additional frontline Child Support Technicians in order to meet workload study standards. The Department was required to complete a

workload study with an outside consultant in accordance with the Children's Rights Lawsuit. Per the results of that study, it is recommended that the Department hire 2.0 additional Child Support Technicians to reduce current caseloads and ensure adequate staffing. These positions are recommended to be funded within the Department's current FTE authorization.

DHS CEC Adopted Adjustment

\$17,662

The Budget includes an increase of \$17,662 in general revenue (\$51,073 all funds) for the adjusted estimate of Department of Human Services child care recipients in Department of Children, Youth, and Families programs. These estimates align with the Child Care Assistance Program caseload adopted at the November 2022 Caseload Estimating Conference.

YOUTH DEVELOPMENT SERVICES

The Youth Development Services division (formerly Juvenile Correctional Services) includes two major sub-programs:

- **Rhode Island Training School (RITS):** The RITS is a secure correctional facility for adjudicated juvenile offenders as well as those who are detained and awaiting trial. The facility has a maximum capacity of 148, with 124 beds for male residents and 24 beds for female residents. The Training School is a 24-hour, 365-day operation providing housing, food, clothing, medical care, education, vocational training, and other programs and services to meet the needs of its residents.
- **Juvenile Probation and Parole:** Juvenile Probation supervises all formerly adjudicated youth placed on probation by the Family Court. Each youth is evaluated to determine their risk for recidivism. Staff members then create and enforce individualized plans to address the factors which contribute to delinquent behavior in order to prevent recidivism.

Youth Development Services	General Revenue
FY2023 Enacted	\$22,098,188
<i>Target and Other Adjustments</i>	<i>88,204</i>
Institutional Support Services	652,589
Rhode Island Training School FTEs (3.0 FTE positions)	286,941
Caseload Adjustment	(28,336)
Centralized Service Charges	23,722
FY2024 Governor	\$23,121,308

Institutional Support Services

\$652,589

The Budget includes an increase of \$652,589 in general revenues for institutional support services at the Rhode Island Training School (RITS). This increase corresponds to an increase in the census at RITS, which has grown to an average 44 youth in the first half of FY2023 as compared to the FY2022 average of 36. The Department anticipates that the RITS population will continue to grow, resulting in higher costs related to legal services, maintenance and repair, and food and clothing for the youths.

Rhode Island Training School FTEs (3.0 FTE positions)

\$286,941

The Budget includes an increase of \$286,941 from general revenues for 3.0 new Juvenile Program Worker FTE positions within the Rhode Island Training School (RITS). The Department has experienced an increase in the census at RITS, with an average of 44 youth in the first half of FY2023 as compared to the FY2022 average of 36. Increases in the daily population of male youth in particular have resulted in the Department's need to open a fourth module to accommodate male youth and meet the single occupancy standards as required by the PREA (Prison Rape Elimination Act). Current staffing authorizations for RITS are based on staffing one male module for sentenced youth, one male module for detention youth, and one female module. With current indications that the RITS census will continue to increase and the fourth

module will continue to be necessary to house overflow male youth, additional Juvenile Program Workers are needed to meet adequate staffing levels. The Budget provides \$286,941 in funding for the 3.0 new FTE positions, as well as an increase in the Department’s FTE authorization.

Caseload Adjustment **(\$28,336)**

The Budget estimates \$28,336 in general revenue savings (\$34,558 all funds) in the Youth Development Services program to reflect the updated caseload projections for the Department in FY2024. The Budget decreases caseload expenditures Department wide in FY2024, a total reduction of \$5.0 million in all funds. While the majority of this reduction takes place in the Child Welfare program, a small portion of caseload expenditures are located within the Children’s Behavioral Health and Youth Development Services programs. The reduction in Youth Development Services is largely attributable to savings in institutional support services.

Centralized Service Charges **\$23,722**

The Budget increases general revenue expenditures reflecting billed amounts for information technology, human resources, and facilities management services. The FY2018 Budget as Enacted authorized the Governor to establish centralized service accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$1.02 million for these expenses, which is increased by \$23,722 to \$1.04 million in FY2024.

HIGHER EDUCATION INCENTIVE GRANTS

The Higher Education Incentive Grant Program provides tuition assistance for former foster youth to attend a wide range of post-secondary institutions. The program is funded by State higher education incentive grants and federal Education and Training Vouchers (ETVs). General revenue funding for the incentive program is set by statute at \$200,000 per year. DCYF coordinates with the Office of the Post-Secondary Education Commissioner’s Division of Higher Education Assistance (DHEA) to administer this grant program and provide tuition assistance to between 50 and 75 former foster youth each year. DHEA provides information regarding cost of attendance and financial aid for each applicant to the program. This allows DCYF to ensure that funding is distributed equitably across participants.

Higher Education Incentive Grants	General Revenue
FY2023 Enacted	\$200,000
Caseload Adjustment	(5,194)
FY2024 Governor	\$194,806

Analyst Note: A Governor’s Budget Amendment dated February 14, 2023, increases general revenues in this program by \$5,194 to return the FY2024 total to \$200,000. The initial fund decrease which appeared as a caseload adjustment in the proposed budget was an inadvertent error.

CAPITAL PROJECTS

The Budget includes a total of \$47.3 million in Rhode Island Capital Plan (RICAP) funds from FY2023 through FY2028, including \$1.0 million in FY2023 and \$15.3 million in FY2024. Projects include:

- **Psychiatric Residential Treatment Facility:** The Budget includes \$15.0 million in FY2024 and \$15.0 million per year in FY2025 and FY2026 for the construction of a psychiatric residential treatment facility (PRTF) for female youth in Rhode Island.

The PRTF project consists of the expansion of a current psychiatric residential facility as well as the construction of a new step-down facility, both of which will help increase state capacity to house female

youth with severe behavioral health challenges. A current shortage of available, in-state, residential facilities for these youth results in on average approximately 25 to 30 female youth being placed out of state at any given time.

The FY2023 Budget includes \$12.0 million in ARPA SFRF funds for FY2023, as well as \$15.0 million per year in RICAP funds from FY2024 through FY2026, for a total of \$45.0 million in RICAP funds. Of the \$12.0 million in ARPA SFRF funds, \$11.0 million is allocated for the expansion of a current psychiatric residential facility and \$1.0 million is allocated for the initial stage of the design and construction of a new step-down facility. The Department announced a signed agreement for an expansion of services with St. Mary's Home for Children, the only existing licensed PRTF in the State, on February 9, 2023. The expansion will consist of the construction and operation of an additional 12-bed facility on the St. Mary's Campus in North Providence, bringing their total capacity to 26. While the FY2023 Budget as Enacted anticipated a project completion date of June 2024, the new timeline anticipates that the facility will be completed in November 2024, with the anticipated start of operations in spring of 2025. The new step-down facility project is in the planning phase, with construction estimated to begin in FY2024 and project completion anticipated in FY2026.

- **Training School Asset Protection:** The Budget funds improvements and ongoing maintenance at the Training School, including resolving leaks and other structural issues. The Budget includes \$250,000 in FY2024 and \$250,000 per year in FY2025 through FY2027 related to ongoing maintenance projects, as well as \$255,000 in FY2028.

Department of Health

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$24.4	\$33.5	\$33.8	\$0.3	0.9%	\$25.6	(\$7.9)	-23.6%
Community & Family Health	110.2	128.3	127.8	(0.5)	-0.4%	121.9	(6.4)	-5.0%
COVID-19	288.2	131.1	147.5	16.3	12.4%	91.0	(40.1)	-30.6%
Customer Services	16.5	18.6	21.6	3.1	16.4%	19.9	1.3	7.3%
Environmental Health	14.4	15.6	16.9	1.3	8.2%	18.2	2.6	16.7%
Health Laboratories and Medical Examiner	14.4	14.1	16.5	2.4	16.6%	15.7	1.6	11.2%
Policy, Information, and Communication	4.3	5.1	6.4	1.3	25.0%	5.4	0.3	6.7%
Preparedness, Response, Infectious Disease, and Emergency Medical Services	19.0	27.0	26.5	(0.5)	-2.0%	21.9	(5.2)	-19.1%
Total	\$491.4	\$373.4	\$396.9	\$23.5	6.3%	\$319.7	-\$53.7	-14.4%

Expenditures by Source	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
General Revenue	\$248.1	\$32.9	\$33.8	\$0.9	2.9%	\$34.4	\$1.6	4.8%
Federal Funds	182.4	266.1	285.4	19.3	7.3%	221.3	(64.1)	-16.8%
Restricted Receipts	60.4	74.0	77.1	3.1	4.2%	63.5	(13.5)	-14.1%
Other Funds	0.4	0.4	0.6	0.2	44.0%	0.4	(0.2)	0.0%
Total	\$491.4	\$373.4	\$396.9	\$23.5	6.3%	\$319.7	(\$53.7)	-14.4%

Authorized FTE Levels	530.4	535.4	543.4	8.0	1.5%	556.4	21.0	3.9%
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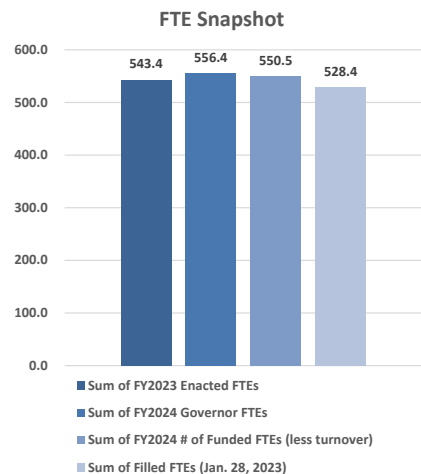
The mission of the Rhode Island Department of Health (RIDOH) is to prevent disease and to protect and promote the health and safety of the people of Rhode Island. Since Rhode Island has no local health departments the Department coordinates public health activities across the State. The Department's responsibilities include licensing and regulation, collection and analysis of health data, disease surveillance, prevention, and control, vital records, and state laboratories. The Department also houses the Office of the Medical Examiner, the agency responsible for investigating and certifying suspicious or otherwise unexplained deaths.

MAJOR ISSUES AND TRENDS

The FY2023 Budget allocates funding for the eight programs within the Department of Health (DOH): Central Management, Community Health and Equity, COVID-19, Customer Services, Environmental Health, Health Laboratories and Medical Examiner, Policy, Information and Communications, and Preparedness, Response, Infectious Diseases and Emergency Services. The Budget includes \$319.7 million in all funds for FY2024, a decrease of \$53.7 million from the FY2022 Budget as Enacted. General revenues compromise 11.0 percent of the total funds, equaling \$34.4 million, an increase of \$1.6 million from the FY2022 Budget as Enacted.

The Budget includes \$396.8 million in all funds for FY2023, an increase of \$23.5 million from the FY2023 Budget as Enacted. General revenues compromise 8.5 percent of the total funds, equaling \$33.8 million, an increase of \$943,638 from the FY2023 Budget as Enacted.

The Budget adds a net 13.0 FTE positions. The Department adds 7.0 FTE positions within the Division of Community and Health Equity, 1.0 in Customer Services, 1.0 in Policy, Information, and Communications, and 4.0 in the Division of Preparedness, Response, Infectious Diseases, and Emergency Medical Services. These positions are offset by the transfer of 7.0 FTE positions from the Departments Health Equity Zone initiative (3.0 FTE), and Family Home Visiting Program (4.0 FTE) to the Executive Office of Health and Human Services (EOHHS).



Pursuant to Article 1, Section 12 of the FY2023 Budget as Enacted, the Department of Administration requested 8.0 additional FTEs to support the Bipartisan Infrastructure Law (BIL) Grant for Drinking Water. The Governor, Speaker of the House, and Senate President concurred with the request and signed the letter on February 23, 2024, which increase the Departments FTE cap by 8.0 FTE positions effective immediately.

These positions will have no impact on general revenue as they are fully funded through a federal grant. In October 2022, the Department became eligible to receive this funding for FY2023 and the following five fiscal years. The Department began receiving applications from Rhode Island public water systems without staff or positions to review and approve these applications. These positions will also be used to implement Rhode Island's PFAS law and oversee the PFAs program. The 8.0 new positions are as follows:

- 2.0 Environmental Scientists
- 4.0 Environmental Engineers
- 1.0 Assistant Health program Administrator
- 1.0 Health Program Administrator.

CENTRAL MANAGEMENT

Central Management provides overall leadership, management, and administrative functions for the Department. The Division includes three subprograms: Executive Functions, the Health Equity Institute, and Management Services.

Central Management	General Revenue
FY2023 Enacted	\$2,965,099
<i>Target and Other Adjustments</i>	<i>920</i>
Centralized Services	810,252
Personnel	69,674
Health Equity Zone Transfer to EOHHS	Informational
FY2024 Governor	\$3,845,945

Central Management	Other Fund Changes
Indirect Cost Recoveries (restricted receipts)	(\$12,154,462)
PH Infrastructure Workforce (federal funds)	3,173,853
Health Equity Zone Transfer to EOHHS (federal funds)	(638,347)
Refugee Assistance (federal funds)	250,360

Centralized Services **\$810,252**

The Budget increases general revenue expenditures by \$810,252 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$2.2 million for the centralized services, and this increases to \$3.0 million in the FY2024 Budget.

Personnel **\$69,674**

The Governor recommends \$657,976 in personnel expenditures in FY2024 in the Division. This is \$69,674 more than the enacted level. This is primarily associated with anticipated statewide decreases in salaries, benefits, retirement, and other personnel costs.

Personnel Category	FY2023 Enacted	FY2024 Governor	Change from Enacted	
Salary	\$377,052	\$404,855	\$27,803	7.4%
Benefits	59,736	89,544	29,808	49.9%
Employee Retirement	123,358	133,640	10,282	8.3%
FICA	28,156	29,937	1,781	6.3%
Total	\$588,302	\$657,976	\$69,674	11.8%

Health Equity Zone Transfer to EOHHS**Informational**

The Budget transitions the Health Equity Zone (HEZ) initiative to EEOHS to support the continued growth of the HEZ program, but retains the general revenue funds associated with the program. The HEZ initiative provides high quality and equitable care to residents of densely populated areas by employing the expertise of those who live and work within those communities. Currently, Rhode Island has 15 HEZ, but as the program continues to grow, it will require additional resources and better coordination among the State's health and human services agencies. According to the Department, EEOHS is better suited to sustain this initiative as its core values align with the HEZ initiative; has oversight of interagency budgeting; and, will enable other Health and Human Services agencies to better align community facing investment with the needs of residents and improve performance and outcomes. There is a corresponding decrease of \$638,347 in federal funds related to this transfer.

Indirect Cost Recoveries (restricted receipts)**(\$12.1 million)**

The Governor recommends a net decrease of \$12.1 million related to changes in the indirect cost recovery expenditures resulting from changes in various federal grant programs accounts within DOH. This decrease is attributable to the decrease of COVID-19 awards in FY2023 and based on the most recently ended fiscal year, which is SFY2022. The department utilizes indirect cost recovery funds for state supported operational costs to federal programs or activities.

In accordance with RIGL 34-4-23.1, the Department applies for federal indirect cost recoveries through an indirect cost proposal, which is submitted directly to the Department of Health and Human Services (DHHS). To receive this reimbursement, the Department submits an indirect cost proposal requesting federal approval of the indirect rate for the upcoming fiscal year.

Public Health Infrastructure Workforce (federal funds)**\$3.2 million**

The Governor recommends increasing federal funds by \$3.2 million to support operations and salaries related to strategies that bolster the diversity required to effectively implement and respond to public health emergencies. The Department received a 5-year, \$15.3 million grant from the Centers for Disease Control and Prevention (CDC), to address critical public health infrastructure in ways that improve the Department's ability to serve the needs of Rhode Island's residents. These funds are to be used to support the workforce, data modernization, and foundational capabilities.

Refugee Assistance (federal funds)**\$250,360**

The Budget includes \$250,360 in federal funds for activities related to refugee support services. These funds will directly support health related services that will increase health literacy, health assessments, health screening data, and coordination between wellness groups and health care organizations.

COMMUNITY HEALTH AND EQUITY

The Division of Community Health and Equity aims to eliminate health disparities, assure healthy child development, control disease, and strive for healthy communities. The division includes four centers: chronic care and disease management, health promotion and wellness, perinatal and early childhood health, and preventive services.

Community Health and Equity	General Revenue
FY2023 Enacted	\$1,588,431
<i>Target and Other Adjustments</i>	16,296
Family Home and Visiting to EOHHS	(817,851)
First Connections to EOHHS	(128,467)
FY2024 Governor	\$658,409

Community Health and Equity	Other Fund Changes
Federal Fund Changes	(\$6,891,997)
Restricted Receipt Changes	1,930,225

Family Home Visiting to EOHHS ***(\$817,851)***

The Governor transfers \$817,851 in Medicaid general revenue funding and \$959,752 in federal Medicaid match funds for the RIDOH family home visiting program to EOHHS so providers can submit claims through the MMIS system. RIDOH will continue to provide home visiting services through their partnerships; however, providers will bill EOHHS for Medicaid claims and RIDOH for non-Medicaid claims. This transfer is budget neutral, with a corresponding increase within EOHHS.

Family Home Visiting encompasses three sub-programs: Healthy Families America, Nurse-Family Partnership, and Parents as Teachers. These programs are currently supported by a federal Maternal, Infant, and Early Childhood Home Visiting (MIECHV) formula grant.

First Connections to EOHHS ***(\$128,467)***

The Governor transfers \$128,467 in Medicaid benefit funding from RIDOH to EOHHS to expand services to prenatal women through First Connections, a risk assessment and response program designed to ensure that families are connected to appropriate services such as food assistance, mental health, child care, and long-term family home visiting. Transferring First Connections to EOHHS will enable providers to process Medicaid claims through MMIS. Costs are expected to remain the same however, the department will need to create MMIS codes in Medicaid claiming system and train providers on the program shift.

The First Connections Pre-Natal Expansion program is a referral-based program that works to connect families with services such as food assistance, behavioral health services, child care, long-term family home visiting, Early Intervention (EI), and other community-based services and supports. The goal of the program is to reduce poor outcomes for children.

Federal Fund Adjustments ***(\$8.0 million)***

The Governor's recommended FY2024 Budget decreases federal funds by \$8.0 million within the Community Health and Equity Program as compared to the FY2023 Budget as Enacted.

Community Health and Equity	Federal Fund Changes
ARPA SFRF: Health Clinics (federal funds)	(\$4,000,000)
CARES Act: RI Community Health Workers for COVID (federal funds)	(1,306,403)
Infant, Child, Adult Immunization (federal funds)	(1,008,691)
Family Home Visiting (federal funds)	(959,752)
Womens Cancer Screening (federal funds)	269,926
Pregnancy Postpartum Death Review Committee (federal funds)	59,496
Cancer Prevention and Control (federal funds)	53,447

- **ARPA SFRF: Health Clinics:** The Budget decreases federal American Rescue Plan Act (ARPA) funds by \$4.0 million to reflect the disbursement of one-time funds used to support grants to the Rhode Island Free Health Clinic and Open Doors Health.
- **CARES Act: RI Community Health Workers for COVID-19 Grant:** The Budget decreases federal funds by \$1.3 million for the CARES Act Community Health Workers Grant. The Department receives \$5.0 million each year for the grant, and the original placeholder for FY2024 included an additional \$1.5 million in carryforward spending. However, the processes of securing contracts took longer than anticipated. Funding will continue to carry forward with the possibility of no cost extension upon the completion of the contracts.
- **Infant, Child, and Adult Immunization:** The Budget decreases federal funds by \$1.0 million to reflect decreased spending on vaccinations due to more efficient tracking as well as excess vaccine returns. The program saw a \$1.2 million decrease vaccination purchases, which is offset by a \$331,552 increase in salary and benefits that reflect the addition of 1.0 new FTE positions that will assist in vaccination data entry.
- **Women's Cancer Screening:** The Budget increases federal funds by \$269,926 to reflect increased spending for women's cancer screenings. The program provides screening services to women ages 21-64 who are uninsured or underinsured.
- **Pregnancy Postpartum Death Review Committee:** The Postpartum Committee is a fairly new committee that has not been funded through federal funds in the past. The Budget includes \$59,496 to fund the operations of the committee.
- **Cancer Prevention and Control Funds:** The Budget increases federal funds by a net of \$53,447 to reflect expenditures associated with cancer prevention and control. Spending changes are as follows:

Cancer Prevention and Control	Federal Funds
Childhood Cancer Star Project	\$96,500
Colorectal Cancer Screening	8,947
Comprehensive Cancer Control Program (NCCCP)	277,802
PPHF Women's Cancer Screening Program	(1,462,081)
Rhode Island Cancer Registry (NPCR)	471,075
RI Cancer Prevention And Control	(1,070,803)
Women's Cancer Screening Program (NBCCEDP)	1,732,007
Total	\$53,447

Restricted Receipt Changes

\$1.9 million

The Governor's recommended FY2024 Budget increases restricted receipts by \$1.9 million within the Community Health and Equity Program as compared to the FY2023 Budget as Enacted.

Community Health and Equity	Restricted Receipt Changes
Infant - Child Immunization	\$1,003,377
Adult Immunizations	926,848

- **Infant, Child, and Adult Immunization:** The Budget increases restricted receipts by \$1.9 million. These funds are primarily due to an increase in vaccination spending due to increased vaccine costs as per dose prices increased as well as dose changes for Hepatitis B.

COVID-19

The COVID-19 program was established within the Department of Health in FY2021 to support Rhode Island's pandemic response. The program primarily consists of federal appropriations related to the public health response to the COVID-19 pandemic. This program continues into the FY2022 Governor's Revised and FY2023 Governor's Recommended budgets. The Department of Health is responsible for coordinating the State's efforts in combatting COVID-19 with contact tracing and case investigations, treatment, testing, vaccinations, and lab processing.

COVID-19	Other Fund Changes
COVID-19 Adjustments (federal funds)	(\$40,111,436)

COVID-19 Adjustments (federal funds) (\$40.1 million)

The Budget decreases federal funds by \$40.1 million to reflect expenditures towards the State's response to the COVID-19 pandemic. Expenditures are funded through the Consolidated Appropriations Act 2021, the CARES Act, PPHCE, FEMA disaster resources, and from the American Rescue Plan Act (ARPA) direct appropriations. The funding within the Department of Health supports efforts in testing, contact tracing, vaccination, other public health-related activities, and the construction of a new State Health Laboratory. The Budget includes \$70.0 million in ARPA funds and \$61.1 million in the other COVID-19 funds.

COVID-19 Federal Funds	FY2023 Enacted	FY2024 Governor	Change from Enacted
Other Support Services	\$46.0	\$71.6	\$25.6
Testing	29.4	0.4	(29.0)
Data Analytics, Tech & Modeling	22.1	4.2	(17.8)
Contract Tracing/ Case Investigation	19.2	1.2	(17.9)
Communications	0.8	0.1	(0.7)
Supplies	7.0	7.1	0.1
Community Mitigation & Prevention	6.8	6.4	(0.4)
Total	\$131.1	\$91.0	(\$40.1)
<i>\$ in millions</i>			

COVID-19 Federal Fund Sources	FY2024 Governors
ARPA Direct	\$70.0
CARES Act	3.8
PPHCE	19.6
Consolidated Appropriations Act 21	37.8
FEMA	0.0
Total	\$131.1
<i>\$ in millions</i>	

- **Other Support Services:** The Budget increases federal funds by \$25.6 million for support services. These services include miscellaneous costs associated with the overall response to the public health crisis. These include costs related to community mitigation, high density cases, human services relief, childcare, and government readiness.
- **Testing:** The Budget decreases federal funds by \$29.0 million for costs related to equipment, staffing, and contracted services related to COVID-19.
- **Data Analytics, Tech, and Modeling:** The Budget decreases federal funds by \$17.8 million for costs related to tracking data associated with COVID-19. This includes tracking cases, tests, treatment,

hospitalizations, and deaths as well as infrastructure needed to develop models that predict disease projections.

- **Case Investigations and Contact Tracing:** The Budget decreases federal funds by \$17.9 million reflecting less need for the infrastructure required for contract tracing and investigations, operating support, and the personnel to manage the overall process.
- **Communications:** The Budget decreases federal funds for communications by \$650,585 to reflect a decreased need for infrastructure related to delivering information to Rhode Island residents that will assist them in making appropriate health decisions.
- **Supplies:** The Budget increases federal funding by \$87,645 for vaccination and immunization costs.
- **Community Mitigation and Prevention:** The Budget decreases federal funds for Community Mitigation by \$400,500 for services related to mitigation and prevention of COVID-19. This expense includes community outreach, mitigation and prevention in homeless service sites and health equity zones, and vaccination costs.

CUSTOMER SERVICES

The Division of Customer Services has licensure and regulatory responsibilities of health care professionals and facilities, and is comprised of three centers: Professional Licensing, Boards and Commissions; the Center for Vital Records', and the Center for Health Facilities Regulation.

Customer Services	General Revenue
FY2023 Enacted	\$8,198,687
<i>Target and Other Adjustments</i>	<i>34,992</i>
Professional Licensing and Boards	675,989
Vital Records	(463,934)
Facilities Regulation	(211,117)
Centralized Services	(124,721)
FY2024 Governor	\$8,109,896

Customer Services	Other Fund Changes
Rhode Island Statewide Opioid Abatement Account (restricted receipts)	\$1,700,000
Vital Records (federal funds)	1,017,892
Professional Licensing and Boards (restricted receipts)	(630,780)
McKinsey Opioid Abatement (federal funds)	(630,000)

Professional Licensing and Board **\$675,989**

The Governor recommends \$3.8 million in general revenue for the center of professional licensing, an increase of \$675,989 from the FY2023 Enacted. The medical marijuana licensing restricted receipt account decreases by \$630,780 in FY2024, and the Governor replaces lost funds with general revenue. Recreational marijuana was legalized through 2022-H-7593 Sub A, otherwise known as the Rhode Island Cannabis Act. As such, the state expects a significant decline in medical marijuana users as many users are expected to forfeit their license and switch to medical use. The Division of Customer Services eliminated the medical marijuana patient licensing program and absorbed the finds and positions into the center of professional licensing and boards.

Vital Records **(\$463,934)**

The Budget includes a net \$463,934 decrease in general revenue within the Office of Vital Records, which is primarily due to a \$661,642 decrease in personnel expenses, along with \$116,414 and \$81,290 general

revenue increase within contracted services and operating supplies and expenses, respectively. This decrease is due to increased CMS federal funding that the department received for its death certificate integration initiative.

Personnel Category	FY2023 Enacted	FY2024 Governor	Change from Enacted
Salary	\$783,497	\$376,340	(\$407,157) -52.0%
Benefits	184,518	90,600	(93,918) -50.9%
Employee Retirement	254,558	125,307	(129,251) -50.8%
FICA	59,941	28,625	(31,316) -52.2%
Total	\$1,282,514	\$620,872	(\$661,642) -51.6%

There is a corresponding increase of \$1.0 million in federal funds from a new grant intended to aid the Office with implementation of the electronic death registration system, which connects the Office with other health systems across the state and vital records offices across the nation.

Facilities Regulation Personnel **(\$211,117)**

The Budget includes a net \$211,117 decrease in general revenue within the office of Facilities Regulation, which is primarily due to a \$268,955 decrease in personnel expenses, a \$30,000 decrease in contracted services, and an increase of \$87,850 in operating supplies and expenses. This decrease is primarily related to the transfer of 2.0 FTE positions, an Executive Assistant and Clinical Social Worker, to other Divisions.

Personnel Category	FY2023 Enacted	FY2024 Governor	Change from Enacted
Salary	\$832,122	\$661,885	(\$170,237) -20.5%
Benefits	166,123	133,772	(32,351) -19.5%
Employee Retirement	273,480	220,389	(53,091) -19.4%
FICA	63,620	50,344	(13,276) -20.9%
Total	\$1,335,345	\$1,066,390	(\$268,955) -20.1%

Centralized Services **(\$124,721)**

The Budget decreases general revenue expenditures by \$124,721 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$726,120 for the centralized services, and this decreases to \$601,399 in the FY2024 Budget.

Rhode Island Statewide Opioid Abatement Account (restricted receipts) **\$1.7 million**

The FY2023 Budget as Enacted established the Opioid Abatement Account within the Executive Office of Health and Human Services (EOHHS) to place distributions from various opioid settlement agreements. These funds are dedicated to forward-looking abatement efforts as defined through settlement agreements. The Department has received \$1.7 million of these funds to complete opioid abatement activities. These funds will be used to support the Department street outreach initiative and naloxone (Narcan) distribution.

The Department's street outreach initiative employs mobile units to connect with populations who are at risk of drug use and overdose. The mobile unit provides services and supplies to individuals who may be unable to travel to clinics that provide similar services. The main component of this initiative is that the mobile unit provides basic needs, harm reduction tools, and peer recovery support to vulnerable populations.

McKinsey Opioid Abatement (federal funds) (\$630,000)

The Governor recommends \$110,000 for FY2024, a decrease of \$630,000 from the FY2023 Budget as Enacted. The FY2023 Budget as Enacted included \$740,000 in restricted receipts, of these funds, \$400,000 was allocated to harm reduction centers and \$300,000 purchased naloxone supplies. The Department plans to continue to use these funds to support harm reduction centers. According to the Department, it is unlikely that this funding source will continue to be supported in upcoming years.

ENVIRONMENTAL HEALTH

The Environmental Health program holds responsibility for the licensure and regulatory activities related to Environmental Health and all activities related to Healthy Homes. The program regulates and provides oversight of population-based activities related to safe food; clean water; healthy homes in the areas of lead, asbestos, radon; and, health and safety in the workplace. The program includes three Centers: the Center for Food Protection, the Center for Drinking Water Quality, and the Center for Healthy Homes and Environment.

Environmental Health	General Revenue
FY2023 Enacted	\$6,088,320
Target and Other Adjustments	45,850
Division of Food Protection and Sanitation	(152,680)
Centralized Services	61,411
FY2024 Governor	\$6,042,901

Environmental Health	Other Fund Changes
Bipartisan Infrastructure Law - Drinking Water (federal funds)	\$1,768,388

Division of Food Protection and Sanitation (\$152,680)

The Budget includes a decrease of \$152,680 in general revenue within the Division of Food Protection and Sanitation. This is primarily due to the delay in hiring 2.0 FTE positions for the Cottage Food manufacturing Program. The Department has delayed hiring new positions as it is close to reaching its FTE cap and is instead using existing employees to process applications. The FY2023 Budget enacted the program and 2.0 additional FTEs.

Centralized Services \$61,411

The Budget increases general revenue expenditures by \$61,411 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$41,131 for the centralized services, and this increases to \$102,542 in the FY2024 Budget.

Bipartisan Infrastructure Law – Drinking Water (federal funds) \$1.8 million

The Budget adds \$1.8 million in federal funds to support 8.0 new FTE positions that will review and approve applications for grants towards public water systems infrastructure upgrades as well as funding for staff to oversee the PFAS program. These expenses will have no impact on general revenue as these positions are fully funded through a federal grant. The Department is already receiving applications from Rhode Island public water systems and requires additional staff or positions to review and approve these applications. The positions are as follows:

- 1.0 Senior Environmental Scientist

- 1.0 Environmental Engineer I
- 3.0 Environmental Engineer II
- 1.0 Environmental Scientist
- 1.0 Health Program Administrator
- 1.0 Assistant Health Program Administrator

Pursuant to Article 1, Section 11 of the FY2023 Budget as Enacted, the Senate President, House Speaker, and Governor signed a letter on February 23, 2023, increasing the Department's FTE cap to accommodate the BIL grant. The letter increased the Department's FTE cap by 8.0 positions to support the Department's clean drinking water programs.

HEALTH LABORATORIES AND MEDICAL EXAMINER

The Health Laboratories and Medical Examiner provides laboratory services to state and municipal agencies, health care providers, and the general public, for the purposes of public health, environmental protection, and forensic science.

The Medical Examiner investigates and certifies the cause of death in the case of all known or suspected homicides, suicides, accidents, sudden infant deaths, drug-related deaths, medically unattended or unexplained deaths, and deaths that may be evidence of an epidemic or other threat to the public health. The Division also provides expert testimony in criminal and civil cases.

Health Laboratory and Medical Examiner	General Revenue
FY2023 Enacted	\$10,980,589
<i>Target and Other Adjustments</i>	<i>136,656</i>
Forensic Pathology Contractors	591,376
Operating Supplies and Expenses	490,474
OSME Decedent Livery Services	275,427
Centralized Services	174,822
FY2024 Governor	\$12,649,344

Forensic Pathology Contractor **\$591,376**

The Budget increases general revenue by \$591,376 reflecting funds for contracted services through the first half of FY2024. These funds will support various positions that perform forensic pathology activities that would otherwise be performed by the Chief Medical Examiner and 2.0 Assistant Medical Examiners. The Department has not had full time staff for over a decade and plans to hire in FY2024, however; contracted services must be acquired in the meantime. Funding for contracted services may be needed in FY2025 should the Department be unable to hire staff.

Operating Supplies and Expenses **\$490,474**

The Budget includes an increase of \$490,474 within operating supplies and expense for the Department's miscellaneous natural account. The funds in this account align with the costs associated with hiring 3.0 permanent FTE's for the Office of the Medical Examiner; however due to the Department's FTE constraints these funds must be placed in the miscellaneous account rather than personnel accounts. The Department plans to hire new FTEs by the end of FY2024; however if they are unable to, the Department included funding within its contracted services accounts to ensure the Office of the Medical Examiner continues to function properly.

OSME Decedent Livery Services**\$275,427**

The Budget includes \$275,427 in general revenue for decedent livery services, or the transportation of deceased individuals. These services were contracted out; however, the vendor abruptly terminated their contract due to new ownership. Projected costs are based on livery fees paid by medical examiner offices in surrounding states and OSME actuals in recent years. Costs are anticipated to rise in upcoming years.

Centralized Services**\$174,822**

The Budget increases general revenue expenditures by \$174,822 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$52,743 for the centralized services, and this increases to \$227,565 in the FY2024 Budget.

POLICY, INFORMATION, AND COMMUNICATION

The Policy, Information, and Communication division is responsible for public health communications; data collection, analysis, and dissemination; coordination of the Department's legislative and regulatory functions; and ensuring standards of care are maintained in new and existing healthcare facilities. The division includes four centers: Public Health Communications, Health Data and Analysis and Public Informatics, Health Systems Policy and Regulation, and Legislative and Regulatory Affairs.

Policy, Information, and Communications	General Revenue
FY2023 Enacted	\$958,580
<i>Target and Other Adjustments</i>	<i>(14,971)</i>
Personnel	38,767
FY2024 Governor	\$982,376

Policy, Information, and Communications	Other Fund Changes
Health Professional Loan Repayment (federal funds)	839,800
Health Professional State Loan Repayment - State Match (restricted receipts)	(550,000)

Personnel**\$38,767**

The Governor recommends \$800,725 in personnel expenditures in FY2024 in the Division of Policy, Information, and Communication, \$38,767 more than the enacted level. This is primarily associated with anticipated statewide increases in salaries, benefits, retirement, and other personnel costs.

Health Professional Loan Repayment (federal funds)**\$839,800**

The Budget includes \$839,800 for the health professional loan repayment program, which provides loan repayment to eligible health care professionals. The fund also aligns with a corresponding restricted receipt decrease of \$550,000; this appropriation was originally used as the State match and was funded through donations. As of October, 2022, the State no longer needs to provide a match for this program.

PREPAREDNESS, RESPONSE, INFECTIOUS DISEASE, AND EMERGENCY MEDICAL SERVICES

The Preparedness, Response, Infectious Disease, and Emergency Medical Services division includes four centers: Emergency Preparedness and Response; Infectious Disease and Epidemiology; HIV, Hepatitis, STD, and TB Epidemiology; and, Emergency Medical Services.

The division prepares for and responds to catastrophic events, disasters, and emergencies. It also monitors and works to prevent the spread of infectious diseases, and licenses and regulates emergency medical services in the state.

Preparedness, Response, Infectious Disease, and Emergency Medical Services	General Revenue
FY2023 Enacted	\$2,092,672
<i>Target and Other Adjustments</i>	<i>(56,047)</i>
Operating Supplies and Expenses	116,655
FY2024 Governor	\$2,153,280

Preparedness, Response, Infectious Disease, and Emergency Medical Services	Other Fund Changes
Capital Purchases and Equipment (federal funds)	(\$3,994,336)
Personnel (federal funds)	1,837,600
Contract and Professional Services (federal funds)	(1,686,541)
Assistance and Grants (federal funds)	(787,500)

Operating Supplies and Expenses ***\$116,655***

The Budget adds \$116,655 in general revenue for operating supplies and expenses. The Department utilizes this source to fund anticipated contractors needed for this program. RIDOH is currently struggling with filling their FTE positions as the Department has reached its FTE cap and must subsidize through contracted positions.

Capital Purchases and Equipment (federal funds) ***(\$3.9 million)***

The Budget includes a decrease of \$3.9 million in federal funds. These funds were awarded to the Department by the Center for Disease Control and Prevention (CDC) through the ELC Enhancing Detection Expansion COVID grant. As the Public Health Emergency comes to an end, the Department will receive less funds related to the pandemic as there is reduced need.

Personnel (federal funds) ***\$1.8 million***

The Budget includes \$1.8 million in federal funds to support four additional positions within the Division. The positions are supported entirely through federal funds and are as follows:

- 2.0 Assistant Health Program Administrator (\$320,705)
- 1.0 Health Program Administrator (\$99,648)
- 1.0 Public Health Epidemiologist (\$77,220)

Remaining costs reflect the Departments rebudgeting process. Remaining funds were removed from contracted and personnel services and moved to personnel expenses.

Personnel Category	FY2023 Enacted	FY2024		
		Governor	Change from Enacted	
Salary	\$4,729,507	\$5,661,850	\$932,343	19.7%
Benefits	706,786	1,123,381	416,595	58.9%
Employee Retirement	1,455,860	1,867,785	411,925	28.3%
FICA	350,289	427,026	76,737	21.9%
Total	\$7,242,442	\$9,080,042	\$1,837,600	25.4%

Contract and Professional Services (federal funds) ***(\$1.7 million)***

The Budget includes a decrease of \$1.7 million in federal funds. These funds were awarded to the Department by the Center for Disease Control and Prevention (CDC) through the ELC Enhancing Detection

Expansion COVID grant. As the Public Health Emergency comes to an end, the Department will receive less funds related to the pandemic as there is reduced need.

Assistance and Grants (federal funds)

(\$787,500)

The Budget includes a decrease of \$787,500 in federal funds. As the public health emergency begins to end, the Department will begin to see a significant decrease in federal grants associated with COVID-19. To ensure that the Division's COVID unit is still running, the Department removed funding from this account, and reappropriates it to personnel expenses.

CAPITAL PROJECTS

State Health Laboratory Building

The Budget includes \$32.9 million in Rhode Island Capital Plan (RICAP) funds within the Department to construct a new state health laboratory building in FY2024, with a total project cost of \$78.1 million from FY2022 through FY2025. The project will enable the State to expand existing programs as well as provide additional space for biocontaminants, additional office space, and shipping facilities.

Health Laboratories & Medical Examiner Equipment

The Budget includes \$400,000 in Rhode Island Capital Plan (RICAP) funds within the Department for various capital improvement projects in FY2024, with a total project fund of \$3.5 million from FY2022 through FY2028. The funding will support the Laboratory Medical Equipment Fund to replace laboratory equipment at the State Health Laboratory. Much of the equipment is obsolete or no longer supported by the manufacturer. Failure to replace the equipment could result in the Health Lab losing the capability to complete necessary testing on food and water, infectious diseases, insect-borne viruses, forensics, and air quality.

Department of Human Services

Expenditures by Program	FY2022 Actuals	FY2023 Enacted	FY2023 Revised	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$10.4	\$13.3	\$14.9	\$1.6	11.9%	\$11.1	(\$2.3)	-16.9%
Child Support Enforcement	15.7	16.0	16.7	0.7	4.1%	16.9	0.9	5.7%
Health Care Eligibility	17.2	26.0	21.6	(4.4)	-17.0%	25.7	(0.3)	-1.2%
Individual and Family Support	218.4	191.9	221.1	29.2	15.2%	165.8	(26.0)	-13.6%
Office of Healthy Aging	30.5	39.0	39.6	0.6	1.4%	39.6	0.5	1.3%
Office of Veterans Affairs	40.8	46.4	47.0	0.6	1.3%	48.6	2.2	4.7%
State Funded Programs	476.7	448.3	468.3	20.0	4.5%	355.4	(92.9)	-20.7%
Rhode Island Works/ Child Care	74.1	103.3	96.1	(7.2)	-6.9%	114.5	11.2	10.9%
Supplemental Security Income Program	17.4	17.9	17.1	(0.8)	-4.6%	17.1	(0.8)	-4.3%
Total	\$901.2	\$902.1	\$942.3	\$40.2	4.5%	\$794.7	(107.4)	-11.9%

Expenditures by Source	FY2022 Actuals	FY2023 Enacted	FY2023 Revised	Change from Enacted		FY2024 Governor	Change from Enacted	
General Revenue	114.4	152.3	151.7	(\$0.6)	-0.4%	143.5	(\$8.8)	-5.8%
Federal Funds	777.0	739.5	779.4	39.9	5.4%	638.7	(100.8)	-13.6%
Restricted Receipts	5.5	5.0	5.1	0.1	2.8%	5.9	1.0	19.8%
Other Funds	4.2	5.4	6.2	0.8	14.9%	6.6	1.2	23.1%
Total	901.2	902.1	942.3	40.2	4.5%	794.7	(107.4)	-11.9%

Authorized FTE Levels	1047.0	1067.0	1067.0	-	-	1068.0	1.0	0.1%
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\$ in millions. Totals may vary due to rounding.

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

MAJOR ISSUES AND TRENDS

The FY2024 Budget includes total funding of \$794.7 million, a \$107.4 million decrease from the FY2023 Budget as Enacted. This includes a general revenue decrease of \$8.8 million. The majority of the general revenue decrease is related to the end of the public health emergency (PHE) and Random Moment in Time Studies that determine employee performance and other metrics.

The Public Health Emergency is set to end on May 11, 2023. As such, the State is preparing for unwinding activities related to Medicaid and cash assistance program. The end of the PHE results in decrease of a majority of one-time funds within the Department are American Rescue Plan Act (ARPA) funds; however, the Coronavirus Aid, Relief, and Economic Security (CARES) Act also supported the Department through the Pandemic. As the Department prepares for unwinding activities, it is attempting to hire and train Eligibility Technicians and Case Workers to ensure prompt and efficient redetermination activities. The Department anticipates current staffing levels may be insufficient throughout the 14-month redetermination period, therefore, it anticipates utilizing contracted positions to successfully complete redetermination activities.

The Department participates in quarterly Random Moment in Time Studies (RMTS) to determine field operations for eligibility technicians and social case workers. Generally, RMTS measure what a person is doing during a moment of time in the workday to identify what activity the individual is doing. The Department RMTS reallocation resulted in a net personnel change of \$427,025 in general revenue. However, the department included surplus within Medicaid UHIP accounts as it was believed that recertification would have begun earlier.

The Budget authorizes 1,068.0 FTE positions for FY2024, reflecting a 1.0 FTE increase from the FY2023 Budget as Enacted.

The RI Bridges Project, previously known as Unified Health Infrastructure Project (UHIP), is the largest information technology (IT) project undertaken by the State intended to fully integrate health and human service programs, and establish a State-based health insurance exchange, HealthSource RI. The project was developed in two phases. Phase I, launched in 2013, created an online portal for purchasing commercial health insurance and income-based Medicaid eligibility. Phase II of UHIP, launched in September of 2016, was intended to expand the system to serve as a portal through which residents apply for and enroll in other health and human service programs such as Child Care, Supplemental Nutrition Assistance Program (SNAP), General Public Assistance (GPA), and Supplemental Security Income (SSI) programs.

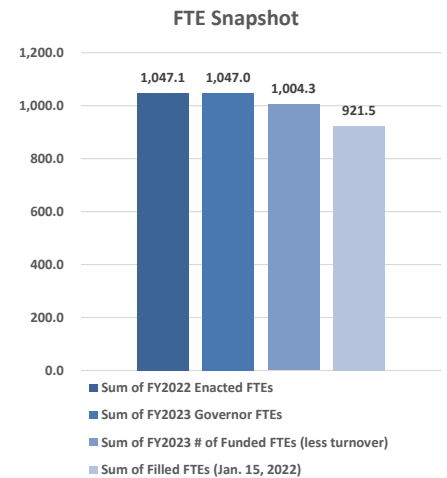
Phase II of the UHIP project has been plagued with technical failures resulting in delays in eligibility and payments to providers and individuals. The costs of the project are projected to total \$775.8 million through FY2024. Costs are shared across the Executive Office of Health and Human Services (EOHHS), DHS, and HealthSource RI (HSRI).

The Department's budget includes a total of \$29.9 million related to RI Bridges/UHIP expenditures, a decrease of \$371,691 million from the FY2023 Budget as Enacted level.

Caseload Estimating Conference

Every November and May, the State revises cash assistance caseload forecasts in order to estimate entitlement program spending for both the current and the following fiscal year. The November 2022 Caseload Estimating Conference adopted estimates dictate the entitlement program appropriations included in the FY2024 Governor's Budget.

Overall spending for cash assistance programs, including RI Works, child care subsidies to working families, Supplemental Security Income (SSI) state supplement, and General Public Assistance (GPA), is estimated to be \$133.3 million in FY2024, an increase of \$10.9 million from the FY2022 Enacted level. The major contributor to this increase is an anticipated increase in the number of child care subsidies and RI Works beneficiaries as the FY2023 Budget as enacted expanded income requirement for both programs. There is an additional increase in federal funds to support the recently negotiated increased rates for family care providers.



Cash Assistance Program - November 2024 Adopted Estimates

	FY2022 Final	FY2023 Enacted	FY2023 Revised	FY2024 November	FY2024 Gov	Change to Enacted
Rhode Island Works						
Persons	6,094	7,963	8,800	9,600	9,600	1,637
Monthly Costs per Person	\$233.0	\$236.0	\$226.5	\$240.0	\$240.0	\$4.00
Federal Funds*	\$18.6	\$24.8	\$26.0	\$30.0	\$30.0	\$5.2
Child Care						
Subsidies	5,500	7,302	6,300	7,725.0	7,725.0	423.0
Annual Cost per Subsidy	\$10,140.0	\$10,741.4	\$10,624.0	\$10,624.0	\$10,935.0	\$193.6
Federal Funds*	\$47.7	\$69.8	\$59.9	\$71.9	\$74.3	\$4.5
General Funds*	\$8.1	\$8.7	\$9.2	\$10.2	\$10.2	\$1.5
SSI - State Supplement						
Persons	32,735	33,000	32,050	32,000	32,000	(1,000)
Monthly costs per Person	\$45.0	\$45.0	\$44.3	\$44.4	\$44.4	(\$0.6)
General Revenue*	\$17.7	\$17.9	\$17.1	\$17.1	\$17.1	(\$0.8)
General Public Assistance						
Persons	115	296	340	475	475	179
Monthly Costs per Person	\$190.0	\$185.0	\$188.0	\$191.0	\$191.0	\$6.00
General Revenue*	\$0.8	\$1.3	\$1.4	\$1.7	\$1.7	\$0.4
Total	\$92.9	\$122.4	\$113.6	\$130.9	\$133.3	\$10.9
Federal Funds*	\$66.3	\$94.6	\$85.9	\$101.9	\$104.3	\$9.7
General Revenue*	\$26.6	\$27.8	\$27.7	\$29.0	\$29.0	\$1.2

* \$ in millions.

CENTRAL MANAGEMENT

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

Central Management	General Revenue
FY2023 Enacted	\$7,586,208
<i>Target and Other Adjustments</i>	4,273
Community Service Objective Grants	(2,050,000)
Staff Training	100,000
Personnel Adjustments	\$71,298
FY2024 Governor	\$5,711,779

Central Management	Other Fund Changes
Community Service Block Grant (federal funds)	(\$389,111)

Community Service Objective Grants**(\$2,050,000)**

The Budget decreases general revenue for State Grants by \$2.1 million. This decrease is a result of one-time appropriations in FY2023, where the Department provided \$750,000 to the Boys and Girls Club and \$1.4 million to the Community Action Fund.

Staff Training**\$100,000**

The Budget includes an additional \$100,000 in general revenue to support staff training resources. According to the Department, this funding will be utilized for professional development opportunities that will foster a positive work environment. Since the pandemic, DHS has experienced tumultuous work environment, including high turnover and lack of leadership, resulting in low morale. Bolstering workplace culture will increase retention and employee satisfaction.

Personnel Adjustments**\$61,561**

The Budget includes a net general revenue increase of \$61,561 for personnel expenses. This change is primarily due to expected turnover in Management Services. Management Services, a subprogram within central management, was not utilized, leading to the Department to merge personnel with financial management. The merge resulted in a decrease of \$153,906, however a \$232,092 general revenue increase within the Director's budget offsets the negative balance associated with the dissolved program, resulting in a net positive balance.

Community Service Block Grant (federal funds)**(\$389,111)**

The Budget includes a net decrease of \$389,111 in federal funds to reflect a decrease in administrative costs and discretionary grants. The FY2023 Budget as Enacted included a \$390,000 increase in grants – these funds were never spent. Funds were decreased to align with Agency spending.

CHILD SUPPORT ENFORCEMENT

The Office of Child Support Enforcement assists families by ensuring payment of court-ordered child support payments. The Office provides the following services: location of non-custodial parents, establishment of paternity, establishment and modification of child support orders, and enforcement, through the use of license suspensions, tax refund intercepts, and liens. Collections recovered from families that receive state support through Rhode Island Works or Medicaid are retained by the State, while other collections are distributed directly to families.

Child Support Enforcement	General Revenue
FY2023 Enacted	\$3,678,142
<i>Target and Other Adjustments</i>	<i>26,317</i>
Personnel Adjustments	362,341
Debt	50,000
FY2024 Governor	\$4,116,800

Child Support Enforcement	Other Fund Changes
Personnel Adjustment (federal funds)	\$322,876

Personnel Adjustments**\$362,341**

The Budget includes a net increase of \$362,341 in general revenue related to personnel costs, including retirement and health benefits. This increase is mainly related to an additional \$200,000 in stipend payments, \$27,828 in overtime savings, and \$38,656 in regular wages increases. The Budget also includes an increase of \$22,065 for retirement costs. There are corresponding personnel increase of \$322,876 in federal funds.

Debt**\$50,000**

The Budget includes \$50,000 in general revenue, primarily due to a balance in a non-sufficient funds (NSF) accounted for within one of the Divisions accounts, which were discovered during an internal audit done several years ago within the Office where they found \$50,000 in NSF checks accounted for within the State's Accounting system. After a period of time non-sufficient funds are determined uncollectable and should be written off or the accounts receivable balance would be overstated.

OFFICE OF HEALTHY AGING

The Office of Healthy Aging, previously the Division of Elderly Affairs, provides comprehensive services, advocacy, and public policy dedicated to the needs of older Rhode Islanders, adults with disabilities, their caregivers, and families. The Office implements a system of community-based care for individuals sixty years and older as well as adults with disabilities. The Office is responsible for developing and implementing a State Plan on Aging under the federal Older Americans Act. The Office oversees the Aging and Disability Resource Center (called "The Point") and a network of community information specialists who provide referrals to services and other resources to elders and adults with disabilities.

Office of Healthy Aging	General Revenue
FY2023 Enacted	\$12,996,855
<i>Target and Other Adjustments</i>	<i>(52,524)</i>
Community Service Objective Grants	300,000
Personnel	146,469
FY2024 Governor	\$13,390,800

Office of Healthy Aging	Other Fund Changes
ARD DIRECT: Adult Protective Services	600,000
ARP DIRECT: Family Caregivers	360,688

Community Service Objective Grants**\$300,000**

The Budget includes an increase of \$300,000 for community service objective grants. OHA uses these funds to meet the required maintenance of effort (MOE) for their Title III grants. Title III grants stimulate the development or enhancement of comprehensive and coordinated community-based systems that provide services to older adults through State agencies that focus on aging. Of these funds, \$100,000 will be appropriated to Meals on Wheels and \$200,000 will be appropriated to the Office's Senior Center Supports grant program.

Personnel**\$146,469**

The Budget includes a net increase of \$146,469 in general revenue related to personnel costs, including retirement and health benefits. This increase is mainly related to a \$56,486 reduction in turnover, and \$36,543 in regular wages increases. The Budget also includes an increase of \$31,963 for retirement costs.

ARP DIRECT: Adult Protective Services (federal funds)**\$600,000**

The Budget includes \$600,000 in federal funds for elderly abuse prevention. This grant was awarded in 2021 with one-time funding through the ARPA funds. Since 2021, there have been significant increases in calls to Adult Protective Services. These funds will be used to fund multiple projects including the WellSky Reporting Tool, which enables coordination and communication between medical providers and social service providers. These funds will also be used to staff training and Adult Protective Service Conferences to better equip OHA staff at managing incoming calls.

ARP DIRECT: Family Caregivers (federal funds)**\$360,688**

The Budget includes \$360,688 in federal funds to support family caregivers. This grant was awarded in 2021 with one-time funding through the American Rescue Plan Act (ARPA) funds. The additional funding allowed the Office to enhance existing programs, and create new innovative programs. These funds are currently being used to conduct outreach to target kinship care grandparents and older caregivers to connect them with supports and resources available to them.

HEALTH CARE ELIGIBILITY

Health Care Eligibility is responsible for determining Medicaid eligibility. This includes the determination of eligibility for medical benefits for certain low-income individuals and/or families with dependent children, and individuals who meet eligibility criteria within the following populations: RI Works participants; SSI participants; Children with Special Health Care Needs; children in foster care or subsisted adoption within the Department of Children, Youth, and Families; low income families; and aged, blind, or disabled individuals.

Health Care Eligibility	General Revenue
FY2023 Enacted	\$9,969,089
<i>Target and Other Adjustments</i>	<i>60,314</i>
Centralized Services	482,417
Rent	(378,365)
Personnel	(334,787)
FY2024 Governor	\$9,798,668

Centralized Services**\$482,417**

The Budget increases general revenue expenditures by \$482,417 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$1.0 million for the centralized services, and this increases to 1.5 million in the FY2024 Budget.

Outside Lease Costs**(\$378,365)**

The Budget includes a decrease of \$378,365 in general revenue for outside rental and lease costs. The Department moved out of their Elmwood Avenue site in December 2021. Monthly rent cost was \$217,000 and the Department had to continue paying rent for the remaining five months of the lease. The Office was consolidated into four other State-owned buildings resulting in savings in FY2024.

Personnel**(\$334,787)**

The Budget includes a net decrease of \$334,787 in general revenue related to personnel costs, including a decrease of \$241,727 within the Medical Services Administration and a decrease of \$93,060 in UHIP expenditures. This decrease is mainly related to a \$248,845 in turnover savings, a \$100,000 increase in overtime expenditures, a \$507,082 decrease in regular wages, and \$75,387 in savings related to decreased stipend payments.

INDIVIDUAL AND FAMILY SUPPORT

The Division of Individual and Family Support (IFS), also referred to as the Division of Economic Support, operates the Department's economic benefits and work support programs, including the federal Supplemental Nutrition Assistance Program (SNAP), the Emergency Food Assistance Program, child care

subsidies, the Rhode Island Works cash assistance program, Supplemental Security Income (SSI), and General Public Assistance (GPA).

The Division also provides services to individuals with disabilities, operating the Office of Rehabilitation Services (ORS), which includes the State's vocational rehabilitation program, services for the blind and visually impaired, and disability determination.

Individual and Family support	General Revenue
FY2023 Enacted	\$46,264,236
<i>Target and Other Adjustments</i>	<i>204,577</i>
Personnel Adjustments	1,619,732
Operating expenses	(426,775)
Contract and Professional Services	(216,011)
FY2024 Governor	\$47,445,759

Individual and Family Support	Other Fund Changes
ARP SFRF: Child Care Investment: Retention Bonuses (federal funds)	(\$16,983,000)
ARP DIRECT: LIHEAP (federal funds)	(7,592,819)
Preschool Development Grant(federal funds)	(3,840,934)
Child Care Development Fund(federal funds)	(1,355,684)
ARP SFRF: Child Care Investment: Enhanced TEACH Program(federal funds)	(1,333,000)
Afghan Refugee Grant (federal funds)	1,000,000
ARP SFRF: Child Care Investment: Workforce Registry and Quality Improvement (federal funds)	(950,000)

Personnel Adjustments **\$ 1.6 million**

The Budget includes a net increase of \$1.6 million in general revenue related to personnel costs. This increase is mainly related to an additional \$1.2 million decrease in turnover savings, a \$383,145 increase in overtime expenditures, and a \$284,629 increase in retirement expenses. The Budget also includes a decrease of \$502,880 in regular wages.

Operating Expenses **(\$426,775)**

The Budget decreases general revenue by \$426,775 to reflect changes in operating expenses. These changes are primarily due to reallocation of funds as a result of the Departments random moment in time study (RMTS). This expenditure change also reflects a shifting of funds to align the Office of Rehabilitation with FY2022 actuals.

Contract Services **(\$216,011)**

The Budget includes a net decrease of \$216,011 in general revenue to reflect changes in the UHIP Budget. This decrease aligns the agency with contract spending actuals.

ARPA SFRF: Child Care Investment: Retention Bonuses (federal funds) **(\$17.0 million)**

The Budget includes a decrease of \$17.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF). These funds provided bonuses to staff at state licensed child care providers.

This initiative intended to address labor shortages in the child care industry. Full-time and part-time staff at state-licensed providers would be eligible for the awards. In FY2022, \$1,500 semi-annual bonuses were provided. In FY2023, bonuses changed to quarterly awards in the amount of \$750. Individual bonuses are not to exceed \$3,000 annually.

The General Assembly appropriated a total of \$37.4 million for retention bonuses, \$18.7 million each for FY2022 and FY2023. As of March 8, 2023, the Department reported spending a total of \$17.2 million in ARPA SFRF funds for retention bonuses, of these funds \$16.6 million have been disbursed directly to

educators. The Department has planned to provide retention bonuses through FY2025. The table below shows planned expenditures inclusive of technical assistance and administrative services.

Project Expenditures	FY2022 Total	FY2023 Total	FY2024 Total	FY2025 Total	Total
Retention Bonuses	\$12,041,603	\$7,711,071	\$12,336,700	\$2,314,936	\$34,404,310
Technical Assistance	90,420	506,381	554,614	138,654	1,290,069
Administration	221,682	695,027	631,127	157,781	1,705,617

Providers, both center- and family-based, are suffering from high turnover and trouble retaining experienced staff. Providers are not able to open at full capacity due to staffing shortages, resulting in fewer child care spaces for parents who require child care to continue their employment.

Early childhood education is a unique field in that it is a high-skill, low-wage industry. As wages in other jobs increase workers, chose to move to another higher paying field. Child care providers struggle with the ability to pay their workers more as it would often require them to increase their tuition rates.

Analyst Note: Funds are disbursed through a third-party group. The Department currently has funds that have not yet been disbursed to teachers, but has been disbursed to Public Consulting Group, which serves as the Department's third-party group.

ARP DIRECT: LIHEAP

(\$7.5 million)

The Budget includes a decrease of \$7.5 million in federal American Rescue Plan Act (ARPA) funds to reflect a onetime appropriation for low-income energy, heating, and weatherization assistance. Rhode Island's Low-Income Home Energy Assistance Program (LIHEAP) helps low-income residents by providing assistance that offset the costs of home energy.

Preschool Development Grant

(\$3.8 million)

The Budget includes a net decrease of \$3.8 million in federal funds to reflect the insolvency of the Preschool Development Grant (PDG). In 2019, the Department announced that they had been awarded a one-time \$4.2 million grant that targets youth from birth through age five. Since 2019, the State has been awarded two more PDG Grants in 2021 and 2023. The PDG cannot be used to support pre-k seats, however the Department used these funds to conduct multiple needs assessment reports and redesign the RI Children's Cabinet website.

Analyst Note: On January 6, 2023, Governor McKee announced the State has been awarded a \$4.2 million PDG Grant from the federal Administration for Children and Families to support planning and capacity building across the early childhood sector. These funds have been excluded from the FY2024 Budget as they were awarded after submission. The Governor's Budget Amendment on March 17, 2023 includes these funds in the FY2024 Recommended Budget.

Child Care and Development Fund

(\$1.4 million)

The Budget includes a decrease of \$1.4 million in federal funds, primarily due to a \$1.2 million net decrease in salary and benefits. This account only funds administrative expenses for the Child Care and Development Block Grants and helps the State meet its MOE for TANF funding. The FY2023 Enacted overbudgeted the personnel by about \$600,000. Of these funds, this decrease is mostly due to \$733,799 in turnover savings, and \$220,275 decrease in retirement expenditures.

ARP SFRF: Child Care Investment: Enhanced TEACH Program

(\$1.3 million)

The Budget includes a total of \$667,000 in federal funds, a decrease of \$1.3 million to reflect the exclusion of one-time federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) appropriated to the expansion of TEACH funding.

TEACH is a nationally recognized workforce development model for early childhood educators. The Department currently provides \$647,000 in TEACH scholarships supporting approximately 100 educators. The Governor proposes to expand TEACH funding to support additional participants at various credential

levels from the Child Development Associate (CDA) to a bachelor's degree. Funding will support TEACH scholarships which pay for the participant's tuition, books, and incentives for credential completion.

TEACH allows participants to complete credit bearing coursework working towards degree credentials while remaining employed at an early learning provider. TEACH guarantees participants an increase in compensation through either a bonus or additional income from their employer sponsor.

Afghan Refugee Support Services (federal funds)

\$1.0 million

The Budget includes \$1.0 million in federal funds for grants related to Afghan refugee support services. The Department was awarded \$2.3 million in federal funds to support resettlement activities such as case management, employment services, cash and legal assistance, and youth mentoring. These funds are distributed to two resettlement organizations – Dorcas International Institute and Catholic Social Services – as well as RIDOH, Providence Public Schools, and the Refugee Dream Center.

ARPA SFRF: Child Care Investment: Quality Improvement (federal funds)

(\$950,000)

The Budget includes \$525,000 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), a decrease of \$950,000 from FY2023 Enacted. This one-time funding was used to invest in early learning programs in order to increase their Brightstars rating.

Child care facilities who participate in the State's Child Care Assistance Program (CCAP) are awarded a Brightstars level of one to five stars based on the quality rating the provider has achieved within the State's Quality Rating system.

Of the providers who participate only 16.0 percent are considered high quality, with a rating of four or five stars. Providers have identified funding as a barrier to improve ratings. Additional funding will be used to support curriculum, materials, facilities, and staff training/professional development. This will allow providers to achieve higher Brightstars ratings, retain higher CCAP reimbursements, and serve children at a higher quality level.

RHODE ISLAND WORKS/CHILD CARE

Rhode Island Works provides cash assistance and employment support services, including child care assistance, to enable working parents with children to support their families. Applicants may have up to \$5,000 in resources (excluding a home) and one vehicle per adult. Rhode Island Works (RIGL 40-5.2-5) replaced the Family Independence Program in 2008. This program is funded through the federal Temporary Assistance to Needy Families (TANF) program.

The FY2023 Budget as Enacted amended the payment standard for families receiving cash assistance through the RI Works program. The increase in payments brought the monthly benefit to about 185.0 percent of the federal poverty guideline.

Prior to FY2022, beneficiaries were not allowed to receive cash assistance for more than 24 months (consecutive or not) within 60 continuous months. Article 13 of the FY2020 Budget as Enacted eliminated this constraint. Article 13 of the FY2023 Budget as Enacted extended the lifetime limit to 60 months to align with a majority of the country. The lifetime limit includes Temporary Assistance for Needy Families (TANF) cash assistance paid to the beneficiary in other states. Cash assistance provided to a child will not be counted toward their lifetime limit should they need to apply for benefits as adults.

The FY2022 Budget as Enacted amended the RI Works program to include children who are over 18 and still in high school, and amended the Income section of the RI Works program, such that the first six months of earned income received by a RI Works member, in compliance with their employment plan, shall be excluded from the family's income as it pertains to receiving cash assistance.

The FY2023 Budget as Enacted expanded child care supports to include families, at or below 200.0 percent of the Federal Poverty Level, with parents enrolled at a Rhode Island institution of higher education or in a qualified training program.

The FY2023 Budget as Enacted also expanded the work requirements and now allows RI Works recipients to participate in continuing education programs or vocational training at a Rhode Island institution for up to 24 months while still receiving cash assistance, provided that they successfully completed the first 12 months.

RI Works/ Child Care	General Revenue
FY2023 Enacted	\$8,681,937
<i>Target and Other Adjustments</i>	-
Caseload Estimating Conference - Child Care Assistance Program (CCAP)	1,529,037
FY2024 Governor	\$10,210,974

RI Works/ Child Care	Other Fund Changes
ARP DIRECT: Child Care and Development Block Grant (CCAP)	(\$11,294,491)
Child Care TANF Funds	9,609,088
Caseload Estimating Conference - RI Works (federal funds)	5,347,542
Child Care Rates (federal funds)	2,779,509
Caseload Estimating Conference - Child Care Assistance Program (federal funds)	2,107,488

Caseload Estimating Conference- Child Care Assistance Program **\$1.5 million**

The Budget includes \$10.2 million in general revenue for child care assistance in FY2024 as determined in the November 2022 Caseload Estimating Conference (CEC), an increase of \$1.5 million from FY2023 Enacted levels. The November 2022 CEC assumed an additional 423 child care subsidies, the cost per subsidy increased by \$193.60 compared to the FY2023 Budget as Enacted, to \$10,935. There is a corresponding federal funds increase of \$2.1 million.

The FY2023 Budget as Enacted included 7,302 subsidies and a cost per subsidy of \$10,741.40. The November 2022 Caseload Estimating Conference increased the number of subsidies in FY2024 to 7,725 while increasing the cost per subsidy to \$10,935. The November Conference assumed that enrollment would begin to increase in FY2024 as a result from increased provider rates, an influx of new child care providers, and amendments to RI Works program. The FY2024 Governor's Budget maintains the number of subsidies at 7,725, however it slightly increases the cost per subsidy to \$10,935 to account for recently negotiated child care rates increases for family child care providers.

ARP DIRECT: Child Care and Development Block Grant – CCAP (federal funds) **(11.3 million)**

The Budget includes a decrease of \$11.3 million in federal funds to account for a decrease in American Rescue Plan Act (ARPA) Funding. These funds were originally used for child care subsidies, otherwise known as CCAP funding per child.

Child Care TANF Funds **\$9.6 million**

The Budget includes \$9.6 million in federal funds to offset changes in the ARPA Child Care Development Block Grant and to align with changes made during the Caseload Estimating Conference. As the ARPQA funding sources are beginning to end, the Department will need to utilize other funding sources to align with CEC.

Caseload Estimating Conference - RI Works Changes (federal funds) **\$5.3 million**

The Budget includes an increase of \$5.3 million in federal funds within the RI Works program as a result of the November 2022 Caseload Estimating Conference (CEC). The November 2022 CEC adopted a RI Works caseload estimate of 9,600 at a monthly cost of \$240 per person. The FY2024 Governor's Budget makes no changes to the CEC estimates. The total federal fund cost of the RI Works program in FY2024 is \$30.0 million, an increase of \$5.2 million from the FY2023 Enacted level. The RI Works program is primarily funded through the federal Temporary Assistance to Needy Families (TANF) grant.

Child Care Rates (federal funds)**\$2.8 million**

The Budget includes \$2.8 million in federal funds to support family child care provider (FCCP) rate increases. Minimum base reimbursement rates for family child care providers caring for infants/toddlers and preschool-aged children are determined through a collective bargaining agreement. Like licensed child care centers, the maximum reimbursement rates for infant/toddler and preschool care paid to licensed family child care providers will be implemented in a tiered rate based on the quality rating the provider has achieved within the State's Quality Rating system.

In 2023, the Department participated in a collective bargaining agreement with SEIU 1199 New England to renegotiate FCCP reimbursement rates. Reimbursement rates have not been formally increased since before the COVID-19 pandemic. The newly-negotiated contract provides a retirement plan, changes to Brightstar evaluations through a DHS-Union joint committee, funding for training and professional development, and retroactive payments dating back to January 1, 2022.

The following table illustrate the changes in reimbursement rates for infants/toddlers, preschool-aged, and school age children since FY2019. During the Pandemic, enhanced rates were authorized by Executive Order from May 2020 – December 2021. FY2022 reimbursement rates began in January 2022. The new rates described in this article are in effect.

Licensed Child Care Centers	FY2019	FY2021/2022	FY2022	FY2024 Negotiated
Infant/ Toddler Rates	Infant/ Toddler Rates	Pandemic Enhanced Rates	Infant / Toddler Rates	Infant/Toddler Rates
Tier 1	\$180.34	\$184.87	\$180.34	\$250.00
Tier 2	\$182.12	\$190.36	\$182.12	\$254.00
Tier 3	\$183.92	\$201.35	\$183.92	\$257.00
Tier 4	\$185.70	\$206.84	\$185.70	\$260.00
Tier 5	N/A	\$223.31	N/A	\$263.00

Licensed Child Care Centers	FY2019	FY2021/2022	FY2022	FY2024 Negotiated
Preschool Rates	Preschool Rates	Pandemic Enhanced Rates	Preschool Rates	Preschool Rates
Tier 1	\$163.95	\$161.41	\$163.95	\$210.00
Tier 2	\$165.57	\$161.41	\$165.57	\$220.00
Tier 3	\$167.20	\$161.41	\$167.20	\$228.00
Tier 4	\$168.82	\$161.41	\$168.82	\$239.00
Tier 5	N/A	\$161.41	N/A	\$250.00

Licensed Child Care Centers	FY2019	FY2021/2022	FY2022	FY2024 Negotiated
School Age Rates	School Age Rates	Pandemic Enhanced Rates	School Age Rates	School Age Rates
Tier 1	\$155.20	\$118.15	\$155.20	\$185.00
Tier 2	\$156.74	\$118.15	\$156.74	\$190.00
Tier 3	\$158.82	\$118.15	\$158.82	\$205.00
Tier 4	\$159.81	\$118.15	\$159.81	\$225.00
Tier 5	N/A	\$118.15	N/A	\$235.00

*State reverted back to prepandemic reimbursement rates after enhanced rates expired

Analyst Note: On May 27, 2020, Governor Raimondo issued Executive Order 20-39 which allowed child care centers that reopened during the pandemic to be reimbursed at a higher rate. Child care providers below the 5th tier, as determined by the State's Quality Rating system, are now reimbursed at the 5th tier level. Providers that were at the 5th tier, are now reimbursed at the 90th percentile. This executive order was extended until December. Beginning in January 2022, child care centers are reimbursed based on rates set in RIGL 40-6.2-1.12021 and FCCP reimbursements reverted back to 2019 rates.

STATE FUNDED PROGRAMS

State Funded Programs incorporates two different programs, General Public Assistance (GPA) and the Supplemental Nutrition Assistance Program (SNAP); however, only one of these programs is state-funded.

GPA is a state-funded program (RIGL 40-6-3) that provides basic cash assistance to adults between the ages of 19 and 64, with very limited income and resources, who have an illness, injury, or medical condition that is expected to last 30 days or more and prevents them from working. GPA also includes the hardship contingency fund, intended as the benefit of last resort for Rhode Islanders who do not qualify for Rhode Island Works or SSI. This benefit and funding level are directed by statute and does not typically fluctuate from year to year.

SNAP, or “food stamps”, is a federal nutrition program that provides food assistance to low-income households. SNAP benefits (\$250.0 million in FY2021) are fully federally funded. SNAP’s benefit disbursements are budgeted within this program; however, administrative responsibility of SNAP, as well as corresponding budgetary resources, are maintained by the Individual and Family Support program.

State Funded Programs	General Revenue
FY2023 Enacted	\$12,847,120
<i>Target and Other Adjustments</i>	-
SNAP Retail Incentives Pilot	(11,500,000)
Caseload Estimating Conference - General Public Assistance (GPA)	431,580
FY2024 Governor	\$1,778,700

State Funded Programs	Other Fund Changes
SNAP Benefits (federal funds)	(\$107,347,921)
Families First: Enhanced EBT for SNAP (federal funds)	25,449,847

SNAP Retail Incentives Pilot ***(\$11.5 million)***

The FY2023 Budget as Enacted appropriated \$11.5 million towards that Department’s SNAP Retail Incentive Pilot program, which provided additional bonus dollars in the form of a discount or rebate on fruits and vegetables purchased by a SNAP recipient to encourage purchasing and consuming healthy fruits and vegetables. SNAP Recipients received fifty cents (\$.50) for every one dollar (\$1.00) spent on fruits and vegetables. This program took effect on January 1, 2023, and will continue until all funds are expended.

SNAP is a vital to safeguarding food security throughout Rhode Island with approximately 1 in 7 Rhode Island households receiving SNAP Benefits in 2019. According to the Department, the average family of four receives \$425 a month. According to the Department, while these funds help ease food insecurity throughout the State, they are not enough to secure a nutritious and well-balanced diet. This program aims to lessen the burden of Rhode Island’s low-income households by providing an enhanced 50.0 percent reimbursement for every dollar spent on fruits and vegetables.

Caseload Estimating Conference—General Public Assistance (GPA) ***\$431,580***

Estimators at the November 2022 Caseload Estimating Conference (CEC) projected that, in FY2024, 475 people would receive general public assistance (GPA) at a monthly cost of \$191.00 per person. Expenditures for monthly cash payments, indigent burials, and the GPA hardship contingency fund are projected to be \$1.7 million in FY2024, a \$431,580 general revenue increase from FY2023 enacted levels.

SNAP Benefits (federal funds) ***(\$107.3 million)***

The FY2024 Budget includes \$327.9 million in federal funds for SNAP benefits, a decrease of \$107.3 million from the FY2023 Budget as Enacted.

The majority of these funds relate to the emergency allotments for SNAP benefits related to the COVID-19 pandemic. In March 2020, SNAP recipients were eligible to receive an additional monthly payment. The additional monthly payment boosts the household’s benefit amount to the maximum amount for their household size, or \$95.00, whichever is greater. The Emergency SNAP allotment ended on March 1 2023.

Analyst Note: The COVID-19 emergency allotment benefits are tied to the State's COVID-19 Emergency Declaration. The Governor's Budget includes the additional benefit for all 12 months in FY2023; however, it is anticipated that the Emergency Declaration will be ending in May 2022. The emergency benefit costs approximately \$12.0 million each month. If the benefit is no longer available in FY2023 SNAP benefits may decrease by as much as \$144.0 million.

Families First: Enhanced EBT for SNAP (federal funds)

\$25.4 million

The Budget includes \$25.4 million in federal funds to support enhanced SNAP benefits for SNAP recipients. In March of 2020, the Families First Coronavirus Response Act gave the United States Department of Agriculture (USDA) the authority to temporarily modify procedures to increase access to SNAP benefits to families who struggle during the pandemic. According to Federal Rule, these funds can be used to provide benefits to households with school aged children who receive free and reduced-price meals at school through the National School Lunch Program. While the end of the public health emergency ends pandemic electronic benefits transfers (P-EBT), school aged children and children under aged six who are eligible for free and reduced lunch will continue to receive benefits through the Summer months.

Analyst Note: Originally, P-EBT expenses were recorded within the regular SNAP account, however considering the differentials in beneficiaries, the Department decided to create a new account for this funding source. The Department was unable to meet the deadline to add the account to FY2023 Enacted and is working with OMB to implement an amendment that will include funding through FY2023.

SUPPLEMENTAL SECURITY INCOME

The Supplemental Security Income (SSI) program is a federal income support program that provides basic cash assistance to individuals aged 65 or older, and to adults and children with serious disabilities. Individuals eligible for SSI are also eligible for Medical Assistance (Medicaid) and SNAP (food stamps). Like all but four states (Arizona, North Dakota, Mississippi, West Virginia), Rhode Island pays beneficiaries a state supplement to the SSI benefit (RIGL 40-6-27).

The federal government, through the Social Security Administration, pays a basic benefit to SSI recipients. The actual monthly benefit depends on the recipient's income; generally, the more income an individual earns, the lower the monthly benefit. Like most states, Rhode Island provides a supplemental state-funded payment to each recipient of the federal payment. The State also makes a state-only payment to some individuals who exceed the federal income eligibility requirements.

The total payment (state and federal) is set at a specific level and is recalculated each year as the federal benefit is adjusted so that the benefit keeps pace with inflation. As of January 1, 2020, the federal SSI payment was increased 1.6 percent based on the cost of living adjustment (COLA) calculated by the Bureau of Labor and Statistics. The state portion of the SSI payment remained the same at \$39.92 for individuals and \$79.38 for couples. Currently, the maximum federal monthly payment is \$914.00 for an individual and \$1,371.00 for a couple.

For SSI recipients in an assisted living residence, a majority of the payment goes to the facility and the resident retains up to \$20.00 of the payment as a personal needs allowance.

In order to be eligible for SSI, an individual must be age 65 or older, blind, or disabled. For the purposes of determining eligibility for SSI, "disabled" means that an individual over the age of 18 has a medically determinable physical or mental impairment that results in an inability to perform any "substantial gainful activity" and that is either expected to result in death or to last for a year or more. For a child, it is a condition that results in "marked and severe functional limitations" and is expected to either result in death or to last for a year or more.

SSI-eligible individuals must also have "limited resources," defined as less than \$2,000 in resources for an individual or child, and less than \$3,000 in resources for a couple. Certain assets and resources are not included in the resource calculation, including the individual's home, household goods and personal effects, burial plots, and a single vehicle.

Supplemental Security Income Program (SSI)	General Revenue
FY2023 Enacted	\$17,886,000
<i>Target and Other Adjustments</i>	-
Caseload Estimating Conference - SSI	(777,900)
FY2024 Governor	\$17,108,100

Caseload Estimating Conference—SSI **(\$777,900)**

The November 2022 Caseload Estimating Conference (CEC) adopted an SSI estimate of 32,000 persons at a monthly cost of \$44.40, and \$58,500 for transaction fees. This was a decrease of 1,000 persons and a decrease of \$0.60 per person relative to the FY2023 Budget as Enacted. The total general revenue cost of the SSI program in FY2024 is \$17.1 million, a decrease of \$777,900 from the FY2023 Enacted level.

VETERANS SERVICES

The Office of Veterans' Services, previously the Division of Veterans' Affairs, serves Rhode Island's veteran population of approximately 70,000. The program operates the Rhode Island Veterans Home, a state-run nursing facility in Bristol, Rhode Island, and the Veterans Cemetery in Exeter, Rhode Island.

Office of Veterans Affairs	General Revenue
FY2023 Enacted	\$32,402,204

<i>Target and Other Adjustments</i>	39,492
Centralized Services	1,328,645
Miscellaneous Expenses	(652,190)
Burial Equity for Guards and Reserves Act	344,340
DD-214 Digitalization Project	250,000
RIVMC Seasonal to FTE Conversion	205,660
FY2024 Governor	\$33,918,151

Office of Veterans Services	Other Fund Changes
ARP DIRECT: Veterans Administration(federal funds)	(\$1,443,247)
Veterans' Home Collection Fund (restricted receipts)	915,833
Veteran's Home Wages	897,991
Relief Fund: COVID-Related Expenses - Veterans Services(federal funds)	(870,740)

Centralized Services **\$1.3 million**

The Budget increases general revenue expenditures by \$1.3 million to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$3.1 million for the centralized services, and increased to \$4.5 million in the FY2024 Budget.

Miscellaneous Expenses **(\$652,190)**

The Budget includes a decrease of \$652,190 in general revenue to offset the costs of the General Revenue Budget. These funds will be supplemented through the Veteran's Home Collection Funds, a restricted receipt account supported by donations and maintenance fees.

Burial Equity for Guards and Reserves Act**\$344,340**

Article 3 of the Budget amends Rhode Island General Law to align with the Burial Equity for Guards and Reserve Act. This amendment will increase general revenue by \$344,340 to support the amendment. This Act, which was signed by the President on March 15, 2022, allows individuals who served in the National Guard to be buried in Veterans Cemeteries, so long as they had not been dishonorably discharged. There is no federal funding or reimbursement from the federal Veteran's Administration.

Article 3 Changes: Article 3 specifically changes the requirements that allows National Guard and Reserves members to be buried in the veterans Cemetery. Historically, to be considered eligible for burial, members of the national guard would have had to serve 20 and honorably discharged, or served active-duty. The change allows members who were killed in the line of duty or honorably discharged after 6.0 years of service to be eligible for burial.

RIVMC Seasonal to FTE Conversion**\$205,660**

The Budget includes \$205,660 in general revenue to support transitioning 6.0 seasonal gardener positions to 4.0 FTE gardener positions. Rhode Island Veterans Memorial Cemetery is having difficulty filling the seasonal positions because applicants lose interest when they learn that the job provides no benefits and is not a permanent position. The lack of staffing has posed difficulties on the Cemetery as they are unable to complete their sunken grave project as well as other maintenance duties. The Cemetery reports that if the lack of staffing will risk deficiencies on the VA National Cemetery inspection and jeopardize federal funding.

- 4.0 FTE Gardener – (\$67,032 Each)
- 2.0 Seasonal Gardeners – (\$27,173 Each)

DD-214 Digitalization Project**\$250,000**

The Budget includes \$250,000 in general revenue to digitize DD-214's – discharge documents that are required for to verify eligibility to benefits. The department plans to scan and store all DD-214's in an online database that is only accessible to RIVETS personnel. The project requires a onetime expenditure of \$250,000 and additional maintenance expenditures of \$10,000 the following fiscal years.

ARP Direct: Veterans Administration (federal funds)**(\$1.4 million)**

The Budget includes a decrease of \$1.4 million in one-time federal American Rescue Plan Act Funds. These funds, which expire at the end of calendar year 2024, were used to support overtime expenses within the division of Veterans Administration.

Veterans' Home Collection Fund (restricted receipts)**\$915,883**

The Budget includes \$915,883 in restricted receipts from the Vets Home Collection Funds. This Fund is supported through donations made to the Home, as well as, 20.0 percent of the maintenance fees collected to support the activities and care of the veterans residing at the home. These funds will be use to supplement the general revenue budget and support overtime and miscellaneous expenses. According to the Department, this decision was done to balance the general revenue budget.

Veterans Home Wages (federal funds)**\$897,991**

The Budget includes an additional \$897,991 in federal funds to support contracted positions within the Vets Home. Operations within the VETS home have been of interest among the General Assembly as the home has not operated at full capacity since before the COVID-19 pandemic. Currently, the home is operating with a resident census of 144 due to a significant staffing shortage. The additional funding will fund a resident census up to 192 individuals.

Relief Fund: COVID Related Expenses – Veterans Services (federal funds)**(\$870,740)**

The Budget decreases federal funding by \$870,740, to reflect the culmination of one-time ARP Direct funds. These funds were used to support COVID emergency staffing, purchase PPE, and support emergency related expenses such as overtime.

Veterans' Home Maintenance Fees**Informational**

On June 19, 2020, the U.S. Department of Veterans' Affairs (VA) sent a letter to the RI Department of Human Services' Office of Veterans' Services (Office) alleging that beginning July 1, 2019, veterans at the RI Veterans' Home who have a service connected disability rating of 70.0 percent or more are being billed for Occupational Therapy (OT) and Physical Therapy (PT). The letter also alleged that Veterans were paying out-of-pocket expenses for services which should be covered under their care at the Veterans' Home.

The VA found the allegation regarding OT and PT to be unsubstantiated. However, the claim that Veterans are paying for out-of-pocket expenses was found to be substantiated. As of June 30, 2020, the Office has stopped collecting all maintenance fees as requested by the VA.

Pursuant to RIGL 30-24-10, the Office of Veterans' Services collects a maintenance fee from Veterans' Home residents that is equal to 80.0 percent of the resident's "net income" as defined under the law. Pursuant to federal law, the State may not collect additional fees from veterans for whom the VA pays the State home a prevailing wage to provide care. The VA pays a prevailing wage for residents with a service connected disability rating of 70.0 percent and over. From February 3, 2013, through June 30, 2020, the Veterans' Home was collecting maintenance fees from veterans with a service connect disability rating over 70.0 percent. In November 2020, the Office of Veterans Services (Office) received approval of their Corrective Action Plan from the Veterans Health Administration. The Plan outlines how they will refund maintenance fees that were collected from impacted veterans for whom the VA was paying a prevailing wage rate. According to the Corrective Action Plan, veterans who are eligible for a refund fall into three categories: current residents of the Veterans' Home; eligible veterans who once resided at the Veterans' Home but have since moved out; and deceased eligible veterans.

Since 2013, 53 veterans who are owed refunds totaling \$5.0 million have been impacted by this change.

As of February 2023, the Office has refunded 50 checks totaling \$4.6 million to current residents of the Veterans' Home or their eligible next of kin. Refunds totaling \$355,836.16 for an additional 3 veterans are pending. All next of kin, Power of Attorney, or Executor/Executrix have been identified.

RI Vets Home	Amount	Veterans
Refunded:	\$4,621,564.84	50
Pending:	\$355,836.16	3
Total	\$4,977,401	53

**Source RI Veterans' Services*

Analyst Note: On March 15, 2021, the Office of Veterans' Services received an updated Correction Action Plan which now requires the Office to reimburse veterans from whom maintenance fees were collected from 2010 – 2013. The previous Corrective Action Plan only required the Office to reimburse veterans from 2013 – 2020. The Office estimates they will need to reimburse an additional 17 veterans at a total cost of \$770,140. The Office does not anticipate the need to request additional funding for these reimbursements.

CAPITAL PROJECTS

The Budget includes \$1.1 million in Rhode Island Capital (RICAP) funding for FY2024 and \$765,000 in FY2023. Projects include:

Veterans Cemetery: The Budget includes \$750,000 in RICAP funding in FY2024 for the expansion of the Veterans' Cemetery as well as crypt installations, an increase of \$550,000 from FY2023. This funding will support the design phase of the expansion and installation.

Veterans' Home: The Budget includes \$215,505 in RICAP funding in FY2024 for asset protection projects at the RI Veterans' Home, a decrease of \$184,495 from FY2023 Enacted. This funding is intended to extend the useful life of the facility by addressing problems as they arise.

Blind Vending Facilities: The Budget includes \$165,000 in FY2024 for blind vending facilities. This funding supports the ongoing construction and renovation of vending facilities at buildings owned or rented by the State. There are currently 11 locations throughout the State that support six blind vendors who operate the facilities. This ongoing project provides employment opportunities for persons who are legally blind.

Behavioral Healthcare, Developmental Disabilities, and Hospitals

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$5.1	\$5.5	\$3.8	(\$1.70)	-30.9%	\$3.2	(\$2.3)	-42.3%
Hospital and Community System Support	2.0	3.8	2.5	(1.4)	-35.3%	1.8	(2.1)	-53.9%
Behavioral Healthcare Services	37.5	54.7	60.6	5.9	10.8%	48.9	(5.8)	-10.6%
Services for the Developmentally Disabled	334.6	383.4	377.3	(6.1)	-1.6%	417.4	34.0	8.9%
Hospital & Community Rehabilitation Services	122.8	118.9	111.7	(7.1)	-6.0%	113.4	(5.5)	-4.6%
State of Rhode Island Psychiatric Hospital	0.0	30.7	31.3	0.6	2%	34.9	4.3	14.0%
Total	\$502.0	\$597.1	\$587.2	(\$9.8)	-1.6%	\$619.6	\$22.5	3.8%
Expenditures by Source								
General Revenue	\$257.4	\$303.0	\$281.0	(\$22.0)	-7.3%	\$291.9	(\$11.1)	-3.7%
Federal Funds	241.9	288.5	290.6	2.2	0.8%	315.0	26.5	9.2%
Restricted Receipts	2.3	5.2	14.8	9.6	184.4%	12.3	7.1	137.0%
Other Funds	0.4	0.4	0.8	0.4	103.5%	0.4	-	-
Total	\$502.0	\$597.1	\$587.2	(\$9.8)	-1.6%	\$619.6	\$22.5	3.8%
Authorized FTE Levels	1,190.4	1,200.4	1,200.4	-	-	1,202.4	2.0	0.2%

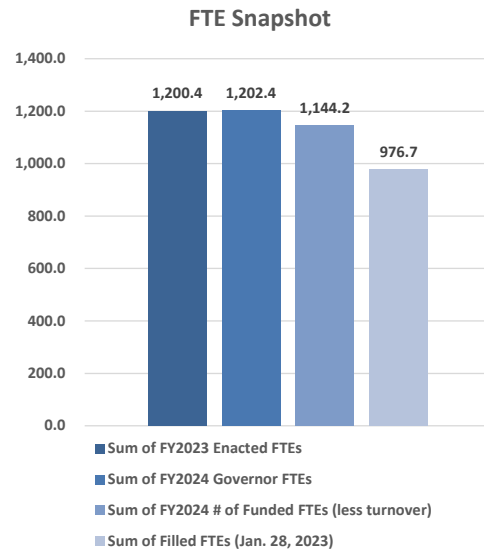
\$ in millions. Totals may vary due to rounding.

The Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) provides a comprehensive system of care for individuals with mental or physical illnesses, developmental disabilities, and substance use disorders. BHDDH administers a coordinated system of mental health promotion and substance abuse prevention through contracted, community-based and direct services at the Eleanor Slater Hospital, the newly established Rhode Island State Psychiatric Hospital, and the Rhode Island Community and Living Supports (RICLAS) facilities.

MAJOR ISSUES AND TRENDS

The Budget includes \$619.6 million from all funds for BHDDH in FY2024, an increase of \$22.5 million or 3.8 percent as compared to the FY2023 Budget as Enacted. This includes a decrease of \$11.1 million, or 3.7 percent, in general revenues, bringing total general revenue funding for FY2024 to \$291.9 million. The Budget includes \$315.0 million in federal funds, an increase of \$26.5 million (9.2 percent), due primarily to a full year of resumed Medicaid billing at Eleanor Slater Hospital as well as adjusted caseload and FMAP projections from the November Caseload Estimating Conference (CEC). The Budget includes \$12.3 million in restricted receipts, an increase of \$7.1 million (137.0 percent), due primarily to a new State Opioid Response grant. The Budget maintains FY2023 other funds expenditures at \$400,000 to fund existing Rhode Island Capital Plan projects.

The Budget authorizes 1,202.4 FTE positions in FY2024, increasing the Department's authorized FTE positions by 2.0 (0.2 percent). The FTE change represents the addition of 2.0 FTE positions related to the Consent Decree and the rate remodel process. As of the pay period ending January 28, 2023, there were 976.7 filled positions in the Department.



Eleanor Slater Hospital

Eleanor Slater Hospital (ESH) provides long-term acute and post-acute hospital levels of care to forensic, psychiatric, and medical patients with complex needs. Currently, the ESH patient population is heavily dependent on court decisions, as the court decides when forensic patients require hospitalization and when a patient may be discharged.

Beginning in August of 2019, BHDDH oversight personnel found there was a possibility that Eleanor Slater Hospital was out of compliance with the Center for Medicare and Medicaid Services (CMS) Institute of Mental Disease (IMD) exclusion regulations. The regulations do not permit the State to bill Medicaid for patients aged 22-64 when the Hospital is in an IMD status, which occurs when the majority of patients have a primary diagnosis of mental illness. Upon discovering that the State may be violating the IMD exclusion the State hired a law firm, in November 2019, to provide expertise to the State on CMS regulation. In addition, ESH is licensed as a long-term care hospital but many patients are not receiving and do not need a hospital level of care. As a licensed hospital, the State cannot bill for hospital-level of care if a patient needs a lower level of care. Due to the IMD exclusion and the fact that the Hospital is licensed as a long-term care hospital, the State could not bill Medicaid for patient care beginning in September of 2019.

The State submitted a State Plan Amendment (SPA) to allow Eleanor Slater to resume billing for certain patients at the Hospital in May of 2020, and the application was approved by CMS on March 25, 2021, with an effective date of April 1, 2020. Patient counts determined that the state was not in an IMD status between April 1, 2020 and May 1, 2021. Subsequently, the State recouped some of the general revenue that supplemented the loss in federal funds in FY2020 and the beginning of FY2021. However, according to the most recent patient counts, the State has been in an IMD status since May of 2021.

The FY2023 Budget as Enacted approved a proposal for a separately licensed psychiatric hospital, funded entirely by general revenue. The separately licensed hospital is anticipated to bring patient counts at ESH back into compliance, allowing the State to once again resume billing Medicaid.

Status Update: The Rhode Island State Psychiatric Hospital (RISPH) was licensed in October of 2022 and began operations on November 1, 2022, two months ahead of the anticipated start date of January 1, 2023.

Zambarano Long-Term Acute Care Hospital: The FY2023 Budget as Enacted included \$108.2 million in Rhode Island Capital Plan funds, formally budgeted within the Department of Administration (DOA), to construct a new 110 bed long-term care facility on the Zambarano campus of Eleanor Slater Hospital. The new footprint ensures that the State is in compliance with federal regulations and transforms the State's long-term acute care hospital into a newly constructed long-term care facility. The new Zambarano building would be licensed as a mixed-use facility for skilled nursing, custodial care, intermediate care, and traumatic brain injury. Project funding began in FY2023 and stretches through FY2028, including \$6.6 million in FY2024.

Consent Decree

The State has been under a Consent Decree with the United States Department of Justice since 2014 for violating the Olmstead Decision of the Americans with Disabilities Act. The United States Department of Justice, focusing specifically on sheltered workshops, concluded that the State's services for individuals with developmental disabilities were not adequately integrated within the community. The State subsequently entered into a Consent Decree, which requires the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. Employment placements must be typical jobs that pay at least minimum wage and support employment for 20 hours or more per week. The Consent Decree requires funding to support a reformed system of care within the Division of Developmental Disabilities (DD) until FY2024.

In order to achieve compliance with the Consent Decree by FY2024, the State and the federal government have agreed to an action plan. The action plan requires the State to increase wages to Direct Support Professionals (DSPs) to \$20 an hour by FY2024. The State is also required to conduct a rate review process in FY2023 and to include the Developmental Disabilities program in the semi-annual Caseload Estimating Conference. The action plan also required the State to establish a transformation fund and a technology fund.

Consent Decree Update: The FY2023 Budget as Enacted included \$35.1 million all funds to increase the average DSP wage from \$15.75 to \$18.00 per hour. The FY2024 Budget includes funding to meet the final wage requirement of the consent decree and increase DSP wages further to \$20 per hour. The required rate review report was delivered to the Department in December of 2022 and is currently under review. The Department was included in the Caseload Estimating Conference starting in November of 2021. The FY2023 Budget as Enacted included funding and language for the transformation and technology funds.

Budget Submission for FY2024

The FY2024 Budget for BHDDH has undergone several revisions both internally by the Department and through the Office of Management and Budget. The initial Departmental request was rescinded shortly after submission and resubmitted one month later. The resubmitted version retained some technical issues which OMB continues to work on correcting. Additional revisions are expected in the form of Governor's Budget Amendments, some of which are noted here in the form of analyst notes, and some of which are anticipated following the publication date of this analysis.

CENTRAL MANAGEMENT

The Office of the Director provides overall management and policy direction for the Department. The program oversees most functions within BHDDH. The program's functions include Management and Administration, Legislative Affairs, Constituent Affairs, Advocacy, Hospital Appeals, Strategic Planning, Community and Provider Involvement, and Public Education. The program also centralizes emergency management, asset management, and capital projects, performance improvement, and funds development for the Department.

Central Management	General Revenue
FY2023 Enacted	\$4,900,015
<i>Target and Other Adjustments</i>	23,284
Salary and Benefit Adjustments	(3,097,547)
Centralized Services	929,528
Vacant Position Freeze	(273,141)
Turnover	(36,829)
FY2024 Governor	\$2,445,310

Salary and Benefit Adjustments ***(\$3.1 million)***

The Budget reduces salary and benefit expenses by \$3.1 million to reflect changes to the cost allocation plan. The Department experiences a large amount of cross-program work and has historically budgeted salary and benefits primarily within the home program and reallocated to other programs at the end of the year. The reallocation is done by a private contractor and identifies how much time a given person spent working in each Department program. In order to more efficiently budget for where the positions are typically reallocated, the FY2024 Budget shifts position expenses across programs to create a more accurate representation of what the likely end-of-year reallocation will be. This results in a \$3.1 million decrease in general revenues within Central Management as compared to the FY2023 Budget as Enacted.

Centralized Services ***\$929,528***

The Budget increases general revenue expenditures by \$929,528 to reflect billed amounts for human resources, capital asset management and maintenance, and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$326,560 for centralized services, increasing to \$1.3 million in the FY2024 Budget.

Vacant Position Freeze**(\$273,141)**

The Budget decreases general revenues by \$273,141 related to the freezing of two vacant positions. The program has two vacant Associate Director positions which may be unnecessary following a potential restructuring of the Director's Office. The savings represents holding these two positions, which are approximately 25.0 percent funded through federal funding, vacant through FY2024 to meet the Department's FY2024 target.

Turnover**(\$36,829)**

The Budget decreases general revenues by \$36,829 related to the restoring of turnover savings within the Department. In September 2022, a public hearing determined salary increase for twelve agency directors, including BHDDH. The Budget restores turnover savings in the amount of the increase in Agency Director salaries in order to absorb the cost of the increase.

HOSPITAL AND COMMUNITY SYSTEM SUPPORT

The Hospital and Community System Support program provides financial management support for the entire Department, including the hospital and community patient care facilities. Operational areas within the program include Budget Development, Program Analysis, Business Services, Accounting, and Financial Control, Federal Grants, Contract Management, Revenue Collection, Billing and Accounts Receivable, Patient Resources and Benefits, Rate Setting, and Financial Reporting.

Hospital and Community System Support	General Revenue
FY2023 Enacted	\$2,791,946
<i>Target and Other Adjustments</i>	<i>(9,648)</i>
Salary and Benefit Adjustments	(1,672,287)
Centralized Services	350,197
Enhanced Turnover Savings	(200,000)
FY2024 Governor	\$1,260,208

Salary and Benefit Adjustments**(\$1.7 million)**

The Budget reduces salary and benefit expenses by \$1.7 million to reflect changes to the cost allocation plan. The Department experiences a large amount of cross-program work and has historically budgeted salary and benefits primarily within the home program and reallocated to other programs at the end of the year. The reallocation is done by a private contractor and identifies how much time a given person spent working in each Department program. In order to more efficiently budget for where the positions are typically reallocated, the FY2024 Budget shifts position expenses across programs to create a more accurate representation of what the likely end-of-year reallocation will be. This results in a \$1.7 million decrease in general revenues within Hospital and Community System Support as compared to the FY2023 Budget as Enacted.

Centralized Services**\$350,197**

The Budget increases general revenue expenditures by \$350,197 to reflect billed amounts for human resources, capital asset management and maintenance, and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$226,151 for centralized services within the Hospital and Community System Support Program, increased to \$576,348 in the FY2024 Budget.

Enhanced Turnover Savings**(\$200,000)**

The Budget decreases general revenues by \$200,000 due to turnover savings from vacant positions. The decrease represents the freezing of 1.0 FTE position in the Data Unit for half of the fiscal year and 1.0 FTE Associate Director position for the full year. The 1.0 Data Unit position is not intended to be filled until halfway through the fiscal year, and the 1.0 Associate Director position is not scheduled to be hired until the beginning of FY2025.

BEHAVIORAL HEALTHCARE SERVICES

The Division of Behavioral Healthcare Services is comprised of two subprograms: Integrated Mental Health Services, and Substance Use Disorder Treatment and Prevention Services. The Division plans, coordinates, and administers a comprehensive system of mental health promotion and substance use disorder prevention, intervention, and treatment activities. The program, primarily funded by federal grants, provides screening, early interventions, referrals, clinical treatment services, and recovery support activities. The program coordinates with other departments and agencies in the State, including the criminal justice system, public healthcare system, child welfare, education, and other allied human service entities.

Behavioral Healthcare Services	General Revenue
FY2023 Enacted	\$2,969,495
<i>Target and Other Adjustments</i>	<i>10,388</i>
Salary and Benefit Adjustments	1,245,883
Centralized Services	476,950
Sub-Grant Adjustment	(284,980)
Resource Development Recovery	(40,000)
State Opioid Response Grant	(39,000)
Thresholds Admin	(30,000)
FY2024 Governor	\$4,308,736

Behavioral Healthcare Services	Federal Funds Changes
Federal Grant Changes	(\$9,453,272)
State Opioid Response	1,663,081
Primary and Behavioral Healthcare Grant	(1,185,314)
ARPA SFRF: Crisis Intervention Trainings	1,100,000
ARPA SFRF: 988 Hotline	(275,000)

Behavioral Healthcare Services	Restricted Receipts Changes
Opioid Abatement Budget	\$5,145,000
Opioid Stewardship Fund Adjustment	(1,200,000)

Salary and Benefit Adjustments**\$1.2 million**

The Budget increases salary and benefit expenses by \$1.2 million to reflect changes to the cost allocation plan. The Department experiences a large amount of cross-program work and has historically budgeted salary and benefits primarily within the home program and reallocated to other programs at the end of the year. The reallocation is done by a private contractor and identifies how much time a given person spent working in each Department program. In order to more efficiently budget for where the positions are typically reallocated, the FY2024 Budget shifts position expenses across programs to create a more accurate representation of what the likely end-of-year reallocation will be. This results in a \$1.2 million increase in general revenues within Behavioral Healthcare Services as compared to the FY2023 Budget as Enacted.

Centralized Services**\$476,950**

The Budget increases general revenue expenditures by \$476,950 to reflect billed amounts for human resources, capital asset management and maintenance, and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology,

capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$329,189 for centralized services in the Behavioral Healthcare Services program, increased to \$806,139 in the FY2024 Budget.

Sub-Grant Adjustment **(\$284,980)**

The Budget decreases general revenues by \$284,980 related to sub-grant adjustments, including allocations related to the division's underage tobacco enforcement program, a portion of which is required to be state funded, and recovery housing.

Resource Development Recovery **(\$40,000)**

The Budget reduces general revenue expenditures by \$40,000 to represent a reallocation of funds within the Behavioral Healthcare Services program. Substance Abuse and Mental Health block grants allow for certain salary and fringe costs to be charged within the Resource Development category. In order to maximize grant dollars, the Budget charges appropriate expenditures to these categories, reducing general revenue expenditures on salary and benefits within the program.

State Opioid Response Grant **(\$39,000)**

The Budget reduces general revenue expenditures by \$39,000 to represent savings resulting from the start of a new State Opioid Response (SOR) grant. The Department received a new \$7.4 million federal SOR grant beginning on October 1, 2022. Administrative service costs for SOR grants were previously funded through general revenues, but the new grant allows for the services to be covered by the grant itself, resulting in a reduction of general revenue expenses.

Thresholds Admin **(\$30,000)**

The Budget decreases general revenues by \$30,000 due to the expiration of a contract with Rhode Island Housing related to the Thresholds program. The Thresholds Program provides funding to increase housing supply for individuals with serious behavioral healthcare needs, developmental disabilities, or substance use disorders. In previous years, funding was allocated to contract Rhode Island Housing for administrative tasks related to the use of RICAP funding for the Thresholds program. The contract is no longer needed as the program has moved from RICAP to general revenues funding, and therefore the Budget eliminates the general revenue allocation for Rhode Island Housing.

Federal Funds Changes **(\$8.2 million)**

The Budget includes a reduction of federal funds by \$8.2 million as compared to the FY2023 Budget as Enacted for the following initiatives:

- **Federal Grant Changes – (\$9.5 million):** The Budget reduces a variety of federal funds by \$9.5 million within the Behavioral Healthcare Services program. The following table illustrates the various federal grant adjustments.

Federal Grant Adjustments	FY2022 Actuals	FY2023 Enacted	FY2023 Revised	Change from Enacted	FY2024 Governor	Change from Enacted
ARPA: Substance Abuse Prevention & Treatment Block Grant	\$0.1	\$5.3	\$2.7	(\$2.5)	\$2.7	(\$2.6)
Block Grants for Community Mental Health Services	0.3	1.6	2.1	0.5	0.6	(1.0)
ARPA: Mental Health Block Grant	0.1	4.1	2.3	(1.8)	2.3	(1.8)
Substance Abuse Prevention and Treatment Block Grant	2.5	3.8	3.1	(0.7)	2.0	(1.8)
Title XX Social Services Block Grant	0.4	1.1	1.1	0.0	1.1	0.0
Substance Abuse Block Grant	9.1	7.6	8.2	0.6	8.2	0.6
Mental Health Block Grant	4.0	5.9	3.0	(2.9)	3.1	(2.9)
Total	\$16.4	\$29.5	\$22.6	(\$6.8)	\$20.0	(\$9.5)

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

- **State Opioid Response – \$1.7 million:** The Budget increases federal funds by \$1.7 million for the State Opioid Response (SOR) program. SOR aims to address the opioid crisis by increasing prevention, treatment, and recovery activities for substance use disorders. The FY2024 increase includes adjustments to existing grant funding as well as a new grant award which began in October of 2022.
- **Primary and Behavioral Healthcare Grant – (\$1.2 million):** The Budget decreases federal funds by \$1.2 million related to the federal Promoting Integration of Primary and Behavioral Health Grant. The grant, which promotes collaboration between primary and behavioral healthcare as well as supports integrated care models, is set to expire on December 31, 2023.
- **ARPA SFRF: Crisis Intervention Trainings – \$1.1 million:** The Budget increases federal State Fiscal Recovery Funds (SFRF) by \$1.1 million for the Crisis Intervention Trainings (CIT) program. CIT programs use a community-based approach to improve outcomes of mental health crises with the use of community partnerships, training, and identification of mental health resources. The FY2023 Budget as Enacted included \$550,000 per year in FY2024-FY2026. FY2024 Budget keeps total project funding at \$2.2 million but consolidates the appropriation to FY2024 to comply with the U.S. Treasury rules for obligation of SFRF funds.
- **ARPA SFRF: 988 Hotline – (\$275,000):** The Budget includes a reduction of \$275,000 in State Fiscal Recovery Funds (SFRF) funds related to the 9-8-8 National Suicide Prevention Hotline. The FY2023 Budget as Enacted included an appropriation of \$1.9 million in SFRF funds. The FY2024 Budget includes an additional \$1.6 million for FY2024, \$275,000 less than the Enacted, as the project continues to search for a permanent funding source. This brings the total project funding for the hotline to \$3.5 million.

Restricted Receipts Changes **\$3.9 million**

The Budget includes a net \$3.9 million increase in restricted receipts funds for the following initiatives related to opioid abatement.

- **Opioid Abatement Budget – \$5.1 million:** The Budget adds \$5.1 million in restricted receipts for the BHDDH allocation of the Statewide Opioid Abatement Account. In January 2022, Rhode Island joined the national opioid settlement with three major opioid distributors, providing funding for state and local efforts to address the state’s opioid crisis. Of these abatement funds, 20.0 percent are mandated to go directly to participating cities and towns, and 80.0 percent are mandated to be allocated by the Executive Office of Health and Human Services (EOHHS). All funds in the account are to be used solely for opioid abatement purposes, including opioid use disorder prevention, intervention, treatment, and recovery. FY2024 fund allocations are illustrated in the table below.

Opioid Abatement Programs	Recommended Funding Level
Critical Housing Need Programs	\$2,620,000
MAT Coverage for Undocumented and Uninsured	550,000
SUD Residential and Workforce Supports	600,000
Youth Prevention Programming	575,000
BIPOC Youth Programming	800,000
Total Program Funding	\$5,145,000

- **Critical Housing Needs Programs – \$2.6 million:** The Opioid Settlement Advisory Committee allocated \$2.6 million in additional funding for FY2024 to sustain programs from FY2023 related to critical housing needs. These projects prioritize funding housing for people who use

drugs and/or people in recovery, as well as for wrap-around social services to accompany housing services.

- **MAT Coverage for Undocumented and Uninsured - \$550,000:** These funds are allocated to sustain FY2023 allocations for covering Medication-Assisted Treatment (MAT) treatment service for those who are uninsured and/or undocumented.
- **SUD Residential and Workforce Supports - \$600,000:** These funds are allocated to sustain FY2023 allocations for Substance Use Disorder (SUD) providers to support residential services and the SUD workforce.
- **Youth Prevention Programming - \$575,000:** Youth Prevention Programming focuses on investment in school-based mental health programs. It is anticipated that this allocation can be shared with the Black, Indigenous, and People of Color (BIPOC) Youth program to sustain both youth prevention programs in FY2024.
- **BIPOC Youth Programming - \$800,000:** These funds are allocated to allow the prevention work done in Youth Prevention Programming projects to be expanded to focus on BIPOC youth through either contract modifications or a new procurement.
- **Opioid Stewardship Fund Adjustment – (\$1.2 million):** The FY2024 Budget includes \$1.9 million in restricted receipts from the Opioid Stewardship Fund for opioid-related treatment services, reflecting a decrease of \$1.2 million as compared to the FY2023 Budget as Enacted. The FY2020 Budget as Enacted established an annual restricted, \$5.0 million Opioid Stewardship Fund requiring all licensed manufacturers, distributors, and wholesalers to contribute towards the fund through a registration fee. The FY2024 allocation for BHDDH is programed as follows:
 - **MAT Services - \$500,000:** These funds are allocated to Medication-Assisted Treatment (MAT) programs, a decrease of \$750,000 which was allocated in the FY2023 Budget as Enacted.
 - **Recovery Housing - \$900,000:** These funds are allocated for Recovery Housing expenditures. Recovery Housing overall is estimated at approximately \$1.8 million, with \$900,000 coming from the State Opioid Response Grant and \$900,000 from the Opioid Stewardship Fund (OSF). The funds from the OSF are specifically for clients who do not have an opioid or stimulant addiction.
 - **Substance Abuse Prevention Task Forces - \$500,000:** These funds represent the portion of the Opioid Stewardship Fund allocation which must be distributed equally to the seven Regional Substance Abuse Prevention Task Forces to fund priorities as determined by each Task Force.

SERVICES FOR THE DEVELOPMENTALLY DISABLED

The Division of Developmental Disabilities (DD) supports a statewide network of programs for adults with developmental disabilities. These supports include several levels of residential care, community placements, day programs, and respite programs. The program works to provide access to appropriate services in the least restrictive environment possible. The program manages a population that ranges from those previously institutionalized at the Ladd School, before the closure of the facility in 1994, to those with mild functional disabilities in need of daytime supports and vocational training to function within the community.

The program serves approximately 4,500 individuals through State-run programs and community-based providers, including those who receive case management services. The system consists of 24-hour, nursing-level facilities; the State group home system, otherwise known as Rhode Island Community Living and Supports (RICLAS); and a private residential provider network. As of January, 2023, 1,537 individuals were served in residential placements, including 418 in Shared Living Arrangements. DD clients are also served through day programs, supportive employment, and programs that provide support to allow individuals to continue living with their families. Many clients are served by more than one program.

As required by the Consent Decree and RIGL 35-17-1, Services for the Developmentally Disabled were included in the Caseload Estimating Conference for the first time in November 2021.

The Budget includes \$417.4 million from all funds for the Division in FY2024, including \$188.3 million from general revenue. This is \$14.9 million more in general revenue than the FY2023 Budget as Enacted and \$49.1 million more than actual general revenue expenditures in FY2022.

Services for the Developmentally Disabled	General Revenue
FY2023 Enacted	\$173,368,833
<i>Target and Other Adjustments</i>	<i>(5,505,542)</i>
DSP Wage Increase	13,944,921
November 2022 Caseload Estimating Conference	6,314,679
Centralized Services	(506,371)
Consent Decree Positions (2.0 FTE positions)	495,394
Vehicle Expenses	174,446
FY2024 Governor	\$188,286,360

DSP Wage Increase **\$13.9 million**

The Budget increases general revenues by \$13.9 million a compared to the FY2023 Budget as Enacted to support the increase of the starting wage of Direct Support Professionals (DSPs) at Developmental Disability Organizations to \$20 per hour from the current rate of \$18 per hour. The \$13.9 million is based on the caseload numbers adopted at both the May and November Caseload Estimating Conferences (CEC). The wage increase is pursuant to the Consent Decree Action Plan and may increase further as the rate remodel report was delivered to the Department in December 2022 and is still under review.

November 2022 Caseload Estimating Conference **\$6.3 million**

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget year. These adopted expenditure levels determine the appropriations for the Governor's and Enacted Budgets.

The FY2024 Budget includes general revenue expenditures of \$153.7 million in the Services for the Developmentally Disabled program, or \$6.3 million more than the FY2023 Budget as Enacted.

Analyst Note: The Governor's Recommended Budget for FY2024 includes what appears to be an inadvertent error which values general revenue expenditures in this program at \$153.7 million instead of the \$153.4 million which was adopted the at the November 2022 CEC. A Governor's Budget Amendment dated March 17, 2023, decreases general revenues by \$264,284 to correct this error and return Caseload funding to the levels determined at the November CEC.

Centralized Services **(\$506,371)**

The Budget decrease general revenue expenditures by \$427,075 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency The FY2023 Budget as Enacted appropriated \$1.7 million for the Services for the Developmentally Disabled program, decreased to \$1.2 million in the FY2024 Budget.

Consent Decree Positions (2.0 FTE positions) **\$495,394**

The Budget adds \$495,394 to the program to provide additional resources for positions related to the Consent Decree. The increase represents a redistribution of resources across the Private Community Developmentally Disabled Services and Rhode Island Community Living Supports (RICLAS) programs within the Developmentally Disabled Services program. The result is an increase of 2.0 positions compared to the Department's FY2023 FTE authorization along with the reallocation of 8.0 vacant FTE positions.

These positions will support the rate remodel process as well as the ongoing implementation of the Consent Decree.

Vehicle Expenses

\$174,446

The Budget increases general revenues by \$174,446 related to an increased need for vehicles in the RICLAS program. This one-time funding is expected to be subject to FMAP matching, and the Budget includes a corresponding \$211,071 increase in federal funds.

HOSPITAL AND COMMUNITY REHABILITATION SERVICES

The Hospital and Community Rehabilitation Services Program provides a continuum of treatment and residential options for psychiatric and developmentally disabled clients. The Hospital facilities are licensed by the Department of Health (DOH) and accredited by the national board for health care organizations, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The Eleanor Slater Hospital (ESH) has two campuses; the Pastore Center in Cranston and the Zambarano Campus in Burrillville.

Hospital and Community Rehabilitation Services	General Revenue
FY2023 Enacted	\$88,307,069
<i>Target and Other Adjustments</i>	<i>(1,508,759)</i>
ESH Program Adjustments	(28,370,951)
Centralized Services	4,916,151
Medicare Part D Resumed Billing	(1,800,000)
Non-Medicaid Reimbursements	(1,100,000)
CRF Adjustment	251,621
Bed Rental Savings	(200,000)
Vehicle Expenses	162,380
FY2024 Governor	\$60,657,511

ESH Program Adjustments

(\$28.4 million)

The Budget decreases general revenue expenditures by \$28.4 million to reflect changes in the Eleanor Slater Hospital's census and operations as well as resumed Medicaid billing following the opening of the new Rhode Island State Psychiatric Hospital.

The FY2023 Budget as Enacted included approval for the establishment of a separately licensed psychiatric hospital in order to bring the patient counts at ESH back in compliance following an issue with the hospital's Institute of Mental Disease (IMD) exclusion status. The Rhode

Eleanor Slater Hospital Changes by Category	FY2023 Enacted	FY2024 Governor's Recommended	Change to Enacted
Assistance and Grants	\$9.5	\$6.4	(\$3.2)
Capital Purchases and Equipment	0.4	0.2	(0.1)
Contract Professional Services	2.5	3.2	0.7
Operating Supplies and Expenses	10.2	5.8	(4.5)
Salary and Benefits	56.0	34.7	(21.3)
Total	\$78.6	\$50.2	(\$28.4)

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

Island State Psychiatric Hospital (RISPH) was scheduled to begin operations on January 1, 2023, however the timeline was later adjusted and the RISPH began operations on November 1, 2022, two months ahead of schedule. The establishment and operation of the RISPH moves about 30.0 percent of existing ESH activity out of ESH and into the newly established program, in addition to allowing the State to resume billing Medicaid. The FY2023 Budget as Enacted was based on the original schedule of operations for the RISPH. The FY2024 Budget further reduces general revenues based on a full year of operation, reflecting both decreased ESH activity and the general revenue savings resulting from resumed Medicaid billing.

Analyst note: Totals in Eleanor Slater Hospital (ESH) are expected to change following a Governor's Budget Amendment dated March 17, 2023, which makes a series of technical adjustments to correct for inadvertent misallocations of funds in several categories, including overtime at ESH.

Centralized Services

\$4.9 million

The Budget increases general revenue expenditures by \$4.9 million to reflect billed amounts for human resources, capital asset management and maintenance, and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$9.7 million for centralized services, increased to \$14.6 million in FY2024.

Medicare Part D Resumed Billing

(\$1.8 million)

The Budget includes a general revenue reduction of \$1.8 million for pharmaceutical savings related to the opening of the Rhode Island State Psychiatric Hospital and the resumption of Medicaid billing at Eleanor Slater Hospital. Medicaid billing is expected to resume in the second quarter of FY2023, and FY2024 is expected to have a full year of Medicaid Part D billing. This decrease has a corresponding increase in other funds to represent where the expenditures, related to pharmaceuticals, will take place.

Non-Medicaid Reimbursements

(\$1.1 million)

The Budget includes a general revenue deduction of \$1.1 million for savings related to the opening of the Rhode Island State Psychiatric Hospital and the resumption of Medicaid billing at Eleanor Slater Hospital (ESH). With resumed Medicaid billing expected to begin in the second quarter of FY2023, ESH is anticipated to resume utilization of applied income revenue collection, which will offset general revenues. The decrease of \$1.1 million represents anticipated savings in FY2024, when ESH is expected to have a full year of Medicaid billing.

CRF Adjustment

\$251,621

The Budget increases general revenues by \$251,621 to reflect the shifting of Covid Relief Funds (CRF). Some CRF were inadvertently requested beyond the end of their availability, which ended on September 30, 2022. The Budget decreases federal CRF allocations correspondingly and transfers the expenses to general revenues and non-CRF federal funding.

Bed Rental Savings

(\$200,000)

The Budget includes a general revenue decrease of \$200,000 related to bed rentals at Eleanor Slater Hospital. The Department recently purchased hospital beds, decreasing the number of beds that need to be rented. This decrease represents the savings incurred by the reduction in rentals.

Vehicle Expenses

\$162,380

The Budget increases general revenues by \$162,380 related to an increased need for vehicles at Eleanor Slater Hospital. This one-time funding is expected to be subject to FMAP matching, and the Budget includes a corresponding \$196,470 increase in federal funds.

STATE OF RHODE ISLAND PSYCHIATRIC HOSPITAL

The State of Rhode Island Psychiatric Hospital (RISPH) is a newly established program within BHDDH for a separately-licensed facility on the Pastore Center in Cranston to treat individuals who need psychiatric care. The facility became licensed on October 25, 2022 and treats psychiatric and court-ordered forensic patients who have serious mental illnesses.

Rhode Island State Psychiatric Hospital	General Revenue
FY2023 Enacted	\$30,662,874
<i>Target and Other Adjustments</i>	983,675
Contract Professional Services Adjustments	2,791,001
Salary and Benefit Adjustments	(1,986,923)
Operating Cost Adjustments	1,459,641
Centralized Services	1,038,091
FY2024 Governor	\$34,948,359

Contract Professional Services Adjustments**\$2.8 million**

The Budget increases general revenues by \$2.8 million for costs related to hospital operations following the earlier than expected opening of the facility. The FY2023 Budget as enacted assumed that the RISPH would begin operations on January 1, 2023. The timeline was later amended as the hospital opened on November 1, 2022. The Budget increases general revenues within Contract Professional Services to reflect the additional two months of operations, including medical and security services.

Salary and Benefit Adjustments**(\$1.9 million)**

The Budget reduces salary and benefit expenses by \$1.9 million to reflect changes to the cost allocation plan. The Department experiences a large amount of cross-program work and has historically budgeted salary and benefits primarily within the home program and reallocated to other programs at the end of the year. The reallocation is done by a private contractor and identifies how much time a given person spent working in each Department program. In order to more efficiently budget for where the positions are typically reallocated, the FY2024 Budget shifts position expenses across programs to create a more accurate representation of what the likely end-of-year reallocation will be. This results in a \$1.9 million decrease in general revenues within the Rhode Island State Psychiatric Hospital as compared to the FY2023 Budget as Enacted.

Operating Cost Adjustments**\$1.5 million**

The Budget increases general revenues by \$1.5 million for costs related to hospital operations following the earlier than expected opening of the facility. The FY2023 Budget as Enacted assumed that the RISPH would begin operations on January 1, 2023. The timeline was later amended as the hospital opened on November 1, 2022. The Budget increase general revenues within Operating Supplies and Expenses to reflect the additional two months of operations, including costs for food, janitorial and medical supplies, and pharmaceuticals.

Centralized Services**\$1.0 million**

The Budget increases general revenue expenditures by \$1.0 million to reflect billed amounts for human resources, capital asset management and maintenance, and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted included \$2.2 million for the centralized services, increased to \$3.3 million in the FY2024 Budget.

CAPITAL PROJECTS

The FY2024 Budget includes \$400,000 in Rhode Island Capital Plan (RICAP) funds within the Department, as well as \$6.6 million within the Department of Administration (DOA) for the following projects:

- **Zambarano Long-Term Care Facility:** The FY2023 Budget as Enacted included \$108.2 million in RICAP funds from FY2023 to FY2028 to construct a new 110 bed long-term care facility on the Zambarano campus. The new building would be licensed as a mixed-use facility for skilled nursing,

custodial care, intermediate care, and traumatic brain injury. The FY2024 Budget includes \$6.6 million for the project, formally budgeted through the Department of Administration.

- **Developmental Disabilities Residential Support:** The Budget includes \$200,000 in FY2023 and \$100,000 annually from FY2024-FY2028 to finance capital equipment and furniture for individuals with developmental disabilities at state-owned facilities.
- **Hospital Equipment Asset Protection:** The Budget includes \$614,000 in FY2023 and \$300,000 annually from FY2024-FY2028 to finance the replacement of hospital equipment and hardware necessary for hospital operations and record maintenance.

Governor's Commission on Disabilities

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Governor's Commission on Disabilities	\$1.3	\$2.2	\$2.3	\$0.1	2.3%	\$1.7	(\$0.5)	-21.8%
Expenditures By Source								
General Revenue	\$1.0	\$1.8	\$1.8	\$0.1	4.6%	\$1.3	(\$0.5)	-26.3%
Federal Funds	0.3	0.4	0.4	-	0.0%	0.4	-	0.0%
Restricted Receipts	0.0	0.1	0.1	(0.0)	-34.5%	0.1	(0.0)	-26.2%
Total	\$1.3	\$2.2	\$2.3	\$0.1	2.3%	\$1.7	(\$0.5)	-21.8%
Authorized FTE Levels	4.0	5.0	5.0	-	-	5.0	-	-

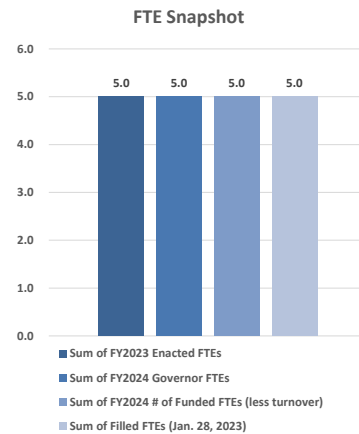
\$ in millions. Totals may vary due to rounding.

The Governor's Commission on Disabilities advocates for individuals with disabilities, expands economic opportunities for businesses owned by or employing individuals with disabilities and their families, and ensures that individuals with disabilities have access to government. The Commission is responsible for coordinating compliance by state agencies with federal and state disability rights laws.

MAJOR ISSUES AND TRENDS

The FY2023 Revised Budget includes \$2.3 million, of which \$1.8 million is general revenue. This reflects a general revenue increase \$83,031. Offsetting the general revenue increase are decreases of \$28,662 in restricted receipts and \$20 in federal funds. The result is an all funds decrease of \$54,349 from the FY2023 Budget as Enacted.

For FY2024, the Budget includes \$1.7 million, of which \$1.3 million is general revenue. This reflects a general revenue decrease of \$459,650. The most significant change is the decrease of \$469,044 in the Livable Homes Modification Program, which received an additional \$500,000 appropriation in FY2023 to cover a projected surge in post-pandemic applications for assistance. The proposed appropriation does not include further "surge" funding for the program in the upcoming budget.



In addition, there are decreases of \$22,104 in restricted receipts and \$20 in federal funds, resulting in an all funds decrease of \$481,774 from the FY2023 Budget as Enacted.

The Budget includes \$516,699 in general revenue for continued funding of the Livable Homes Modification Program.

The Budget includes 5.0 FTE positions in FY2023 and in FY2024, consistent with the enacted level.

Governor's Commission on Disabilities	General Revenue
FY2023 Enacted	\$1,752,601
Target and Other Adjustments	9,394
Livable Home Modification Grants	(469,044)
FY2024 Governor	\$1,292,951

Livable Home Modification Grants**(\$469,044)**

The Governor's Commission on Disabilities (GCD) has administered the Livable Home Modification grant program since January 2018. The grant program allocates funding for home modification projects to allow people to stay in their homes longer and decrease the length and frequency of nursing home stays. Improvements include bathroom modifications, wheelchair ramps, and stability rails, along with other home modifications. Since inception, the Commission has awarded and paid \$2.0 million for 755 awards.

Fiscal Year	# of Grants		Amount Paid
	Awarded	# Paid	
FY2018	49	27	\$86,304
FY2019	170	161	423,794
FY2020	162	165	451,517
FY2021	109	110	303,646
FY2022	203	159	404,622
FY2023	135	133	350,309
Total	828	755	\$2,020,192

Source: Commission on Disabilities

FY2023 as of March 15, 2023

The FY2022 Budget as Enacted codified the current Livable Home Modification Grant program (RIGL 42-51-13) with a hard grant amount of 50.0 percent of the modification cost. In addition, the FY2022 Budget as Enacted included proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year.

The Budget continues funding for the Livable Home Modification Grant Program and includes \$1.1 million in general revenue to support the Livable Home Modification Grant Program in the FY2023 Revised Budget. The program received an additional \$500,000 appropriation in FY2023 to cover a projected surge in post-pandemic applications for assistance. The FY2024 Budget includes \$516,699 in general revenue to support the Livable Home Modification Grant Program. The proposed appropriation does not include further "surge" funding for the program.

Approximately 91.0 percent of the appropriations will be used on grant awards in FY2023 and 95.0 percent is projected to be spent on grant awards in FY2024. The Commission tracks the project awards by the fiscal year in which they are awarded. The project and award are carried forward into succeeding fiscal years until the project is completed.

The following table illustrates the appropriation and expenditures of the program.

	FY2021 Actual	FY2022 Enacted	FY2022 Revised	FY2023 Enacted	FY2023 Governor	FY2024 Governor	Change from Enacted
Livable Homes Modification							
Salary and Benefits	\$0	\$0	\$3,304	\$3,413	\$4,201	\$4,428	\$1,015
Contract Services	14,312	15,504	45,640	47,095	41,320	41,320	(\$5,775)
Operating Costs	1,104	420	1,461	1,461	3,646	3,678	\$2,217
Grants and Awards	305,006	491,926	496,919	933,774	1,054,948	467,273	(\$466,501)
Total	\$320,422	\$507,850	\$547,324	\$985,743	\$1,104,115	\$516,699	(\$469,044)

Analyst Note: As of March 17, 2023, grant expenditures are \$330,916, or 32.4 percent of the appropriation for grant awards.

Commission on the Deaf and Hard of Hearing

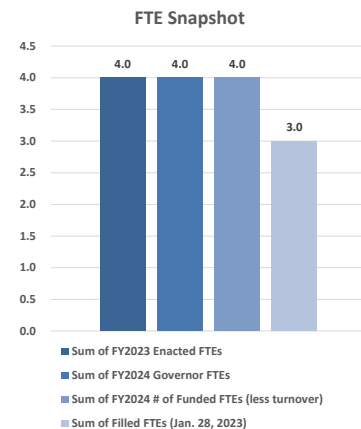
Expenditures by Program	FY2022 Actuals	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2044 Governor	Change from Enacted	
Central Management	\$819,256	\$816,876	\$846,844	\$29,968	3.7%	\$868,675	\$51,799	6.3%
General Revenue	\$863,784	\$716,876	\$741,245	\$24,369	3.4%	\$764,208	\$47,332	6.6%
Restricted Receipts	(44,528)	100,000	105,599	5,599	5.6%	104,467	4,467	4.5%
Total	\$819,256	\$816,876	\$846,844	\$29,968	3.7%	\$868,675	\$51,799	6.3%
Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-

The Commission on the Deaf and Hard of Hearing (CDHH) advocates and coordinates the promotion of an environment in which deaf and hard of hearing persons in Rhode Island are afforded equal opportunity in all aspects of their lives. The CDHH develops policy and provides recommendations for programs and legislation that will enhance cooperation and coordination among agencies and organizations that currently serve, or have the potential to serve, the deaf and hard of hearing community.

MAJOR ISSUES AND TRENDS

The Budget includes total funding of \$868,675, including \$764,208 from general revenue for FY2024. General revenue increases by 6.6 percent from the FY2023 Budget as Enacted. The increases in general revenue are primarily due to the statewide adjustments and changes to centralized service charges.

The Budget authorizes 4.0 FTE positions in FY2024, consistent with the enacted budget.



Central Management	General Revenue
FY2022 Enacted	\$716,876
Target and Other Adjustments	5,526
Centralized Services	29,017
Personnel	12,789
FY2023 Governor	\$764,208

Centralized Service Charges \$29,017

The Budget increases general revenue expenditures by \$29,017 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$71,678 for the centralized services, increased to \$100,695 in the FY2024 Budget.

Personnel**\$12,789**

The Governor recommends \$663,516 in personnel expenditures in FY2024. This is \$12,789 more than the enacted level and primarily associated with anticipated statewide increases in salaries, benefits, retirement, and other personnel costs.

Personnel	FY2023 Enacted	FY2024 Governor	Change from Enacted
Benefits	\$72,325	\$84,253	\$11,928
Retirement	104,786	107,031	2,245
FICA	24,763	24,449	(314)
Salary	322,516	321,446	(1,070)
Total	\$524,390	\$537,179	\$12,789

Office of the Child Advocate

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$1,088,616	\$1,494,065	\$1,485,060	(\$9,005)	-0.6%	\$1,630,743	\$136,678	9.1%
Total	\$1,088,616	\$1,494,065	\$1,485,060	(\$9,005)	-0.6%	\$1,630,743	\$136,678	9.1%

Expenditures by Source								
General Revenue	\$1,033,943	\$1,494,065	\$1,485,060	(\$9,005)	-0.6%	\$1,630,743	\$136,678	9.1%
Federal Funds	\$54,673	-	-	-	-	-	-	-
Total	\$1,088,616	\$1,494,065	\$1,485,060	(\$9,005)	-0.6%	\$1,630,743	\$136,678	9.1%

Authorized FTE Levels	10.0	10.0	10.0	-	-	10.0	-	-
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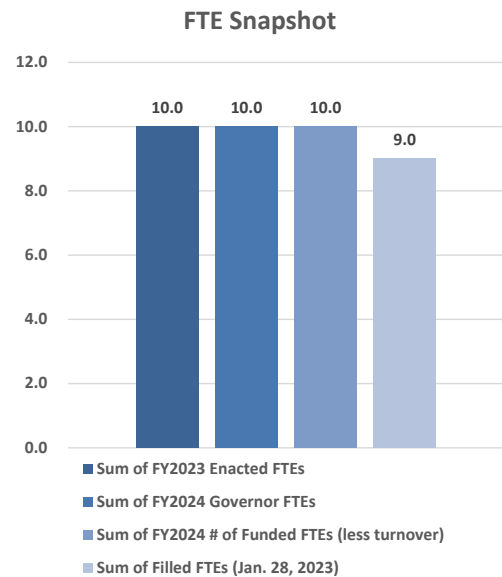
The Office of the Child Advocate (OCA) is mandated by statute to protect the legal, civil, and special rights of all children in the care of the Department of Children, Youth, and Families (DCYF). The Office strives to improve conditions and circumstances through monitoring, intervention, and advocacy. The Office reviews all youth residential programs, including the Rhode Island Training School, and oversees compliance of all DCYF-contracted providers. The General Assembly amended the Office's statutory charge in both 2016 and 2019, further requiring the Child Advocate to investigate any child fatality or near fatality if:

- The child is involved with, or the child's family previously received services from, DCYF;
- The incident involves alleged abuse or neglect and the child's family had prior contact with DCYF; or
- The child's sibling, household member, or daycare provider was the subject of a child abuse or neglect investigation within 12 months of the incident

MAJOR ISSUES AND TRENDS

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State's child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement, known as the Children's Rights Settlement, outlined a number of new screening and reporting requirements for DCYF. The OCA acts as the federal monitor to the settlement and oversees DCYF's progress towards meeting the established benchmarks.

The Budget provides \$1.6 million in general revenues for the Office in FY2024. This represents a \$136,768 (9.1 percent) increase in general revenues from the FY2023 Budget as Enacted. The Office no longer receives any federal funding following the 2022 expiration of a Victims of Crime Act (VOCA) grant that had partially funded two positions within the Office. The Budget authorizes and fully funds 10.0 FTE positions in FY2024. Currently, 9.0 positions are filled.



Office of the Child Advocate	General Revenue
FY2023 Enacted	\$1,494,065
<i>Target and Other Adjustments</i>	<i>46,191</i>
Salary and Benefit Adjustments	58,118
Centralized Services	32,369
FY2024 Governor	\$1,630,743

Salary and Benefit Adjustments ***\$58,118***

The Budget includes an increase of \$58,118 in general revenues for position upgrades and salary adjustments. The FY2023 Budget as Enacted approved salary increases across the Agency, which were confirmed by public hearing in September 2022. The approved salary increases were not included in the FY2023 Governor's Recommended Budget and therefore represented an external estimate. The FY2024 Budget updates these personnel projections. The increase also represents increased outyear expenses from the upgrading of a Staff Attorney position in the FY2023 Budget as Enacted.

Centralized Services ***\$32,369***

The Budget increases general revenue expenditures to reflect billed amounts for information technology services and facilities management. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$92,954 for these expenses. The Budget increases this appropriation by \$32,329, including \$17,696 for facilities management and \$14,673 in information technology charges, for a total of \$125,323 in FY2024.

Office of the Mental Health Advocate

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$716,645	\$973,329	\$900,494	(\$72,835)	-7.5%	\$976,078	\$2,749	0.3%
Total	\$716,645	\$973,329	\$900,494	(\$72,835)	-7.5%	\$976,078	\$2,749	0.3%
Expenditures by Source								
General Revenue	\$716,645	\$973,329	\$900,494	(\$72,835)	-7.5%	\$976,078	\$2,749	0.3%
Total	\$716,645	\$973,329	\$900,494	(\$72,835)	-7.5%	\$976,078	\$2,749	0.3%
Authorized FTE Levels	4.0	6.0	6.0	-	-	6.0	-	-

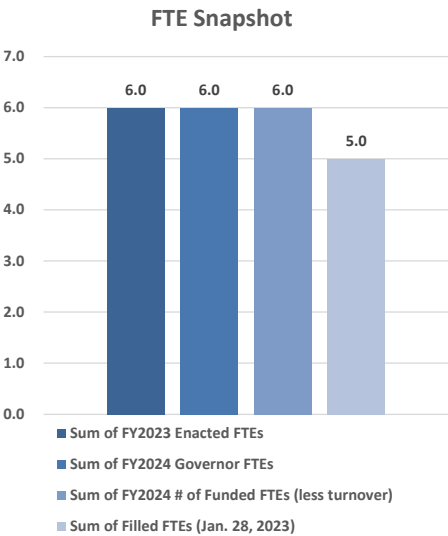
The Office of the Mental Health Advocate (OMHA) is statutorily mandated to protect the legal, civil, and special rights of people living with mental illness in Rhode Island. This includes providing legal representation at involuntary commitment proceedings, monitoring policies and procedures at inpatient treatment facilities and community-based health programs, proposing and evaluating legislation, and litigating civil and treatment rights disputes.

The Office also advocates for improvements in the mental health system by monitoring and evaluating the quality of services available to clients and combatting the stigmatization and discrimination associated with mental illness. The Office seeks to close gaps in the programs administered by mental health providers, including the shortcomings in services related to emergency hospitalizations, psychiatric care for prison inmates, and homelessness among individuals with chronic mental illness.

MAJOR ISSUES AND TRENDS

The FY2024 Budget includes \$976,078 from general revenues for the Office of the Mental Health Advocate. This represents a general revenue increase of \$2,749, or 0.3 percent, as compared to the FY2023 Budget as Enacted. The Office is funded entirely through general revenues.

The Budget authorizes and fully funds 6.0 FTEs in FY2024, consistent with the FY2023 authorization. As of January 28, 2023, the Office had 5.0 FTE positions filled and 1.0 FTE position vacant.



Office of the Mental Health Advocate	General Revenue
FY2023 Enacted	\$973,329
Target and Other Adjustments	21,486
Centralized Services	(18,737)
FY2024 Governor	\$976,078
Centralized Services	(\$18,737)

The Budget decreases general revenue expenditures by \$18,737 to reflect billed amounts for capital asset management and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the

true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$109,706 for these services, decreased to \$90,969 in the FY2024 Budget.

Elementary and Secondary Education

Expenditures By Program	FY2021 Actual	FY2022 Final	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Administration of the Comprehensive Education Strategy	\$262.6	\$348.5	\$325.6	\$370.8	\$45.2	13.9%	\$323.3	(\$2.2)	-0.7%
Central Falls School District	44.8	48.7	69.8	59.0	(10.8)	-15.5%	61.0	(8.8)	-12.6%
Davies Career and Technical Center	18.0	21.8	29.3	30.6	1.3	4.5%	25.5	(3.9)	-13.2%
Rhode Island School for the Deaf	8.1	9.2	9.1	9.4	0.3	3.2%	9.7	0.5	5.9%
Metropolitan Career and Technical School	9.3	10.1	14.7	12.5	(2.2)	-15.0%	15.9	1.2	7.8%
Education Aid	1,058.6	1,106.6	1,300.5	1,361.3	60.8	4.7%	1,401.6	101.1	7.8%
School Construction Aid	80.0	80.0	138.5	138.5	-	0.0%	103.5	(35.1)	-25.3%
Teacher Retirement	116.9	124.0	130.9	130.9	-	0.0%	132.7	1.9	1.4%
Total	\$1,598.4	\$1,748.9	\$2,018.5	\$2,113.0	\$94.5	4.7%	\$2,073.2	\$54.7	2.7%
Expenditures By Source									
General Revenue	\$1,280.1	\$1,332.9	\$1,440.7	\$1,442.3	\$1.6	0.1%	\$1,476.7	\$36.0	2.5%
Federal Funds	281.2	366.6	520.7	614.4	93.6	18.0%	543.4	22.7	4.4%
Restricted Receipts	36.2	47.2	47.6	46.8	(0.9)	-1.8%	47.3	(0.3)	-0.6%
Other Funds	0.7	2.2	9.4	9.5	0.1	1.1%	5.7	(3.7)	-39.0%
Total	\$1,598.4	\$1,748.9	\$2,018.5	\$2,113.0	\$94.5	4.7%	\$2,073.2	\$54.7	2.7%
Authorized FTE Levels	325.1	326.1	326.1	326.1	-	-	330.1	4.0	1.2%

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

The Rhode Island Department of Elementary and Secondary Education, under the leadership of the Board of Education, is responsible for a strategic plan defining goals and objectives for elementary and secondary education; preparation and presentation annually of an educational budget for the Department of Elementary and Secondary Education, subordinate boards and agencies, and State aid to local school districts; approval of the basic subjects and courses of study to be taught, and instructional standards required to be maintained in the public elementary and secondary schools of the State; and, adoption of standards and qualifications for the certification of teachers and provision for the issuance of certificates.

MAJOR ISSUES AND TRENDS

The \$54.7 million increase in general revenue is primarily due to an increase of \$62.9 million in education aid to districts and charter schools; \$1.2 million to Central Falls; \$1.1 million to Davies; \$1.4 million to the Met; \$1.9 million for teacher retirement; and, \$15.0 million for school construction aid. These increases are partially offset by a decrease of \$50.0 million in the School Building Authority Capital fund due to the one-time investment in the FY2023 Budget. The FY2024 Budget includes funding for all of the categories, except the Regionalization Bonus, the School Resource Officer Support, and the Density Aid fund, which was replaced with the Public School of Choice (PSOC) New Seats Transition fund. The FY2024 Recommendation adds new aid categories, including the Homeless Categorical, the PSOC New Seats Transition fund, and Temporary Enrollment Assistance. Regional Transportation, English Learners, and High-Cost Special Education are fully funded.

The reduction in federal funds is due primarily to the shifting of funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA) between fiscal years. The increase in other funds is due primarily due to the completion of Rhode Island Capital Plan (RICAP) funded project for Davies Health Care Classroom Improvements.

The Budget provides 330.1 FTE positions across the Elementary and Secondary Education system, including 147.1 FTE positions at the Department of Elementary and Secondary Education, 123.0 FTE positions at Davies, and 60.0 FTE positions at the School for the Deaf. The increase of 4.0 FTE positions, relative to the FY2023 Budget as Enacted, are all within the Department, including an Assessment Specialist, an Education Specialist, a Transformation Specialist, and a Multi-Lingual Learner Specialist. The FTE level in FY2023 is consistent with the Budget as Enacted.

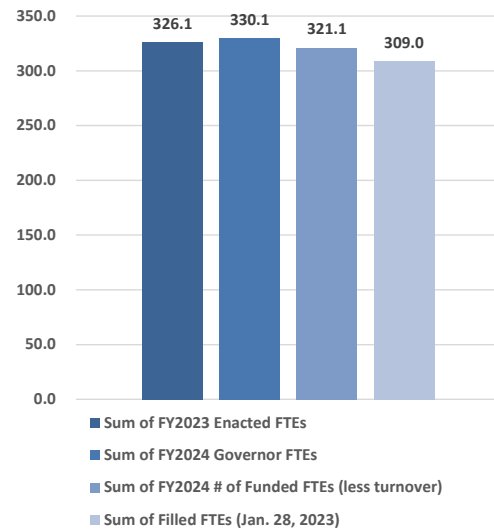
While not recommended by the Governor, the Department requested 1.0 new FTE Senior Finance Officer for Business Management supported by \$155,909 in restricted receipts realized from the indirect cost recovery of federal grants. Currently, the allocation of the funding formula and federal funds is managed by one employee with no redundancy.

Over the years, as charter schools have been established, the number of LEAs has increased from 39 to 63 with additional schools in the pipeline, and the number of federal grants received by the department have increased as well. A Speech Language Pathologist for the School of the Deaf was also requested but not recommended. This is the second year the position has been requested.

As more students come to the School with cochlear implants and hearing aids, the need for Speech Language Pathologists (SLPs) had increased as well; consequently, the Department requested 1.0 FTE SLP position (\$114,523 in salary and benefits) to meet individual education plan (IEP) mandates and provide the appropriate services to students. The Governor does not recommend the FTE position or the funding for salary and benefits.

The FY2022 Budget as Enacted included 2.0 FTE Uniform Chart of Accounts (UCOA) School Spending Analysis positions. These positions were added to enable the Department to meet new spending analysis requirements imposed through Article 10 of the FY2022 Budget as Enacted. The Department filled one of these positions on February 13, 2022, but indicated that it was a challenging position to fill. As of February 22, 2023, the second position remains vacant.

FTE Snapshot



Federal Elementary and Secondary Relief Funds (ESSER)

Program			ESSER II FY2023			FY2024		Change from	
	FY2022 Actual	FY2023 Enacted	Governor	Change from	Enacted	Governor	Enacted	Enacted	
ACES	\$4,904,739	\$13,515,512	\$13,500,997	(\$14,515)	-0.1%	\$1,094,056	(\$12,421,456)	-91.9%	
Central Falls	-	5,729,352	5,000,000	(729,352)	-12.7%	729,352	(5,000,000)	-87.3%	
Davies	3,518	661,373	1,127,893	466,520	70.5%	-	(661,373)	-100.0%	
School for the Deaf	57,710	-	55,565	55,565	-	-	-	-	
The Met	-	924,929	924,929	-	0.0%	501,986	(422,943)	0.0%	
Distribution to Districts	76,521,117	89,542,202	86,087,930	(3,454,272)	-3.9%	63,550,194	(25,992,008)	-29.0%	
ESSER II Total	\$81,487,084	\$110,373,368	\$106,697,314	(\$3,676,054)	-3.3%	\$65,875,588	(\$44,497,780)	-40.3%	
Program			ESSER III						
	FY2022 Actual	FY2023 Enacted	Governor	Change from	Enacted				
ACES	\$1,262,112	\$25,103,500	\$20,103,500	(\$5,000,000)	-19.9%	\$20,148,971	(\$4,954,529)	-19.7%	
Central Falls	-	15,115,977	5,000,000	(10,115,977)	-66.9%	10,140,046	(4,975,931)	-32.9%	
Davies	32,887	500,000	967,113	467,113	93.4%	1,612,918	1,112,918	222.6%	
School for the Deaf	-	204,075.00	102,037	(102,038)	-50.0%	102,037.00	(102,038)	-50.0%	
The Met	-	3,200,782	1,000,000	(2,200,782)	-68.8%	2,205,878	(994,904)	-31.1%	
Distribution to Districts	11,833,976	110,000,000	175,000,000	65,000,000	59.1%	175,000,000	65,000,000	59.1%	
ESSER III Total	\$13,128,975	\$154,124,334	\$202,172,650	\$48,048,316	31.2%	\$209,209,850	\$55,085,516	35.7%	

The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in Elementary and Secondary Education Relief (ESSER) II funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution \$166.3 million was for direct grants to local education agencies (LEAs). According to the United States Department of Education, LEAs may use these as allowed under ESSER I and ARPA ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period.

The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in ESSER III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million was for direct grants to local education agencies (LEAs). According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of schools facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period.

ADMINISTRATION OF THE COMPREHENSIVE EDUCATION STRATEGY (ACES)

The Administration of the Comprehensive Education Strategy (ACES) program encompasses the offices of Accelerating School Performance, Educator Excellence and Instruction Effectiveness, Fiscal Integrity and Efficiencies, and Legal. Through these offices, the Department provides leadership and support for the entire elementary and secondary education system in Rhode Island.

Administration of the Comprehensive Education Strategy	General Revenue
FY2023 Enacted	\$26,401,820
<i>Target and Other Adjustments</i>	<i>580,197</i>
Assessment Data Professional Development (1.0 FTE position)	500,000
EnrollRI and All Course Network (ACN) (1.0 FTE position)	338,799
Pre-K Expansion	300,000
All Course Network (ACN) Shift to General Revenue	250,000
School Turn-Around (1.0 FTE position)	155,909
MLL Blueprint Implementation (1.0 FTE position)	13,907
FY2024 Governor	\$28,540,632
Administration of the Comprehensive Education Strategy	Other Fund Changes
School Nutrition Programs (federal funds)	4,500,000
ARPA SFRF: Out-of-School Learning Grants (federal funds)	4,000,000

Assessment Data Professional Development (1.0 FTE position) \$500,000

The Budget includes \$133,907 for 1.0 new FTE Assessment Specialist and \$366,093 for contracted professional services to give RIDE more capacity to meet with districts to help them understand their data and use it toward stronger strategic and school improvement planning. Currently, the Department has only

one FTE who can complete complex data analysis and the person has several other job responsibilities; consequently, it takes several months to process and report assessment results. While interoffice collaboration is required to process assessment data, there is not enough capacity to support data use for strategic planning prior to the start of the school year. The new position would increase capacity by bringing in an individual who understands the technical aspect of a data request, can learn programs to conduct analysis, and provide additional support for data cleaning and reporting. In addition, the position will support professional development (PD) with LEAS through the use of a vendor to add capacity. The funding for the FTE position includes \$80,000 in salary and \$53,907 in benefits.

Analyst Note: The FY2022 Budget as Enacted provided 2.0 new FTE positions for UCOA school spending analysis. The Department filled one of these positions on February 13, 2022, but indicated that it was a challenging position to fill. As of February 22, 2023, the second position remains vacant.

EnrollRI and All Coursework Network (1.0 FTE position)

\$338,799

The Budget includes \$338,799 to shift some of the costs of the EnrollRI platform from expiring federal fund sources to general revenue. EnrollRI is a single system built for RI and managed by the Office of College and Career (OCCR) to increase education equity across the state by streamlining the process for families seeking programs and opportunities that best meet their needs. The platform currently hosts the All Course Network (CAN), the statewide charter school common application and school finder, career and technical enrollment, and Adult Education enrollment. The startup and maintenance costs for this platform were supported by federal grants which expire in FY2024. The general revenue will support 1.0 new FTE Education Specialist to manage the enrollment system (\$133,907), \$188,892 in contract professional services for system support of the ACN, and \$16,000 in licensing fees for the ACN.

Pre-K Expansion

\$300,000

The Budget includes \$300,000 in general revenue to support the expansion of the prekindergarten (Pre-K) program. Article 10 of the FY2023 Budget as Enacted required the Department of Education (RIDE), the Department of Human Services, and the Children's Cabinet to develop a plan for the expansion of the Pre-K program to 5,000 seats over five years beginning in FY2024, including children ages three and four. The program currently enrolls about 2,360 four-year olds. A key recommendation in the [Rhode Island Pre-K expansion plan](#) is to improve the lottery system. The current system was developed internally at the department and there is no mechanism to prevent multiple applications from the same family, apart from significant staff time spent combing through the application to remove duplicates. Also, the current system cannot pull reports or real-time information. In addition, as the program is expanded, new functions will be needed within the lottery system to address additional requirements such as placing siblings within the same program and managing matriculation year-to-year. The cost to develop and manage such a system is estimated at \$100,000 annually.

Another \$100,000 is provided in the budget to build and maintain the RIDE-focused portions of the RI Early Start System (RISES). The RISES system is a provider and workforce data system developed in partnership between RIDE and the Department of Human Services (DHS). Since the Pre-K program is a mixed delivery system using public schools, Head Start, private preschools, private schools, charter schools, or child care centers, it is necessary for RIDE and DHS to use the same data system so that providers who are licensed by DHS can go to one spot to apply for a license, apply to accept participants from the Child Care Assistance Program (CCAP), and apply to become Pre-K provider. In addition, the share data system will reduce the number of separate applications and documents that need to be collected and reviewed. While the system is still in the early planning stage, the Department estimates that the RIDE-focused portions of the system will cost \$100,000 annually.

The remaining \$200,000 will be used to support 2.0 FTE Pre-K staff that are currently funded through the expiring federal Preschool Development Renewal Grant. While the Department acknowledges that there are sufficient federal funds to support the position in the first and second quarters of FY2024, the Department recommends including the full cost into the Pre-K budget at this time to ensure staff retention.

ACN Transition to General Revenue

\$250,000

The All Course Network (ACN), previously known as the Advanced Course Network, is an online, statewide course catalogue that expands access to out-of-school learning experiences for students. The Budget shifts \$250,000 in professional services for the ACN to general revenue from expiring federal funds.

The ACN offers advanced coursework options for Rhode Island students with the goal of expanding access to opportunities that promote college and career readiness while they remain enrolled at their public school. The Advanced Coursework Network is made up of Network Members, schools and districts that voluntarily choose to extend the Advanced Coursework Network opportunities to students, and Network Providers (school districts, Rhode Island based community-based organizations or higher education institutions) that extend advanced coursework opportunities to Rhode Island students. Course offerings include advanced math and science, world languages, dual/concurrent enrollment, and career preparation coursework that results in the attainment of an industry-recognized certificate or credential.

Beginning in January 2021 the receipt of the federal RethinkRI grant allowed for the expansion of the program. Currently, the program provides courses for students in PK through twelfth grade throughout the school year. Different courses are delivered in-person, fully online, and through a blended format. Seats are filled through a lottery system. The following table shows the funding history of the program.

All Course Network (ACN) Funding History

Source	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Projected	FY2024 Governor
General Revenues	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$250,000
Career and Technical Categorical	386,858	390,000	-	-	-	-
Permanent School Fund (restricted receipts)	172,967	115,280	266,135	300,000	300,000	300,000
Rethink RI Grant (federal funds)	-	-	747,166	255,487	528,627	450,000
ESSER II (federal funds)(summer courses only)	-	-	-	1,106,721	-	-
ESSER III (federal funds)(summer courses only)	-	-	-	-	1,270,000	1,000,000
Total	\$709,825	\$655,280	\$1,163,300	\$1,812,208	\$2,248,627	\$2,000,000

Source: Rhode Island Department of Education

Commissioner's Office – School Turn Around Transformation Specialist (1.0 FTE position)

\$155,909

The Budget provides \$95,000 in salary, \$60,909 in benefits (\$155,909 total), and 1.0 new FTE Transformation Specialist position. The Governor recommends this position to help support improved outcomes for the State's most vulnerable students. The position will work with LEAs to help them identify and support their lowest achieving students. The Department currently has 4.0 FTE Transformation Specialists to focus on the federal mandated school improvement process for schools identified for comprehensive support and improvement (CSI), as delineated in the federal 2015 Every Student Succeeds Act (ESSA).

Multilingual Learner Specialist (1.0 FTE position)

\$133,907

The Budget provides \$80,000 in salary, \$53,907 in benefits (\$133,907 total), and 1.0 new FTE Multilingual Learner Specialist position. The Department has launched the Blue Print for Multilingual Learner Success and a Strategic Plan for improving outcomes for Multilingual Learners. The population of English Language Learners has grown from 12,000 in FY2018 to 13,647 in FY2024. This position will coordinate

and deliver professional development to ensure the expected outcome from the Blue Print for Multilingual Learner Success and the Department's Strategic Plan.

Analyst Note: The FY2022 Budget as Enacted provided 1.0 new FTE position for a World Language Education Specialist.

Federal Fund Changes

(\$8.5 million)

The Budget includes a net decrease in federal funding of \$8.5 million, including the following:

- **School Nutrition Programs (\$4.5 million):** The Budget provides an increased appropriation in federal funds of \$12.5 million in FY2023 and \$4.5 million in FY2024 to support school breakfast and lunch programs. The FY2023 increase is based on a projected, temporary per-meal reimbursement increase from the Keep Kids Fed Act. The Keep Kids Fed Act provides an increased reimbursement rate for school lunch and school breakfast to help offset the increased cost of food and operating expenses for schools for the 2022-2023 school year. Schools receive an additional 40 cents more for each lunch and 15 cents more for each breakfast served. According to the Department, however, since the number of actual meals served in the first half of the school year has decreased relative to FY2022, the actual reimbursement is not likely to reach the projected increase. The \$4.5 million increase in FY2024 is based on the typical annual increase in reimbursement rates; however, if the participation remains relatively low, the increase will not be as high.
- **ARPA SFRF: Out-of-School Learning Grants (\$4.0 million):** The Budget provides \$4.0 million in ARPA SFRF in FY2024 to be distributed through the Department's Office of Student, Community, and Academic Supports to community organizations to expand access to education programs outside of school hours.

Analyst Note: Fiscal Staff sent an email requested additional information on the Out-of-School Learning Grant proposal on February 27, 2023); however, no information has been received as of March 1, but OMB did respond that they are working on it.

CENTRAL FALLS SCHOOL DISTRICT

The State of Rhode Island assumed control of the Central Falls School District in 1991 when it was determined that the City of Central Falls could not afford to meet its contractual, legal, and regulatory obligations related to school funding because its tax base had sustained little or no growth over several years. Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District.

Since FY2012, Central Falls has been funded according to the education funding formula. The Budget provides \$50.2 million for the Central Falls School Department in FY2024. This includes the funding formula distribution as well as \$9.8 million in funding through the Central Falls Stabilization Fund, excluding aid received through other education aid categories. (See Education Aid in the Special Report section of this publication for further detail.)

Central Falls	General Revenue
FY2023 Enacted	\$48,961,338
<i>Target and Other Adjustments</i>	-
Funding Formula Adjustment	1,542,044
Central Falls Stabilization	(340,765)
FY2024 Governor	\$50,162,617

Funding Formula Adjustment **\$1.5 million**

Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District; however, beginning in FY2012, the district’s state funding has been determined through the new funding formula. In FY2024, the district will see an increase of \$1.5 million in funding formula aid; however, the stabilization aid and other categorical aid provide for a net increase of \$1.2 million over the previous fiscal year.

Central Falls Stabilization **(\$340,765)**

The Budget funds this category at \$9.8 million in FY2024, a decrease of \$340,765 relative to the FY2023 Budget as Enacted. Central Falls schools are currently 100.0 percent state funded, with the State providing both the local and state contributions calculated through the formula, as well as the local share that would be supported outside of the core amount. For example, the total foundation amount calculated through the funding formula is \$42.1 million in FY2024; however, the Budget provides an additional \$10.5 million. Generally, the costs outside the foundation aid formula, such as transportation, facility maintenance and retiree health benefits, are paid by the district. This program was created due to concerns regarding the city's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula.

Although Central Falls has been working with the Department to reduce expenditures, the district has not been able to reduce costs enough to keep pace with the phase in of the funding formula. Also, charter school tuitions have been increasing resulting in a corresponding increase in district expenses. Consequently, the stabilization fund has been used to replace aid lost through the implementation of the funding formula and local payments to public schools of choice. To date, Central Falls has been unable or unwilling to absorb any educational costs.

DAVIES CAREER AND TECHNICAL CENTER

The Davies Career and Technical School provides a high school education program in occupational areas for students in grades nine through twelve. The school provides an integrated academic and vocation curriculum with up-to-date technology programs to provide a solid foundation for students entering postsecondary education or the community. Davies operates as a local education agency and is governed by a Board of Trustees.

The Budget provides \$15.9 million in general revenue funding for the Davies Career and Technical School, an increase of \$1.1 million from the FY2023 Budget as Enacted, excluding categorical aid. (See Education Aid in the Special Report section of this publication for further detail.)

Davies Career and Technical School	General Revenue
FY2023 Enacted	\$14,774,827
Target and Other Adjustments	-
Davies Stabilization Fund	612,138
Funding Formula Adjustment	505,246
FY2024 Governor	\$15,892,211

Davies Stabilization Fund**\$612,138**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to Davies for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget provides an increase of \$612,138 (\$6.5 million total) in FY2024.

Funding Formula Adjustment**\$505,246**

The Davies School receives funding from state and federal sources; however, beginning in FY2012, it receives its State funding as determined through the new funding formula. In FY2024, the Davies School will receive an increase of \$505,246 in funding formula aid (\$9.4 million in total aid). Instead of being entirely State funded, the sending districts now pay a portion of the tuition for each student from their district. Furthermore, Davies is now responsible for the cost of transporting students to and from their sending districts. The estimated cost for transportation has increased by \$150,000 to about \$750,000 annually. Additional funding for transportation is also recommended in FY2023.

RHODE ISLAND SCHOOL FOR THE DEAF

The Rhode Island School for the Deaf (RISD) is a public school which offers educational programs to approximately 85 deaf and hard of hearing youth (and their families) from birth through age 21 in the elementary program, junior and senior high school, and early intervention and preschool programs.

School for the Deaf	General Revenue
FY2023 Enacted	\$7,940,337
<i>Target and Other Adjustments</i>	<i>400,757</i>
Speech Language Pathologist (1.0 FTE position)	Informational
FY2024 Governor	\$8,341,094

Speech Language Pathologist (1.0 FTE position)**Informational**

Students often arrive at the School for the Deaf who have not had appropriate language opportunities or from other countries with little or no access to language or American Sign Language. While all students who attend the School receive Speech services, some require additional support to bridge gaps in their language attainment. Currently, in order to meet federal Individual Education Program (IEP) mandates, the School has had to repurpose a vacant teacher position; however, the RISD has indicated the need for both the Speech Language Pathologist (SLP) and the teacher position to provide the necessary services. As more students come to the School with cochlear implants and hearing aids, the need for SPLs had increased as well; consequently, the Department requested 1.0 FTE Speech Language Pathologist position (\$114,523 in salary and benefits) to meet IEP mandates and provide the appropriate services to students. The Governor does not recommend the FTE position or the funding for salary and benefits.

This position has been requested for the last two years but has not been budgeted.

METROPOLITAN CAREER AND TECHNICAL SCHOOL

The Metropolitan Career and Technical School (Met School) is a career and technical public school district with two campuses in Providence and a third in Newport. It provides a comprehensive education which includes internships, individual learning plans, advisory, and a college transition program for students in grades nine through twelve.

The Budget provides \$11.2 million in general revenue funding for the Met, an increase of \$1.4 million over the FY2023 Budget as Enacted. This includes \$2.1 million for the Met School Stabilization Fund, but excludes categorical aid. The Met School is governed by a board, appointed by the Board of Education but

operated independently. Also, unlike Davies, the employees at the Met School are not state employees. (See Education Aid in the Special Report section of this publication for further detail.)

Metropolitan Career and Technical School	General Revenue
FY2023 Enacted	\$9,790,163
<i>Target and Other Adjustments</i>	-
Met School Stabilization Fund	968,135
Funding Formula Adjustment	402,440
FY2024 Governor	\$11,160,738

Met School Stabilization Fund **\$968,135**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget increases the stabilization fund by \$968,135 (\$2.1 million total) in FY2024. By adjusting the stabilization fund to offset any changes in the funding formula calculation, the Met School was level funded from FY2017 through FY2022. . . The increase is recommended to address rising operating costs, such as salaries, utility rates, and healthcare costs.

Funding Formula Adjustment **\$402,440**

In FY2023, the Met School will receive an increase of \$402,440 in funding formula aid (\$9.1 million in total formula aid). Previously, the Met School was 100.0 percent state funded; however, beginning in FY2012, it received its general revenue funding through the new funding formula and sending districts pay a portion of the tuition for each student from their district. Furthermore, the Met School is now responsible for the cost of transporting students to and from their sending districts and will no longer be reimbursed by sending districts for transportation costs. Generally, the school provides RIPTA passes to students; however, due to the lack of RIPTA services available to students in Woonsocket, the school contracts for bus service for those students. The total estimated cost to the school is about \$177,000 annually.

EDUCATION AID

The Department provides direct support to schools and school districts, including charter and state-owned schools through this program. This program also provides funding for group home beds, non-public textbook reimbursement, state-level professional development, the early childhood demonstration pilot project, state E-rate reimbursement, and the state's share of the school breakfast program.

Education Aid	General Revenue
FY2023 Enacted	\$1,063,437,756
<i>Target and Other Adjustments</i>	-
Funding Formula Distribution	23,244,581
Categorical Aid	39,695,273
FY2024 Governor	\$1,126,377,610

Funding Formula Distribution **\$23.2 million**

Based on the March 2022 enrollment data, adjusted for projected charter school enrollments, the FY2024 Budget recommendation increases the education funding formula distribution by \$23.2 million, for a total of \$1,044.3 million for all the school districts except Central Falls and the state schools, which are included as separate budget programs.

The increase in funding formula aid for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met) totals \$24.9 million. The difference is due to the increase in funding to Central Falls (\$825,273), Davies (\$487,386) and the Met

(\$383,712) in FY2024 relative to the FY2023 enacted level. There is also a net increase of \$1.2 million in stabilization funding for these districts.

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, distribution could change annually based on shifts in enrollment. There are no changes in funding methodology for the School for the Deaf, since it is an education program that already has a state, federal and local share.

The formula establishes a per-pupil spending amount (\$11,876 in FY2024) and allocates this funding based on student enrollment. The formula also includes a single factor to adjust the core foundation amount to address the effects of poverty and other factors influencing educational needs. Through Article 8, the student success factor, also referred to as the high need student weight, increases from 40.0 percent to 42.0 percent. The weight provides an additional \$4,988 ($\$11,876 \times 0.42 = \$4,988$) for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines. The increase to 42.0 percent provides an additional \$238 per high-need student.

The formula accounts for local revenue generating capacity and overall poverty level through a state share ratio calculation for each community that uses the State Share Ratio for the Community, based on the EWAV (Equalized Weighted Assessed Valuation) for the community, and the concentration of pre-kindergarten through sixth grade students eligible for free or reduced-price lunch.

Article 11 of the FY2017 Budget as Enacted changed the threshold for the high-need student weight to a family income at or below 185.0 percent of the federal poverty guidelines. The change is in response to the United States Department of Agriculture no longer requiring districts to collect eligibility data. Since this income level is the same threshold as that used for the free or reduced lunch program, the Department of Elementary and Secondary Education (Department) does not anticipate a change in the eligibility numbers.

Article 10 of the FY2023 Budget as Enacted required the Department of Elementary and Secondary Education (Department) to submit, as part of its FY2024 budget request, a poverty measure that does not rely on the administration of the school lunch programs. The Governor recommends using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP). The counts from this data source are then multiplied by a factor of 1.6, as recommended by the United State Department of Agriculture (USDA) and the US Department of Education for the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010. The direct certification data is used for both the student success factor (SSF) and concentration of pre-kindergarten through sixth grade students used in the share ratio calculation.

According to the Office of Management and Budget (OMB), “extensive research was conducted” to determine the new poverty measure, including the experiences of other states. Several criteria were considered including “comparable eligibility requirement to the FRLP, timeliness, and data quality. Furthermore, data sharing agreements with DHS [Department of Human Services] related to the use of direct certification were already in existence.” Based on the review, it was determined that “direct certification would result in a reliable calculation of education aid while minimizing administrative burden.”

According to the US Department of Education, the “function of the 1.6 multiplier is to provide an estimate of the percentage of students eligible for free and reduced-price meals in participating CEP schools, groups of schools, or LEAs that is comparable to the poverty percentage that would be obtained in a non-CEP school. The number of students directly certified is a subset of the total number of students eligible for free and reduced-price meals. Using only the number of identified students would result in lower poverty

percentages for CEP schools or LEAs.” (see page 4 of Guidance for The Community Eligibility Provision). Communities participating in the CEP agree not to collect FRLP forms.

The Act included a multi-year transition plan to ease districts into the new formula, allowing time to adjust for gains or losses in education aid. The plan provided a transition period of ten years for those districts projected to receive less school aid than they did through the aid distribution in FY2011, and seven years for those districts projected to receive more aid. As of FY2022 the funding formula distribution is fully phased in. (See Education Aid in the Special Report section of this publication.)

Categorical Aid **\$39.7 million**

When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but according to other methodology to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and Density Aid Fund. The Density Fund support ended in FY2019, but was reestablished in FY2022. The FY2019 Budget as Enacted created a temporary category for School Resource Officer Support, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the relevant sections of this analysis.)

The FY2024 Budget includes funding for all of these categories, except the Regionalization Bonus, the School Resource Officer Support, and the Density Aid fund, which was replaced with the Public School of Choice (PSOC) New Seats Transition fund. The FY2024 Recommendation adds new aid categories, including the Homeless Categorical, the PSOC New Seats Transition fund, and Temporary Enrollment Assistance, providing a total increase in categorical aid of \$39.9 million for all the all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met). However, a portion of the categorical aid for Central Falls, Davies, and the Met are accounted for in the applicable sections above, providing for the net increase of \$39.7 million.

- **Homeless Categorical:** The FY2024 Budget includes \$2.5 million to help districts support students experiencing homelessness. Netting out the aid to Central Falls, Davies and the Met leaves \$2.3 million for school districts and charter schools. Through a new provision in Article 8, the Budget provides 25.0 percent of the core instruction per-pupil amount for each qualifying student, adjusted by the state share ratio for the district. Students could qualify for both the SSF and the Homeless weights. Residency will be based on the last residence of the students and school districts will self-report the numbers based on the criteria set forth in the federal McKinney-Vento Act. The McKinney-Vento Homeless Assistance Act defines “homeless children and youths” as those who lack a fixed, regular, and adequate nighttime residence. The formula used for the calculation is as follows:

FY2024 Governor's Education Aid		
Categorical	Change from Enacted	Total Funding
Homeless Categorical	2.5	2.5
PSOC New Seats Transition Fund	7.9	7.9
School Choice Density Aid	(0.5)	-
Temporary Enrollment Assistance	8.5	8.5
Transportation	1.4	10.6
Early Childhood	8.0	22.9
High-Cost Special Education	4.8	9.3
Career & Tech. Schools	-	4.5
English Learners	7.8	12.8
Regionalization Bonus	-	-
School Resource Officer Support	-	-
Group Home Aid	(0.4)	1.8
Total	\$39.9	\$80.9
<i>\$ in millions</i>		

(Number of homeless students x (Core Instruction Funding x 0.25)) x State Share Ratio

- **Public School of Choice (PSCOC) New Seats Transition Fund:** The Budget includes \$7.9 million to help districts adjust to enrollment declines due to students moving to charter schools. Netting out the aid to Central Falls, Davies and the Met leaves \$7.3 million for school districts and charter schools. Through

Article 8, the Governor establishes a transition fund that provides 60.0 percent of the foundation aid for new seats added in the first year, 30.0 percent in the second year, and no funding in the third year. The formula used for the first-year calculation is as follows:

$$\text{New PSOC seats} \times (\text{Foundation Amount} \times \text{State Share Ratio}) \times 0.60$$

According to the Office of Management and Budget (OMB), this initiative is modeled after a Massachusetts program, which offers 100.0 percent funding in the first year, 60.0 percent in the second year and 40.0 percent in the third year. However, the Massachusetts reimbursement program has changed several times since its inception in 1997. For example, in 2012 the law was changed to reflect 100.0 percent in the first year, and 25.0 percent for the following five years. This was reversed in FY2010, and the program again adopted the 100/60/40 percent model. Furthermore, the program is subject to appropriation and has not always been fully funded, resulting in a prorated version of the reimbursement program for some fiscal years (providing less than 100/60/40 percent to LEAs). The Governor's recommendation, while based on the Massachusetts program, is aimed at balancing the need to reimburse LEAs experiencing enrollment losses due to shifts to PSOCs while ensuring that the program is fiscally responsible, sustainable, and predictable.

- **School Choice Density Aid:** Article 10 of the FY2022 Budget as Enacted reestablished density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school and provided \$1.0 million in education aid for FY2022. The category provided one \$500 payment for each new resident student enrolled in a charter or state school. For FY2022, the aid was calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In FY2023, the \$500 was paid for each new charter or state school student relative to the previous year. The FY2024 Budget eliminates this aid through Article 8, as the PSOC Transition Fund covers this population.
- **Temporary Enrollment Assistance:** The Governor includes \$8.5 million in one-time support for districts experiencing enrollment loss due to reasons other than PSOC enrollment. The formula used on a per-district basis is as follows:

$$\text{If FY2023 Enacted Formula Aid (excluding categoricals)} - (\text{FY2024 Formula Change} + \text{Homeless Funding} + \text{PSOC Transition funding}) \text{ is less than zero, then difference} \times -1.0 \times 0.5$$

According to OMB, the goal of this funding is to assist districts experiencing funding loss, including students moving to different schools or changes in the number of students in poverty. The 50.0 percent multiplier is “meant to be both fiscally responsible and signal a return to a more routine funding formula, which does not hold districts harmless each year”.

- **Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$10.6 million in FY2024, an increase of \$1.4 million over the FY2023 Budget as Enacted to fully fund the regional component of this category.
- **Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds will be distributed through a request for proposals (FRP) process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. These funds are paid to providers through the RFP process and, consequently, are not included in the distribution tables. The Budget funds this category at \$22.9 million in FY2024, an increase of \$8.0 million in general revenue over the FY2023 Budget as Enacted. Of the

total increase, \$1.3 million is to fund 35 new classrooms and \$6.7 million is to replace expiring federal funds.

Analyst Note: The Budget also provides \$300,000 in general revenue in the Administration of the Comprehensive Education Strategy (ACES) program for a new lottery system and other supports.

- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed five times the combined core instruction and student success factor funding (currently \$77,350 for FY2023). The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget fully funds this category at \$9.3 million in FY2024, an increase of \$4.8 million relative to the FY2023 Budget as Enacted.
- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associate with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2024, level with the previous year.
- **English/Multilingual Learners:** Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 10.0 percent of the per-pupil core instruction amount for each qualified EL student. In FY2024, the per-pupil weight is \$1,188, to reflect 10.0 percent of the \$11,876 core instruction amount. This amount is then multiplied by the state share. This amount is then multiplied by the state share ratio. The formula is provided below.

(Per-pupil core instruction amount x number of EL students) x 10.0 percent x state share ratio = additional state support per EL student

This support is then ratably reduced based on the total amount appropriated.

The Article restricted the funds to provide new services to EL students and required that the funds be managed in accordance with requirements enumerated by the Commissioner. The Article also required the Department to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. Distribution is subject to a pro-rata reduction based on the funds available. The Budget provides \$12.8 million in FY2024 to fully fund this category, an increase of \$7.8 million relative to the previous fiscal year.

- **Regionalization Bonus:** This fund provides a bonus to districts that may regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget provides no funding in FY2024. This category has not been funded since FY2014, as no new regionalized districts have been formed.
- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted establishes a new aid category to support new Resource Officers at public middle and high schools. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for schools with < 1,200 students, only one resource officer position is eligible for reimbursement. Schools with > 1,200 students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget does not fund this category since the program expired in FY2021.

- **Group Home Aid:** The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program, and provided \$15,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$22,000 per bed. Through Article 11 of the FY2017 Budget as Enacted, the per-bed aid increased by \$2,000 for a total of \$17,000 per bed, except for beds associated with the Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which increased by \$4,000 for a total of \$26,000 per bed.

The FY2024 Budget includes \$1.8 million to fund group home beds. This is \$446,611 less than the FY2023 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district and the decrease required pursuant to RIGL 16-7-22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation.

Based on the final December 31, 2022, report from the Department of Children, Youth, and Families, the FY2023 Revised Budget increases by 7 beds and \$119,000.

SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2024, the minimum state share is 35.0 percent and the maximum is 96.4 percent for Central Falls: the state share for charter schools is 30.0 percent

The 2010 General Assembly passed legislation increasing the minimum share ratio for traditional school districts from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation that required RIDE to develop recommendations for cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public school buildings in Rhode Island, establishes a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

School Construction Aid	General Revenue
FY2023 Enacted	\$138,536,507
Target and Other Adjustments	-
School Building Authority Capital Fund	(50,000,000)
School Construction Aid	14,926,439
FY2024 Governor	\$103,462,946

School Building Authority Capital Fund **(\$50.0 million)**

The FY2024 Budget does not repeat the investment made in FY2023, resulting in a decrease of \$50.0 million. Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State’s School Building Authority and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC). For FY2021, \$1.0 million in general revenue from the surplus construction aid was transferred to the Capital Fund.

For FY2022, the Budget as Enacted projected \$590,814 in general revenue from the surplus construction aid to the Capital Fund; however, the revised budget provided a total of \$9.0 million in surplus funds. The increase is due to construction delays, caused by the COVID pandemic, and bond refinancing. Several communities refinanced to take advantage of the low interest rates, saving a total of \$8.5 million in total debt service payments that was shared between the municipalities and the State.

Beginning in FY2023, a surplus in construction aid is no longer projected in the enacted budget; however, based on past experience, some surplus is likely but not at the recent levels. In addition to the \$250.0 million school building bond referendum in Article 5, the FY2023 Budget as Enacted provided \$50.0 million in general revenue to the School Building Authority to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

Facility Equity Initiative Pilot Program: At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rate over 65.0 percent, including Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. This project would focus on high priority projects to improve the health and safety of students and promote equity across the State. The new Capital Fund will provide up-front funding instead of increasing the school construction allocation in the annual budget and reduce costs by eliminating interest payments on the funded projects.

The projects approved by the Council for FY2022 are supported with the \$9.0 million from construction delays and bond refinancing, plus an additional \$3.0 million from prior year surpluses, and \$1.5 million in support from the Office of Energy Resources (OER) fund to the Facility Equity Initiative pilot program. The funding was distributed, in partnership with OER and the Office of Opportunity, Equity and Diversity (ODEO). After evaluating 53 applications from 5 LEAs, the funds were awarded to 5 districts on a priority basis designed to have the greatest impact on facility gaps between districts through upgrades

FY2022 SBA Capital Fund	
Facility Equity Initiative	
Pilot Program	
Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
Total	\$13.4

to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

While this program was only a pilot, with the approval of the \$250.0 million school construction bond in November 2022, Article 10 of the FY2023 Budget provided that \$50.0 million be transferred to the School Building Authority Capital Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students. The SBA expanded the pilot program to include the ten LEAs with a base reimbursement rate over 45.0 percent, thus doubling the number of eligible schools.

Of the \$50.0 million appropriated in FY2023, \$49.1 million was distributed as follows:

- \$26.0 million funded the Facility Equity Initiative, an additional \$4.0 million was contributed by the Office of Energy Resources
- \$14.0 million (plus \$1.0 from the career and technology school fund) was distributed through the 21st Century Technology and Equipment Funds to provide LEAs funds to ensure that learning spaces are equipped with technology, furniture, and equipment that support science technology, engineering, and math project-based learning.
- \$7.5 million was used for the Inside Out program to provide outdoor classrooms.
- \$1.6 million was awarded through the Menu for Success program providing student with the opportunity to design and operate food trucks.

FY2023 SBA Capital Fund Facility Equity Initiative Program	
Burrillville	\$0.3
Central Falls	4.2
Coventry	3.2
Cranston	1.9
East Providence	2.2
North Providence	2.8
Pawtucket	2.8
Providence	9.3
West Warwick	0.6
Woonsocket	2.9
Total	\$30.2

The SBA is working to leverage the remaining \$850,000 through other agencies or partners in an effort to match the funds.

School Construction Aid

\$14.9 million

While historically funded at \$80.0 million annually, for FY2024 based on current projections, the Budget provides \$103.5 million, an increase of \$14.9 million over the FY2023 Budget as Enacted. While the entire amount is expected to be used for housing aid entitlements, any surplus will be deposited into the School Building Authority Capital Fund. Based on December 2022 projections, housing aid entitlements are projected to increase to \$117.0 million in FY2025, \$129.2 million in FY2026, and \$151.1 million in FY2027.

TEACHER RETIREMENT

Since 1949, all teachers are required to become members of the State Retirement System. The State pays 40.0 percent of the employer's share of the retirement contribution each year. These funds, which are actuarially determined annually, are appropriated to the Department of Education for transfer to the State Retirement Fund.

On November 17, 2011, the General Assembly passed the Rhode Island Retirement Security Act of 2011 (RIRSA) to reform the state and local pension systems. The Act introduces a hybrid pension structure for all State employees, except public safety employees and judges, to shift risk to the employee by combining the attributes of both the defined benefit and defined contribution plans.

Teacher Retirement	General Revenue
FY2023 Enacted	\$130,855,471
<i>Target and Other Adjustments</i>	-
Defined Benefit Plan	1,673,192
Defined Contribution Plan	215,466
FY2024 Governor	\$132,744,129

Defined Benefit Plan**\$1.7 million**

The Budget provides total funding of \$127.6 million for the State's contribution to the teacher retirement defined benefit plan, reflecting a net increase of \$1.7 million from the FY2023 Budget as Enacted. The employer contribution rates are actuarially determined annually, and appropriated to the Department of Education for transfer to the State Retirement Fund. For teachers the State pays 40.0 percent of the employer contribution.

Defined Contribution Plan**\$215,466**

The Budget provides \$5.0 million in general revenue for the State's share of the contribution to the new defined contribution portion of the hybrid pension system, providing an increase of \$215,466 over the FY2023 Budget as Enacted. The plan includes a mandatory 5.0 percent employee and 1.0 percent employer contribution. For teachers the State pays 40.0 percent of the employer contribution.

CAPITAL PROJECTS

The Budget includes a total of \$9.2 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2023 and \$5.4 million in FY2024. This provides an increase of \$106,000 in FY2023 and a decrease of \$3.7 million in FY2024 relative to the FY2023 Budget as Enacted, including:

- **Davies Health Care Classrooms:** The Budget provides \$6.5 million in FY2023 to complete the health care classrooms at Davies. The architectural and engineering phase of the project occurred in FY2022 (\$500,000). The Davies Health Care Classrooms project includes building replacement space for the Health Care classrooms and eliminating the detached modular classroom building where the program is currently housed. This project was previously scheduled to begin in FY2021; however, the late passage of the FY2021 Budget delayed progress.
- **Davies School Wing Renovation:** The Budget provides \$2.5 million in RICAP funds to replace the wing of the building that was built in in the 1970's. Total project costs are estimated at \$35.0 million. The project is consistent with Davies' strategic Plan as approved by the Board of Trustees on June 13, 2022.
- **Met School Asset Protection:** The Budget provides \$800,000 in FY2023 and \$2.0 million in FY2024 for asset protection projects at the Metropolitan Career and Technical Center (MET), reflecting level funding in FY2023 and an increase of \$1.2 million in FY2024 relative to the FY2023 Budget as Enacted. The MET consists of three campuses: East Bay, Peace Street, and Public Street with a total of eight buildings and a storage facility totaling over 100,000 square feet. The Gallagher building is over 50 years old and in need of improvements to adequately function as a school facility. The MET previously funded asset protection projects out of the operating budget; however, due to budget reductions and restrictions, asset protection projects have been delayed, resulting in a backlog of maintenance items that need repair. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.
- **Davies HVAC:** To replace and repair the HVAC system at Davies, the Budget includes \$1.2 million in FY2023 and \$50,000 in FY2024. Davies recently developed a facility master plan to guide ongoing repairs and upgrades. The assessment evaluated the educational space for academic and technical

programs, future enrollment patterns, energy efficiencies, building condition, traffic studies, and Americans with Disabilities Act compliance and provided an extensive list of deferred maintenance and renovation projects. However, due to the dire need in other schools around the State and the need for a substantial investment to address the major repairs at Davies, the master plan is being advanced in smaller projects. Consequently, the funding will be used to replace a chiller, and allow for replacement, as needed in areas of the school where ventilation and circulation are an issue, particularly in the 1970's portion of the school. The Department requested \$150,000 annually in FY2024 through FY2028.

Public Higher Education

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Office of Postsecondary Commissioner	\$41.8	\$44.4	\$44.1	(\$0.2)	-0.6%	\$56.5	\$12.1	27.3%
University of Rhode Island	873.3	881.9	898.0	16.1	1.8%	962.6	80.7	9.1%
Rhode Island College	160.7	195.4	193.0	(2.4)	-1.2%	201.1	5.7	2.9%
Community College of R.I.	178.2	196.3	186.8	(9.5)	-4.9%	179.2	(17.1)	-8.7%
Total	\$1,254.1	\$1,318.0	\$1,321.9	\$4.0	0.3%	\$1,399.4	\$81.4	6.2%
Expenditures By Source								
General Revenue	\$266.7	\$265.9	\$265.4	(\$0.5)	-0.2%	\$294.6	\$28.7	10.8%
Federal Funds	9.9	9.8	11.3	1.5	15.1%	16.4	6.6	66.8%
Restricted Receipts	4.2	4.9	4.9	0.0	0.7%	6.7	1.9	38.8%
Other Funds	973.2	1,037.4	1,040.4	3.0	0.3%	1,081.7	44.3	4.3%
Total	\$1,254.1	\$1,318.0	\$1,321.9	\$4.0	0.3%	\$1,399.4	\$81.4	6.2%
Third Party Funded FTE	523.8	523.8	523.8	-	-	519.8	(4.0)	(0.0)
Authorized FTE Levels	3,862.5	3,863.5	3,863.5	-	-	3,874.5	11.0	0.3%
Total	4,386.3	4,387.3	4,387.3	-	-	4,394.3	7.0	0.2%

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

Prior to January 1, 2013, higher education in Rhode Island functioned under the direction of the Board of Governors for Higher Education. The FY2013 Budget as Enacted established a new Board of Education consisting of 11 members, appointed by the Governor with the advice and consent of the Senate. The Board of Governors for Higher Education and the Board of Regents for Elementary and Secondary Education were abolished as of January 1, 2013.

The major responsibilities of the Board of Education (Board), pertaining to higher education, include the governance of public institutions of higher learning and the regulation of proprietary schools; the preparation of a public higher education budget and capital development program; and the development of policies in pursuit of the primary goals of excellence, opportunity and access, diversity and responsiveness, coordination and accountability in public higher education.

The system of public higher education consists of three major institutions located at eight different campuses across the State of Rhode Island: the University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI).

The FY2015 Budget as Enacted established the Council on Postsecondary Education, which has duties and responsibilities per RIGL 16-59-1 and 16-59-4, much the same as the former Board of Governors for Higher Education. Article 9 of the FY2020 Budget as Enacted shifted oversight of the University of Rhode Island from the Board of Education, Council of Postsecondary Education (Council), and the Commissioner of Postsecondary Education to a newly established Board of Trustees (URI Board) at the University. The article further transferred all the duties and responsibilities pertaining to employees, debt service, and property from the Council to the Board.

MAJOR ISSUES AND TRENDS

The FY2024 Budget includes total funding of \$1,339.4 million, representing a net increase of \$81.4 million (6.2 percent) from the FY2023 Budget as Enacted, including a general revenue increase of \$28.7 million (10.8 percent). The general revenue increase is driven primarily by a \$14.2 million increase in the state appropriation to the institutions, a \$4.9 million increase in G.O. bond debt service, a \$4.8 million shift in the funding source for the Last Dollar (Promise I) Scholarship Program, and \$2.5 million for a new Fresh Start Scholarship program at CCRI.

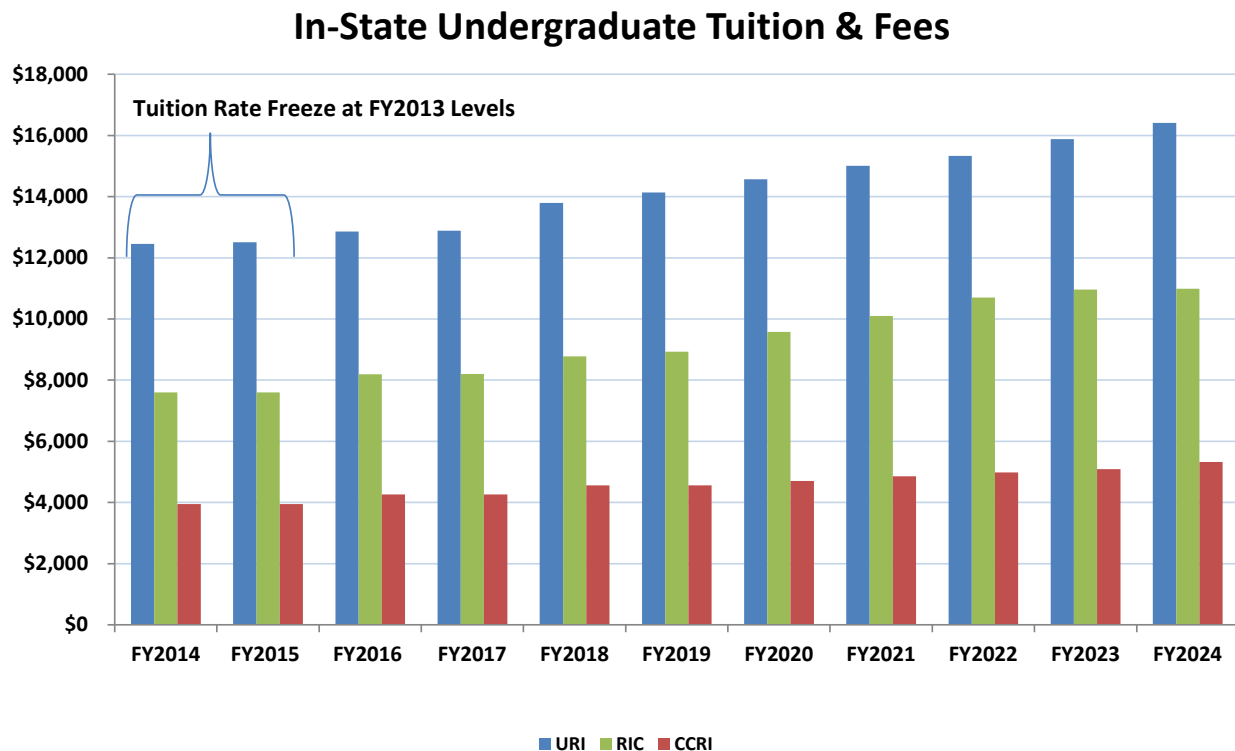
The net increase in federal funds of \$6.6 million (66.8 percent) is due primarily to the Governor's proposal to use \$8.0 million in ARPA SFRF resources to create a new Higher Education Academies program, partially offset by the exhaustion of federal Governor's Emergency Education Relief (GEER) funds

provided to CCRI for student scholarships. The growth in restricted receipts is driven by increased activity at the two Higher Education and Industry Centers, which are essentially self-funding.

The \$44.3 million (4.3 percent) increase in other funds is due primarily to an increase in Rhode Island Capital Plan (RICAP) funds. The significant increase includes \$15.0 million for the athletic complex at URI, \$10.0 million for Phase II of the Master Plan at RIC, \$8.5 million for Academic MEP Improvements at URI, and \$8.0 million for the Fine Arts Center at URI. More information on these projects is provided in the “*Capital Projects*” section at the end of this analysis.

Tuition and Fees

Actual tuition and fee rates, by institution, along with a projection for FY2022 and FY2023, are shown in the following graph.



URI	FY2020	FY2021	FY2022	FY2023 Enacted	FY2023 Revised	FY2024	Change from FY2023 Enacted	
In-State Tuition	\$12,590	\$12,922	\$13,250	\$13,586	\$13,586	\$14,116	\$530	3.9%
Out-of-State Tuition	29,710	30,496	31,272	32,068	32,068	33,512	1,444	4.5%
Mandatory Fees	1,976	2,082	2,082	2,294	2,294	2,292	(2)	-0.1%
Tuition & Fee Revenue	335,017,650	351,862,783	363,333,284	370,871,587	373,762,642	391,220,641	20,349,054	5.5%
RIC								
In-State Tuition	\$8,218	\$8,835	\$9,277	\$9,481	\$9,481	\$9,481	\$0	0.0%
Out-of-State Tuition	21,683	23,310	24,475	25,014	25,014	25,014	-	0.0%
Northeast Neighbors Program	12,328	13,252	13,915	14,221	14,221	14,221	-	0.0%
Mandatory Fees	1,360	1,268	1,425	1,485	1,485	1,505	20	1.3%
Tuition & Fee Revenue	65,868,388	65,572,087	61,574,442	60,999,841	60,473,794	57,078,647	(3,921,194)	-6.4%
CCRI								
In-State Tuition	\$4,284	\$4,414	\$4,524	\$4,624	\$4,624	\$4,855	\$231	5.0%
Out-of-State Tuition	12,128	12,492	12,804	13,086	13,086	13,740	654	5.0%
Mandatory Fees	416	446	456	466	466	470	4	0.9%
Tuition & Fee Revenue	56,551,293	53,773,815	48,505,149	50,426,993	52,449,579	54,860,553	4,433,560	8.8%

In FY2024, URI is projecting an increase in tuition and fee revenue of \$20.3 million, or 5.5 percent, based on an increase in undergraduate in-state tuition of \$530, or 3.9 percent; out-of-state tuition of \$1,444, or 4.5

percent; and, a decrease in mandatory fees of \$2, or 0.1 percent. RIC is projecting a decrease in tuition and fee revenue of \$4.5 million, or 7.3 percent, based on a projected decrease in enrollment of 6.9 percent, relative to the FY2023 revised projection; however, the FY2023 revised projection increased by 2.2 percent over the enacted level. CCRI projects an increase in tuition and fee revenue of \$2.4 million, or 4.6 percent, relative to the FY2023 revised projection, based on a projected level of enrollment, and an increase in in-state tuition of \$231, or 5.0 percent; an increase in out-of-state tuition of \$654, or 5.0 percent; and, an increase in mandatory fees of \$4, or 0.9 percent. The changes from the FY2023 Budget as Enacted are shown in the preceding table.

State Support for Public Education

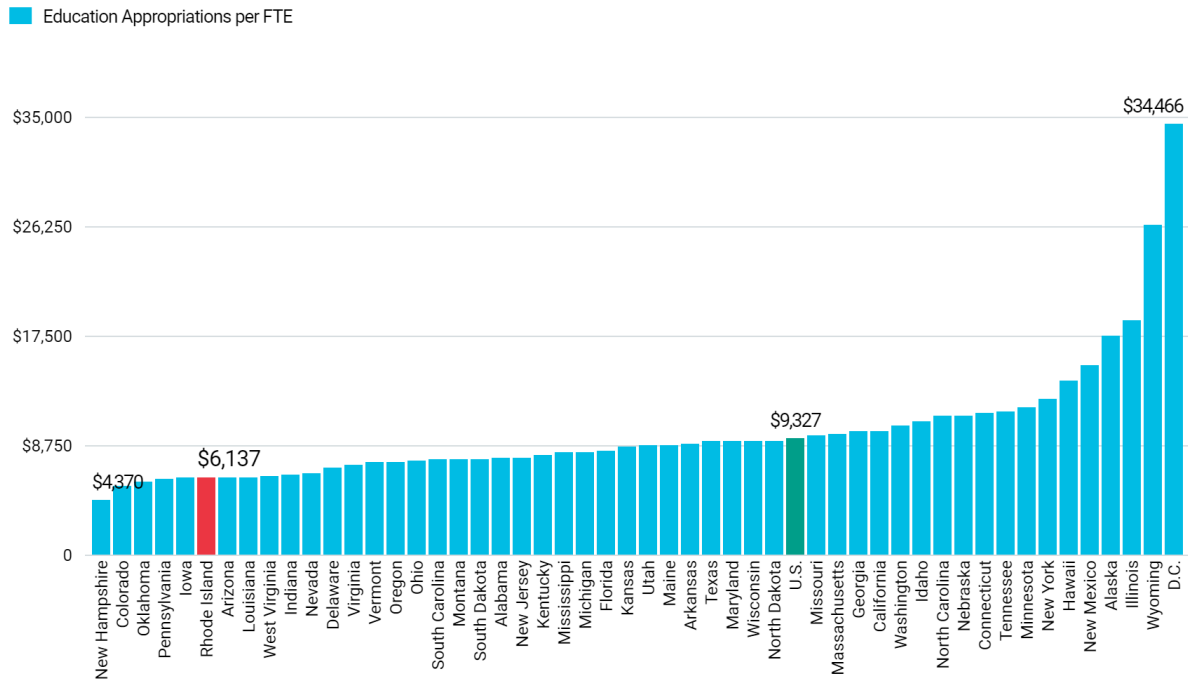
When looking at state support for public higher education, many policy makers tend to take a regional approach. For example, if looking at New England, Rhode Island has the second lowest appropriation per pupil in the region. In FY2021, the most recent data available, Connecticut appropriated \$5,150 more per student FTE than Rhode Island and Massachusetts appropriated \$3,474 more. Based on Rhode Island’s FY2021 FTE enrollment of 31,426, the difference in per-student FTE appropriation between Rhode Island and Massachusetts is \$109.2 million.

However, on a national perspective in FY2021, the District of Columbia appropriated \$28,329 more per student FTE than Rhode Island. The chart that follows is from the State Higher Education Executive Officers Association (SHEEO) and illustrates state 2021 appropriations to public higher education based on student FTEs. The State of Rhode Island appropriates \$3,190 less per student than the national average.

FY2021 State Educational Appropriations per FTE	
Connecticut	\$11,287
Massachusetts	9,611
Maine	8,724
Vermont	7,370
Rhode Island	6,137
New Hampshire	4,370
Regional Average	\$7,917

Source: State Higher Education Executive Officers (SHEEO)

Public Higher Education Appropriations per FTE by State, FY 2021 (Adjusted)



Notes:

1. Education appropriations are a measure of state and local support available for public higher education operating expenses and student financial aid, excluding appropriations for research, hospitals, and medical education. Education appropriations include federal stimulus funding.
2. The U.S. calculation does not include the District of Columbia.
3. Constant 2021 dollars adjusted by the Higher Education Cost Adjustment (HECA).
4. Adjusted to account for interstate differences using the Enrollment Mix Index (EMI).
5. Adjusted to account for interstate differences using the Cost of Living Index (COLI). The COLI is not a measure of inflation over time.

Source(s): State Higher Education Executive Officers Association

In FY2024, the three state institutions requested a \$45.8 million increase in State general revenue support, excluding general obligation debt service. The Budget provides \$14.9 million in additional funding, excluding general obligation debt service.

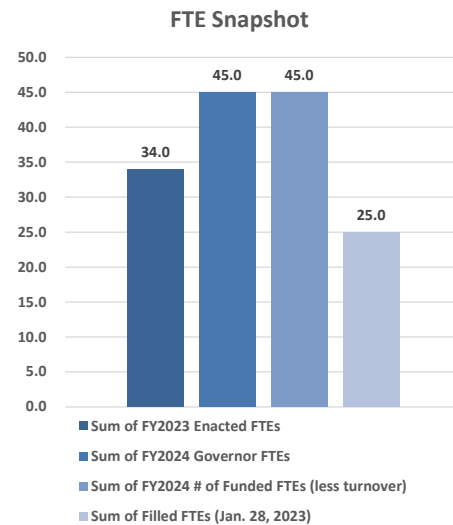
OFFICE OF THE POSTSECONDARY COMMISSIONER

Expenditures By Source	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
General Revenue	\$25.4	\$18.6	\$17.6	(\$1.0)	-5.5%	\$28.1	\$9.5	51.1%
Federal Funds	8.0	8.0	8.0	0.0	0.1%	16.4	8.4	104.7%
Restricted Receipts	3.5	4.0	4.1	0.0	0.8%	6.1	2.0	50.5%
Other Funds	4.9	13.7	14.4	0.7	5.3%	5.9	(7.8)	-57.0%
Total	\$45.6	\$44.4	\$44.1	(\$0.2)	-1.8%	\$56.5	\$12.1	27.3%

\$ in millions

The mission of the Office of the Postsecondary Commissioner (OPC), formerly the Office of Higher Education, is to support the work of the Board of Education and the Council on Postsecondary Education in providing an excellent, accessible, and affordable system of higher education designed to improve the educational attainment of Rhode Island citizens, support economic development, and enrich the civic, social, and cultural life of the residents of the State. The Commissioner works with the presidents of the state higher education institutions to determine the benefits or disadvantages of proposed new programs, departments, courses of study, and policies with the scope and role adopted by the Council on Postsecondary Education. The OPC also supports specific programs, such as early college access and veterans affairs. The FY2016 Budget as Enacted created a new Division of Higher Education Assistance (DHEA) within the Office of the Postsecondary Commissioner and eliminated the Rhode Island Higher Education Assistance Authority. The OPC provides research, policy, and fiscal analysis, and seeks to ensure that higher education in Rhode Island remains economically and geographically accessible.

The Budget provides 45.0 FTE positions for the OPC in FY2024, including 1.0 FTE that is third-party funded. This represents an increase of 11.0 FTE positions from the FY2023 Budget as Enacted. The increase is due to the addition of 7.0 FTE positions for the Rhode Island Longitudinal Data System (RILDS), including 4.0 sponsored research positions transferred from URI; 3.0 FTE positions for the Rhode Island Reconnect program; and 1.0 FTE Director of P-20 Readiness and Transition position. Of the 45.0 positions provided, 11.0 are available only for the State's Higher Education Centers located in Woonsocket and Westerly, and 10.0 for the Nursing Education Center.



Office of Postsecondary Commissioner	General Revenue
FY2023 Enacted	\$18,597,940
<i>Target and Other Adjustments</i>	<i>278,347</i>
Last Dollar (Promise I) Scholarship Fund Source	4,800,000
Fresh Start: CCRI Scholarship	2,500,000
Rhode Island Promise Scholarship Program	668,101
RI Longitudinal Data System (3.0 new FTE positions, 4.0 transferred FTE positions)	575,000
RI Reconnect (3.0 FTE positions)	313,501
Legal and Labor Related Services	223,298
Higher Education Finance Review	205,500
Higher Education Opportunities for Teachers of Color	(200,000)
PK-20 Public Education Strategic Plan (1.0 FTE position)	140,668
FY2024 Governor	\$28,102,355

Office of Post Secondary Commissioner	Other Fund Changes
ARPA SFRF: RI Reconnect (federal funds)	\$8,000,000
Higher Education and Industry Centers (restricted receipts)	1,794,866

Last Dollar (Promise I) Scholarship Fund Source **\$4.8 million**

The Budget shifts \$4.8 million in reserve spending from the Division of Higher Education Assistance to general revenue. Shifting scholarship funding to general revenue will provide full funding to programs in FY2024. Based on current projections, however, there will not be sufficient funding for the Dual/Concurrent Enrollment program and the RI Last Dollar (Promise I Need-Based) Scholarship program in FY2025.

Projection of DHEA Revenues/Expenses for FY2022 through FY2025

	FY2022 Actual	FY2023 Projected	FY2024 Governor	FY2025 Projected
Revenues				
Reserves ¹	\$9,622,633	\$12,137,948	\$4,042,948	\$547,948
CollegeBound Fund Fees (from Treasurer)	4,906,782	4,200,000	4,000,000	3,600,000
General Revenue ²	9,595,000	-	4,800,000	-
Total	\$24,124,415	\$16,337,948	\$12,842,948	\$4,147,948
Expenditures				
Promise 1 Scholarship (CollegeBound Fees)	-	(5,595,000)	(3,900,000)	(5,595,000)
Promise 1 Scholarship (DHEA Reserves)	-	(4,000,000)	(895,000)	(4,000,000)
Promise 1 Scholarship (general revenue)	(9,595,000)	-	(4,800,000)	-
Dual/Concurrent Enrollment (CollegeBound Fees)	(2,212,214)	(2,300,000)	(2,300,000)	(2,300,000)
Personnel Expenses (DHEA Reserves)	(275,328)	(400,000)	(400,000)	(400,000)
Total	(\$12,082,542)	(\$12,295,000)	(\$12,295,000)	(\$12,295,000)
Ending Balance	\$12,041,873	\$4,042,948	\$547,948	(\$8,147,052)

¹ Any unused CollegeBound fund fee revenue is deposited into the Reserves account for future use. FY2023 balance as provided by OPC on 3.6.2023

² The FY2022 Budget as Enacted provided a "one-time" infusion of general revenue to preserve other fund sources for another fiscal year. In FY2024, the Governor recommends another infusion of general revenue.

Source: Reserves and expenditure projections from OPC and the FY2024 database for the Governor's budget. CollegeBound Fee projections from the General Treasurer's Office.

On December 6, 2017, the Council on Postsecondary Education voted to authorize the Commissioner to transfer the Federal Family Education Loan Portfolio to the United States Department of Education. The transfer was completed in FY2018; consequently, the Division of Higher Education Assistance (DHEA) no longer receives any guaranty agency fee revenues. Without the revenues, the reserves balance declines and

will be exhausted in FY2025. Pursuant to RIGL 16-57-6.1(b) and 16-56-6, CollegeBound Fund fees must be used for need-based grant programs; thereby limiting the use of these funds. Additionally, revenues from the CollegeBound fund are expected to decline due to the raising average age of participants and smaller contributions. The revenues are based on the amount of assets under management.

As the average age of the participants increases and participants enter college, they will withdraw assets. Furthermore, the new, younger participants are not joining in the numbers needed to offset withdrawals, and these new participants are generally making smaller contributions to their savings plans. Historically generating about \$6.0 million annually, the General Treasurer projects revenue to decline to \$4.2 million in FY2023, \$4.0 million in FY2024, and \$3.6 million in FY2025. These revenues are used to partially support the need-based Promise I grant program.

Analyst Note: Through a Governor's budget amendment, dated March 8, 2023, the budget adds \$250,000 to need-based grants provided to qualifying students attending non-profit, higher education institutions in Rhode Island, bringing the total funding to \$1.8 million. Article 8 is also amended to provide that, of the amount appropriated, the lesser of 20.0 percent or \$1.8 million will be distributed to independent, non-profit, higher education institutions.

Fresh Start: CCRI Scholarship

\$2.5 million

The Budget provides \$2.5 million in one-time funding to support a new scholarship program, Fresh Start, to recover lost enrollment at CCRI by focusing on adults who have earned some college credit but no degree. This last-dollar scholarship proposal would provide 1,000 adults with tuition and fee support for one semester, the estimated time needed to regain their momentum and become eligible for federal aid. The program is targeted at the 24,000 adult students that were previously enrolled at CCRI but have not completed a credential from a college or university due to not meeting federal financial aid satisfactory academic progress (SAP). To qualify, one must:

- Be a Rhode Island resident who qualifies for in-state tuition and fees pursuant to the Residency Policy as adopted by the Council on Postsecondary Education. This includes undocumented students who meet the Residency Policy.
- Have not been enrolled at CCRI or any college between Fall 2022 – Spring 2023 semesters.
- Have not earned an associate or bachelor's degree.
- Complete a 2023-2024 FAFSA and all financial aid requirements.
- Students not meeting Satisfactory Academic Progress (SAP) must complete the appeal process during the first semester of the scholarship. CCRI has an 85.0 percent appeal approval rate.

Rhode Island Promise Scholarship Program

\$668,101

The Budget includes an additional \$446,974 in general revenue (\$8.6 million total) to fund the Rhode Island Promise Scholarship program (RI Promise). Article 3 of the FY2018 Budget established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island (CCRI), less federal and all other financial aid available to the recipient. The increase is due to a projected enrollment increase of 18.8 percent (505 students) and the 5.0 percent increase in tuition and fees at the College. The program was scheduled to sunset with the high school graduating class of 2021; however, 2021-S-0079 Sub A eliminated the sunset and made the program permanent.

Rhode Island Longitudinal Data System (3.0 new FTE positions, 4.0 transferred positions)

\$575,000

The Budget includes \$472,769 in general revenue to partially support 3.3 FTE positions and \$102,231 in operating costs (\$575,000 total general revenue) to provide long-term sustainability for the Rhode Island Statewide Longitudinal Data System (RILDS) built, maintained and operated by DataSpark at URI. In addition, the budget includes \$466,118 in federal funds to support 3.3 FTE positions, and \$64,000 in restricted is to support 0.45 FTE positions. Total funding for the program is \$1.1 million with 7.0 FTE positions.

The RILDS, previously known as the RI Data HUB, centralizes more than 50 previously isolated datasets from eleven sources over three decades. DataSpark leverages the RILDS to inform policy and resource allocation, improve student learning and outcomes, promote workforce and economic development, and address equity issues. Historically, DataSpark has been supported through federal grants from the United States Department of Education and the Rhode Island Department of Labor and Training; however, the current federal grant supporting DataSpark is expiring. Due to decreasing support over the last three years, the team has been reduced from eleven to four FTE positions. Without sustainable support, the RILDS will cease operations midway through FY2024.

RI Reconnect (3.0 new FTE positions)

\$313,501

The Budget includes \$313,501 in general revenue to support 3.0 new FTE Higher Education Academy – Navigator positions and \$8.0 million in ARPA SFRF funds to create a new program, the Higher Education Academy, to coordinate and grow existing programs including RI Reconnect, back to work/Real Jobs, the All Course Network, and Enroll RI. The program would also align efforts at the state’s higher education institutions to increase enrollment in postsecondary education.

Legal and Labor Related Services

\$223,298

The Budget increases funding for legal and labor related services by \$223,298 to a total of \$321,298 to bring support in line with historical levels. Actual expenditures were \$289,940 in FY2021 and \$273,264 in FY2022. The funding supports services such as the General Counsel to the Council on Postsecondary Education, labor relations, general liability claims, bargaining unit contract negotiations for RIC and CCRI, and contract review. The funding is provided in response to the recommendation of the Finance and Facilities Committee of the Council on Postsecondary Education to address the capacity of the Commissioner’s Office to meet the statutory requirements of the Office, in RIGL 16-59, and the strategic goals of the Council and the State.

Higher Education Finance Review

\$205,500

The Budget provides \$205,500 in professional services to enable the OPC to examine strategies for public and private investment to support Rhode Island students. The budget would support a range of professional services, such as data analysis, accounting, general administrative support, and communications support, and enable the OPC to provide recommendations on the implications of expanding state-funded scholarships program and to begin developing a predictable funding policy.

Higher Education Opportunities for Teachers of Color

(\$200,000)

The FY2023 Budget as Enacted included a one-time grant of \$200,000 in general revenue to increase access to higher education opportunities for teachers of color through the Rhode Island School for Progressive Education (RISPE). RISPE is an educator preparation provider founded with the mission to diversify the Rhode Island teacher workforce, and promote anti-racist education. The funds were used to offset the cost of attendance, help support faculty and clinical staff stipends, increase recruitment effort, and purchase equipment.

PK-20 Public Education Strategic Plan (1.0 FTE position)

\$140,668

On September 26, 2022, the Council on Postsecondary Education approved OPC’s new classification of Director of PK-20 Readiness and Transition to meet the changing needs of the organization and its stakeholders. The Budget provides \$140,668 in salary and benefits to support the new 1.0 FTE position. In March 2022, the Board of Education approved the strategic plan for joint work between OPC and the Department of Elementary and Secondary Education to ease the transition of students from PK-12 into postsecondary education.

ARPA SFRF: RI Reconnect (federal funds)

\$8.0 million

The Budget provides \$8.0 million in federal ARPA SFRF proceeds for operating costs associated with the proposed new Higher Education Academy program. This program would coordinate and leverage existing

programs including RI Reconnect, back-to-work/Real Jobs, All Course Network, and Enroll RI, as well as aligning work at the institutions of higher education to guide Rhode Islanders into postsecondary education.

Analyst Note: Additional detail on this proposal was requested on March 7, 2023. A response has not been received as of March 21, 2023; however, OPC has indicated they are working on a response.

Higher Education and Industry Centers (restricted receipts)

\$1.8 million

The Budget includes an additional \$1.8 million (\$5.8 million total) in restricted receipts for the two Higher Education and Industry Centers. Of the total increase, \$1.1 million is for increased professional services, including \$1.0 at the Westerly Education Center (WEC) and at the Woonsocket Education Center (WOC), formerly known as the Northern Education Center. The increase at WEC is due to increased Electric Boat trainings at the facility. At the WOC the increase is \$100,000 for the first full year of programming at the new facility. An additional \$450,000 in capital purchases is provided to expand annex space at WEC for additional services and to build out the second floor of the WOC facility. Due to construction delays, the Northern Education Center has started programming out of the former Monsignor Gaudory School in FY2023; however, the WOC, located at 115 Main Street, opened in August 2022.

UNIVERSITY OF RHODE ISLAND

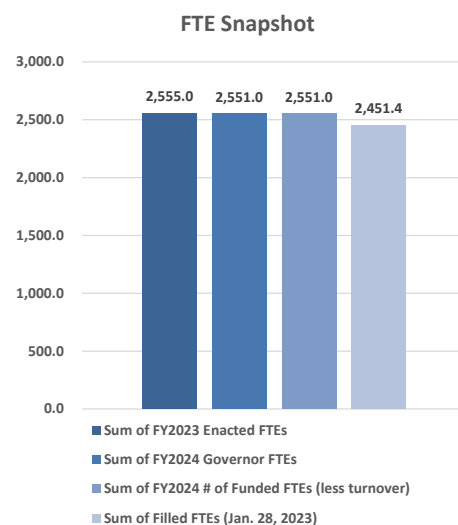
Expenditures By Source	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
General Revenue	\$120.2	\$121.8	\$122.1	\$0.3	0.2%	\$132.6	\$10.8	8.9%
Federal Funds	-	-	-	-	-	-	-	-
Other Funds	753.1	760.1	775.9	15.9	2.1%	829.9	69.9	9.2%
Total	\$873.3	\$881.9	\$898.0	\$16.1	1.8%	\$962.6	\$80.7	9.1%

\$ in millions

The University of Rhode Island (URI) was founded in 1888 as an agricultural school known as the Rhode Island College of Agriculture and Mechanic Arts. The college was actually the second State college established in Rhode Island. The Agricultural Experiment Station building was the first structure on campus, and was built in 1889; the building was later renamed Taft Hall. Today, Taft Hall houses internship, international exchange, and foreign student programs. In 1955, the school became known as the University of Rhode Island.

URI quickly evolved beyond its genesis as a land grant and agricultural school, and today has retained a focus on biological and natural sciences, along with a developing focus on technology in areas such as ocean engineering, chemistry, pharmacy, economics, nursing, and renewable energy. URI has the third oldest continuously operating marine laboratory in the United States, the oldest turfgrass research program in the country, and has implemented green building technology in the expansion and renovation of its facilities. URI provides Bachelor's, Master's, and Doctorate level degrees.

URI has four campuses: the 1,250-acre Kingston Campus; the 153-acre Bay Campus in Narragansett; the Providence Campus, located in the Shepard Building on Washington Street in Providence; and, the W. Alton Jones Campus located on 2,300 acres in West Greenwich. The Budget provides 2,551 FTE positions, including 353.8 positions that are third party funded, a reduction of 4.0 FTE positions reflecting the transfer of third-party funded FTEs associated with the Rhode Island Longitudinal Data System (RILDS) to OPC.



Major Issues and Trends

The URI Board of Trustees requested a 3.9 percent (\$530) increase for in-state tuition and 4.5 percent (\$1,444) increase for out-of-state tuition. There is a net decrease in mandatory fees of 0.1 percent (\$2), including a decrease of 8.5 percent (\$42) for the Memorial Union fee and 5.0 percent (\$34) for the Health Services fee, partially offset by an increase of 21.6 percent (\$64) in the technology fee and 11.1 percent (\$10) for the Fitness and Wellness Center fee.

In addition to the 5.5 percent increase in tuition and fee revenue, URI requested a general revenue, state appropriation increase of \$32.0 million (35.1 percent relative to the FY2023 Budget as Enacted) excluding general obligation debt service. The increase in state appropriation is to support \$24.2 million in cost increases associated with the current service level and additional \$14.3 million in new initiatives. Increases in operating costs included inflationary increase (\$3.3 million), utilities and insurance (\$1.6 million), increase fees for programs with dedicated revenue (\$1.4 million), and a new Women's Lacrosse program (0.4 million). An additional women's sports program was required under Title IX to provide equitable access to varsity sports for women, currently more than 50.0 percent of the student enrollment. While funding for the coach and assistant was provided in FY2023 in order to begin the hiring process, the FY2024 funding supports a Strength and Conditioning Coach, an Operations Supervisor, and some operating expenses.

Of the \$35.5 million requested increase to cover the cost of the current service level, \$11.3 million is for the FY2023 deficit that carries into FY2024. The components of this deficit are included in the table to the right. The largest component is the cost of living agreement (COLA) for classified employees that was provided in the statewide contract negotiated in FY2022.

In FY2024, URI requests \$14.3 million in funding for new initiatives that correlate with URI's four strategic priorities:

- **Blue Economy:** Broaden the University's impact through a reinvigorated commitment to land- and sea-grant missions
- **Health & Well-being:** Enhance student achievement by cultivating an engaged and inclusive learning environment
- **Diversity & Student Success:** Foster and inclusive, people-centered culture
- **Revenue Generation:** Implement leading-edge administrative and financial systems and practices to power the university of the future

To further these priorities, URI requested \$7.7 million, including \$1.8 million general revenue, in salaries and benefits to support 40.3 FTE non-classified positions, 13.0 tenure-track faculty positions, and 9.0 classified positions to realize the goals identified in the draft strategic plan. The proposal includes hiring faculty and staff to develop high-demand programs and conduct world-class research, increasing student success through advising, mental health and wellness, and recreational programs, and investing in infrastructure to support these programs.

University of Rhode Island FY2024 Budget Request Increase over FY2023 Budget as Enacted

Revenue Initiative	Amount	Percentage Change
State Appropriation ¹	\$32.0	35.1%
Tuition and Fees	20.3	5.5%
All Other	0.3	2.0%
Total	\$52.6	9.7%
Expenditure Initiatives		
Maintain Current Services	\$35.5	7.4%
FY2023 Operational Deficit	11.3	n/a
Personnel (COLA/Contractual)	9.8	5.9%
Operating	6.7	23.6%
Student Aid	5.6	4.5%
Non-GO Debt Service	2.1	26.3%
New Initiatives	\$14.3	
Blue Economy	1.5	n/a
Health & Well-being	2.5	n/a
Diversity & Student Success	2.4	n/a
Revenue Generation	7.9	n/a
Total	\$49.8	

¹ Excludes G.O. debt service.

\$ in millions.

URI FY2023 Operating Deficit

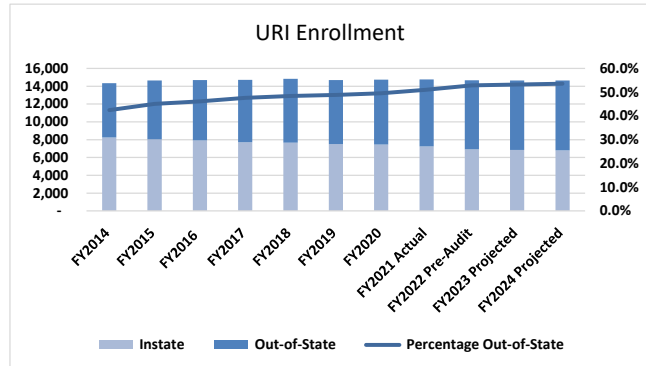
COLA - Classified Employees (Dec 2022)	\$4.9
FY2023 Request Shortfall	0.6
Tenure Track Faculty and Lectures	2.1
Faculty for Nursing (to add 65 students)	0.4
Cybersecurity	1.2
Research	0.5
Enterprise Resource Planning (ERP) Software	0.8
Mental Health Staff & Support	0.4
Human Resources	0.4
Total	\$11.3

\$ in millions

While approving the tuition and fee increase, the Budget provides a state appropriation increase of \$7.9 million, excluding debt service for general obligation bonds. The increase provides \$6.4 million for current services and \$1.5 million for the Blue Economy as provided in the request from URI.

Enrollment

In-state enrollment is projected to be 6,804 full-time equivalent students, a decrease of 283, or 4.1 percent from the FY2023 Budget as Enacted. Out-of-state student enrollment is projected at 7,841 in FY2024, an increase of 359, or 4.6 percent. The projected net enrollment for FY2024 reflects an overall increase in enrollment of 76 FTEs, 0.5 percent, relative to the FY2023 Budget as Enacted. The FY2023 Revised projection reflects a net increase of 84 students, 0.6 percent, relative to the FY2023 Enacted level, with in-state enrollment declining by 231 FTEs and out-of-state enrollment increasing by 315 FTEs.



University of Rhode Island	General Revenue
FY2023 Enacted	\$121,835,645

<i>Target and Other Adjustments</i>	-
State Appropriation	7,937,275
General Obligation Debt Service	2,763,795
State Crime Lab	102,729

FY2024 Governor **\$132,639,444**

State Appropriation **\$7.9 million**

The state appropriation for URI increases by \$7.9 million in FY2024 to a total of \$99.2 million, excluding general obligation bond debt service and the State Crime Lab. Of the total increase, \$6.4 million is to fund increased costs for the current service level, and \$1.5 million is for the Blue Economy initiative requested by URI. As indicated in the request detailed under the “Major Issues and Trends” section, URI requested an all funds increase for current service of \$35.5 million, deducting the FY2023 operational deficit would reduce this request to \$24.2 million. The Governor’s proposal provides 18.1 percent of the total current service request, and 26.6 percent of the reduced amount.

Of the new initiatives requested, the \$1.5 million recommended by the Governor provides funding for one of four initiatives and 10.5 percent of the total funding requested. The Blue Economy initiative is part of URI’s strategic plan priorities to broaden the impact of the University through a reinvigorated commitment to land- and sea-grant missions. The proposal is projected to cost a total of \$5.6 million over five years and includes funding for 7.0 new FTE positions, as provided in the table, that were not included in the Governor’s recommendation.

URI Blue Economy Initiative		
Position	FTE	Amount
Assist. Prof. Blue Economy Supports Blue Economy Initiatives	1.0	\$153,944
Asst. Prof. Coastal Resilience Supports Blue Economy Initiatives	1.0	135,772
Asst. Prof. Fisheries Supports Blue Economy Supports	1.0	135,772
Asst. Prof. Mechanical/Industrial Supports nanotechnology and advanced manufacturing programs	1.0	141,829
Asst. Teach. Prof. Mechanical/Industrial Supports nanotechnology and advanced manufacturing programs	1.0	117,599
Asst. Teach. Prof. Ocean Supports offshore wind and coastal resiliency programs	1.0	117,599
Asst. Prof. Oceanography Supports Blue Economy initiatives	1.0	129,714
Operating - state match for federal grants	-	600,000
Total	7.0	\$1,532,229

General Obligation Debt Service**\$2.8 million**

The Budget includes \$31.8 million in general revenue for general obligation debt service at URI in FY2024 and \$29.3 million in FY2023. This is an increase of \$2.8 million in FY2024 and \$253,084 in FY2023 relative to the FY2023 Budget as Enacted. The change is primarily due to the issuance of more bonds in November, including \$17.0 million for the URI Fine Arts Center and \$4.0 million for the Narragansett Bay Campus.

	Debt Service				FY2024 Governor	Change from Enacted	
	FY2023 Enacted	FY2023 Final	Change from Enacted				
University of Rhode Island	\$29,049,378	\$29,302,462	\$253,084	0.9%	\$31,813,173	\$2,763,795	9.5%
Rhode Island College	6,002,565	6,219,501	216,936	3.6%	8,732,729	2,730,164	45.5%
Community College of Rhode Island	1,405,299	1,441,479	36,180	2.6%	807,992	(597,307)	-42.5%
Total	\$36,457,242	\$36,963,442	\$506,200	1.4%	\$41,353,894	\$4,896,652	13.4%

Source: Rhode Island Budget Office

Crime Lab**\$102,729**

The Budget provides an additional \$102,729 in general revenue (\$1.6 million total) for the State Crime Lab for target and other adjustments, consistent with the requested budget.

RHODE ISLAND COLLEGE (RIC)

Expenditures By Source	FY2022 Final	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
General Revenue	\$66.1	\$68.3	\$68.6	\$0.2	0.3%	\$74.7	\$6.3	9.3%
Federal Funds	-	-	-	-	-	-	-	-
Other Funds	94.5	127.1	124.5	(2.6)	-2.0%	126.4	(0.6)	-0.5%
Total	\$160.7	\$195.4	\$193.0	(\$2.4)	-1.2%	\$201.1	\$5.7	2.9%

\$ in millions

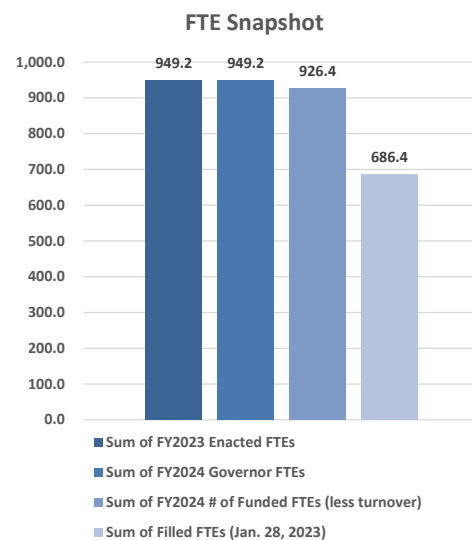
Rhode Island College (RIC) was established in 1854 as the Rhode Island State Normal School, with the mission of providing teacher preparation to Rhode Island residents. In 1959, RIC moved to its current campus location on 180 acres off of Mount Pleasant Avenue in Providence and was renamed Rhode Island College to reflect expanded curriculum.

Today, RIC provides comprehensive education at the Bachelor's and Master's level, with a focus on Rhode Island residents. Rhode Island College is accredited by the New England Commission of Higher Education, the Council on Social Work Education, National Association of Schools of Art and Design, National Association of Schools of Music, National Association of State Directors of Teacher Education and Certification, National Council for Accreditation of Teacher Education, and the Commission on Collegiate Nursing Education.

The Budget includes 949.2 FTE positions in FY2024, including 76.0 third-party funded positions, consistent with the FY2023 Budget as Enacted.

Major Issues and Trends

RIC's Budget request does not include a tuition increase for in-state or out-of-state students; however, mandatory fees increase by 1.3 percent (\$20) relative to FY2023, including a \$10 increase in the Health,



Counseling, and Wellness fee (\$160 total annually); and a \$10 increase in the Dining Center fee (\$225 total annually).

Due to a projected decline in enrollment of 4.8 percent, the tuition and fee revenue is projected to decrease by \$3.9 million relative to the FY2023 Budget as Enacted. RIC requested an increase in the state general revenue appropriation of \$6.1 million, excluding G.O. debt service, relative to the FY2023 Budget as Enacted. The FY2024 Budget request also continues investments of \$3.1 million for ongoing initiatives including enrollment management, new academic investments, and strategic hires. To support growing programs, the request included \$500,000 each for life sciences, healthcare, and education to update equipment, procure appropriate supplies, and support specialized faculty. To strengthen academic and enterprise resources, the request includes \$1.0 million to support ITS systems, such as PeopleSoft, Peoples Admin, and Salesforce; recruitment and retention tools; and, continued investment in academic advising. The college also requested \$500,000 to continue the investment in the new Certificate of Applied Biology and Biotechnology program, started in the FY2023 Budget, through additional equipment and supplies. Due to declining enrollment, student aid is projected to decrease by \$915,647, or 9.5 percent.

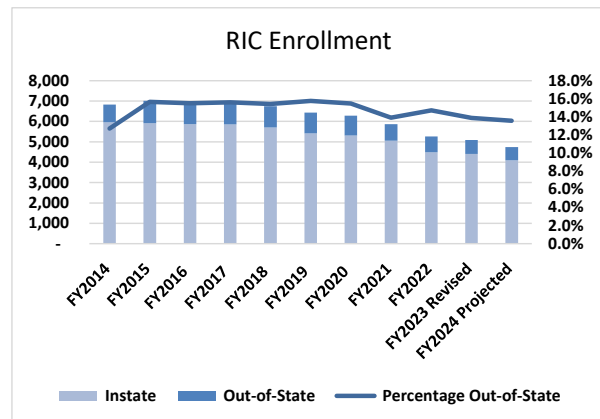
Rhode Island College FY2024 Budget Request Change to FY2023 Budget as Enacted	
Revenue Initiatives	Change
State Appropriation	\$6.1
Tuition and Fee Revenue	(3.9)
Total	\$2.2
¹ Excludes general obligation bond debt	
Expenditure Request	Change
Investment in Growing Programs	\$1.5
Strengthening Academic and Enterprise	1.0
Continued Investment in Bio-tech	0.5
Student Aid - 9.5 Percent Decrease	(0.9)
Total	\$2.1

\$ in million. Totals may not add due to rounding.

Of the \$6.1 million increase requested, excluding debt service for general obligation bonds, the Budget provides \$3.6 million, including \$3.1 million for current services adjustments and \$500,000 in additional support for the Applied Biology and Biosciences Certificate.

Enrollment

Total enrollment is projected to be 4,742 full-time equivalent students in FY2024, a decrease of 239 students, or 4.8 percent, relative to FY2023 Enacted enrollment, and a decrease of 351 students, or 6.9 percent from the FY2023 Revised level. This enrollment projection represents a decrease of 26.2 percent (1,687 students) from the FY2019 enrollment level. The Rhode Island Promise program providing free tuition to CCRI for recent high school graduates was passed in the FY2018 Budget and may have contributed to enrollment declines at RIC; however, the COVID-19 pandemic was also a factor.



Rhode Island College		General Revenue
FY2023 Enacted		\$68,343,852
Target and Other Adjustments		-
State Appropriation		3,616,279
General Obligation Debt Service		2,730,164
FY2024 Governor		\$74,690,295
State Appropriation		\$3.6 million

The Budget includes \$3.6 million in increased general revenue support (\$66.0 million total), excluding G.O. bond debt service. As indicated in the request detailed under the “Major Issues and Trends” section, Rhode Island College (RIC) had requested a \$6.1 million increase in the state appropriation to help support fixed costs, replace lagging tuition and fee revenue, as well as new investments in the College. The Budget provides \$3.1 million for current service costs and \$500,000 in increased support for the new Certificate of

Applied Biology and Biosciences. The FY2023 Budget as Enacted provided \$700,000 and 1.0 new FTE to upgrade laboratory space and support the new program. The state investments are expected to leverage other support. The program is slated to open in the fall of 2023.

General Obligation Debt Service

\$2.7 million

The Budget provides \$8.7 million in FY2024 and \$6.2 million FY2023 for general obligation debt service at RIC funded by general revenue. This is an increase of \$2.7 million in FY2024 and \$216,936 in FY2023 relative to the FY2023 Budget as Enacted. The increase is primarily due to the issuance of \$18.0 million in bonds for the Clarke Science Modernization project in November 2022.

Debt Service

	FY2023 Enacted	FY2023 Final	Change from Enacted		FY2024 Governor	Change from Enacted	
University of Rhode Island	\$29,049,378	\$29,302,462	\$253,084	0.9%	\$31,813,173	\$2,763,795	9.5%
Rhode Island College	6,002,565	6,219,501	216,936	3.6%	8,732,729	2,730,164	45.5%
Community College of Rhode Island	1,405,299	1,441,479	36,180	2.6%	807,992	(597,307)	-42.5%
Total	\$36,457,242	\$36,963,442	\$506,200	1.4%	\$41,353,894	\$4,896,652	13.4%

Source: Rhode Island Budget Office

COMMUNITY COLLEGE OF RHODE ISLAND (CCRI)

Expenditures By Source	FY2022 Final	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
General Revenue	\$55.0	\$57.1	\$57.1	\$0.0	0.1%	\$59.1	\$2.0	3.6%
Federal Funds	2.0	1.8	3.3	1.5	81.3%	-	(1.8)	-100.0%
Restricted Receipts	0.8	0.8	0.8	(0.0)	-0.1%	0.8	0.0	2.9%
Other Funds	120.6	136.6	125.5	(11.0)	-8.1%	119.2	(17.3)	-12.7%
Total	\$178.2	\$196.3	\$186.8	(\$9.5)	-4.9%	\$179.2	(\$17.1)	-8.7%

\$ in millions

The Community College of Rhode Island (CCRI) was established by the General Assembly in 1960 as Rhode Island Junior College. The first class of 325 students enrolled at a temporary Providence location in the fall of 1964. CCRI has provided a variety of career, technical, and academic programs and has established partnerships with businesses and non-profit organizations to provide worker training.

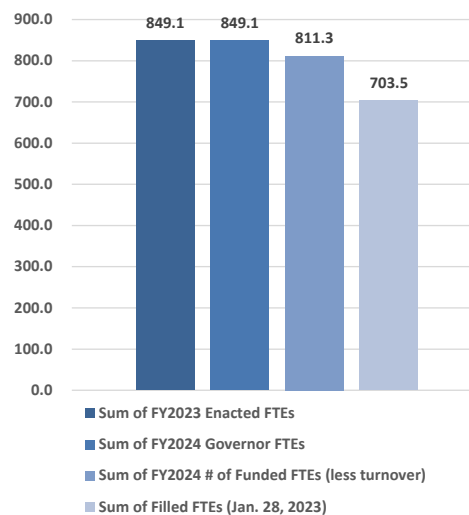
Today, CCRI has four main campuses: the 205-acre Knight Campus in Warwick; the 300-acre Flanagan Campus in Lincoln; the 7-acre Liston Campus in downtown Providence; and the 5-acre Newport County Campus in Newport. In addition, CCRI holds classes in the Westerly Higher Education and Industry Center.

The Budget includes 849.1 FTE positions in FY2023 and FY2024, including 89.0 third-party funded FTE positions, consistent with the enacted level.

Major Issues and Trends

CCRI's budget request includes a 4.6 percent increase in tuition and mandatory fees, with total tuition and fee revenue estimated to increase by \$4.4 million (8.8 percent) from the FY2023 Enacted level, or \$2.4 million (4.6 percent) from the FY2023 Revised level. The state appropriation request increases by \$7.7 million (13.9 percent) to \$63.4 million.

FTE Snapshot



The expenditure request includes funding to support current services and \$7.7 million for strategic priorities.

- **Student Aid:** \$2.5 million would support a new scholarship program, Fresh Start, to recover lost enrollment by focusing on adults who have earned some college credit but no degree. This last-dollar scholarship proposal would provide 1,000 adults with tuition and fee support for one semester estimated to regain their momentum and become eligible for federal aid.
- **Personnel Investment:** \$1.5 million to support 14.0 new FTE positions, \$240,000 to bring CCRI Campus Police salaries in line with those at Rhode Island College, and \$85,000 to increase professional development for faculty and staff. The positions include 4.0 FTEs in Student Services, 5.0 FTEs in Workforce Partnerships, 2.0 FTEs in Academic Affairs, and 2.0 in Human Resources.
- **Current Service Level:** \$1.7 million is requested to cover on-going expenses such as cost-of-living adjustments required in collective bargaining agreements and other operating expenses such as health insurance and utilities.
- **Technology and Other Operating:** \$688,000 is requested to implement a customer relationship management platform; begin moving the server infrastructure to a cloud-based system; procure software licenses to support on-line learning; support the printing of an Annual Student Support, Stewardship and Impact Report; and, increase marketing and advertising efforts.
- **Continuing FY2023 Initiatives:** \$550,000 is requested to make permanent the FY2023 investment to support healthcare worker training. Pursuant to a Governor’s Budget Amendment, dated May 20, 2022, the FY2023 Budget as Enacted added \$547,175 in general revenue to fund 4.0 FTE positions, within the College’s current staffing authorization, to provide support services and stipends for nursing assistant students, as well as marketing and advertising to recruit and train certified nursing assistants, licensed practical nurses, and registered nurses. This funding was not carried into the Governor’s FY2024.
- **Student Services:** \$400,000 is requested to implement two new programs. The Benefits Hub project will provide students assistance in accessing public benefits for food and housing, advising and tutoring to support successful graduation from CCRI and subsequent employment. The Community First project will partner with community-based organizations to provide education, including ESL and degreed programs, and workforce training.

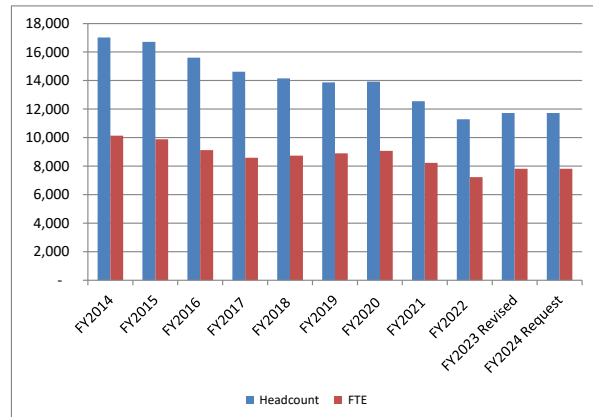
Community College of Rhode Island	
FY2024 Budget Request	
Change to FY2023 Budget as Enacted	
Revenue Initiatives	Amount
Tuition and Fees	\$2.4
State Appropriation ¹	7.7
Total	\$10.1
Expenditure Request	Amount
Student Aid	\$2.5
Personnel investment	1.9
Current Service Level	1.7
Technology and Other Operating	0.7
Continuing FY2023 Initiatives	0.6
Student Services	0.4
Total	\$7.7

¹ Does not include G.O. bond debt service.
\$ in millions

While approving the tuition and fee increase, the Governor recommends an increase of \$2.6 million in general revenue funding, excluding G.O. debt service, about 34.0 percent of the requested expenditure increase of \$7.7 million; however, \$2.5 million is provided through the Office of the Postsecondary Commissioner for the new Fresh Start scholarship program requested by CCRI, bringing the state funding of new expenditure up to about 67.0 percent. Included in the \$2.6 million increase is \$1.7 million for current services, \$328,412 for the Student Services request, and \$543,528 for the Technology and Other Operating increases excluding advertising and printing the report.

Enrollment

CCRI Student Enrollment				
Year	Headcount		FTE	FTE %
	Headcount	% Change		Change
FY2014	17,017	-1.9%	10,141	-2.8%
FY2015	16,718	-1.8%	9,882	-2.6%
FY2016	15,611	-6.6%	9,128	-7.6%
FY2017	14,624	-6.3%	8,593	-5.9%
FY2018	14,155	-3.2%	8,732	1.6%
FY2019	13,878	-2.0%	8,899	1.9%
FY2020	13,923	0.3%	9,065	1.9%
FY2021	12,549	-9.9%	8,231	-9.2%
FY2022	11,290	-10.0%	7,224	-12.2%
FY2023 Revised	11,728	3.9%	7,816	8.2%
FY2024 Request	11,728	0.0%	7,816	0.0%
10-Year Average	14,149	-3.7%	8,771	-2.7%



The table shows the actual student enrollment, both by headcount and by FTE, from 2014 through 2021, and a projection for 2022 and 2023. In FY2023, enrollment is projected to decrease by 1,055 full-time equivalent students, or 12.8 percent, relative to FY2021.

Analyst Note: According to CCRI, they are monitoring enrollment daily to prepare for reductions. Since HEER funds can be used to replace tuition revenue in FY2023, the enrollment decline should not be a problem unless it does not bounce back. If that is the case, the revenue problem will arise in FY2024.

Community College of Rhode Island	General Revenue
FY2023 Enacted	\$57,098,581
Target and Other Adjustments	-
State Appropriation	2,633,796
General Obligation Debt Service	(597,307)
FY2024 Governor	\$59,135,070

State Appropriation

\$2.6 million

State general revenue support for CCRI increases by \$2.6 million in FY2024 to a total of \$58.3 million, excluding general obligation bond debt service. As indicated in the request detailed under the “Major Issues and Trends” section, CCRI requested an increase of \$7.7 million over the FY2023 Budget as Enacted to support current services and strategic priorities. The Governor’s recommendation includes \$1.7 million for current services, \$328,412 for the Student Services request, and \$543,528 for the Technology and Other Operating increases excluding advertising and printing the report. In addition, \$2.5 million is provided through the Office of the Postsecondary Commissioner for the new Fresh Start Scholarship program requested by CCRI.

General Obligation Debt Service

(\$597,307)

The Budget provides \$807,992 in FY2024 and \$1.4 million in FY2023 for general obligation debt service at CCRI funded by general revenue. This is a decrease of \$597,307 in FY2024 and an increase of \$36,180 in FY2023 relative to the FY2023 Budget as Enacted.

	Debt Service				FY2024 Governor	Change from Enacted	
	FY2023 Enacted	FY2023 Final	Change from Enacted				
University of Rhode Island	\$29,049,378	\$29,302,462	\$253,084	0.9%	\$31,813,173	\$2,763,795	9.5%
Rhode Island College	6,002,565	6,219,501	216,936	3.6%	8,732,729	2,730,164	45.5%
Community College of Rhode Island	1,405,299	1,441,479	36,180	2.6%	807,992	(597,307)	-42.5%
Total	\$36,457,242	\$36,963,442	\$506,200	1.4%	\$41,353,894	\$4,896,652	13.4%

Source: Rhode Island Budget Office

CAPITAL PROJECTS

The Budget includes a total of \$98.6 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2024 and \$61.4 million in FY2023, including the following.

- **URI, RIC, CCRI – Asset Protection:** Asset Protection projects are budgeted from Rhode Island Capital Plan funds (RICAP) and are used to maintain and repair facilities, including roads, buildings, and infrastructure. The asset protection program includes a number of projects at various facilities, and allows each school to shift funding based on current priorities. In FY2024, there is a total of \$19.6 million, including \$11.5 million in RICAP asset protection funding for URI, \$5.4 million for RIC, and \$2.7 million for CCRI. In FY2023, the Budget includes a total of \$26.2 million in asset protection funding for URI (\$11.4 million), RIC (\$10.5 million), and CCRI (\$4.3 million).
- **URI – Athletics Complex Renewal (new project):** The Budget provides \$15.0 million in RICAP funds and \$3.4 million in University funds in FY2024 to begin the renovation of the Meade Stadium East Grandstands and the Slade Outdoor Track and Field. Total funding for the project is \$54.1 million over three years, including \$43.3 million in RICAP funds and \$10.8 million in University funds.

Analyst Note: The proposal in the Governor's Budget is only a portion of the \$82.3 million project requested by URI. Not included in the Budget is Beck Baseball Field (\$10.3 million), the softball field (\$7.3 million), the soccer field (\$4.4 million), or Tootell pool repairs (\$6.2 million).

- **URI – Fine Arts Center:** This project involves the renovation and construction of an addition to the Fine Arts Center to meet current and future teaching, performance, research, and outreach requirements. Phase IA is complete. Phase IB is based on planning from Phase IA and includes the replacement of several pods serving the Art and Art History Department with a new three-story building to house studios and offices for the Art, Music, and Art History Departments. Phase II will provide upgrades to the interiors of the performance halls for Theater and Music. Phase IB and Phase II are projected to cost \$78.3 million, including \$56.3 million in general obligation bond proceeds (approved in March 2021), \$16.0 million in RICAP funds, and \$5.0 million in private funding. The Budget provides \$8.0 million in RICAP funding (\$43.1 million total) in FY2024 and \$8.0 million in RICAP funding (\$21.5 million total) in FY2023 to begin this project. The new building is projected to open for the spring 2025 semester. Phase II will commence upon receipt of the private funding to support the project.
- **URI – Bay Campus:** In addition to the \$100.0 million general obligation bond question for the November 2022 ballot, the Budget provides \$6.0 million in RICAP funding annually in FY2024 and FY2023 toward repairs and construction on the Narragansett Bay Campus in support of education and research for the marine disciplines.
- **URI Academic Mechanical, Electrical, and Plumbing:** The Budget provides \$13.2 million FY2024 and \$4.7 million in FY2023 to provide new HVAC systems in Fogarty and White Hall. The total project cost is \$17.9 million. Fogarty Hall, currently housing the Crime Lab and Nutrition and Food Science Department, will be renovated for administrative and academic departments. Substantial renovations will address the building envelope, mechanical systems, HVAC, as well as removing laboratory fixtures and associated utilities. White Hall, currently housing the College of Nursing, requires the upgrade of obsolete building systems and building envelope improvements, including foundation waterproofing, a drainage system, and minor cosmetic improvements.
- **URI Fire Protection Academic Phase 2:** The Budget includes \$3.1 million in FY2024 and \$1.7 million in FY2023 toward the total cost of \$8.1 million to provide safety improvements. This project involves the installation of fire-suppressing sprinkler systems, the upgrade/replacement of existing fire alarm systems, and safety improvements in academic and administrative buildings in order to comply with changes in the State Fire Code. This phase will also provide a central bank of generators to provide the necessary power back up to allow the University to shelter in place during prolonged power outages. Phase I (\$25.8 million) of this project was completed in December 2016.

- **OPC – Northern RI Education Center:** The Budget provides \$3.7 million in FY2023 to expand the RI Education Center model to Northern RI. The new Woonsocket Education Center (WOC) opened August 2022.
- **RIC – Phase III Master Plan:** Phase III of the Master Plan at RIC will complete major renovations to the Clarke Science Building, which houses the Department of Physical Sciences. The building includes several labs, two lecture halls, classrooms, and faculty offices. In March 2021, voters approved a \$38.0 million general obligation bond for this project. In addition to the bond proceeds, the Budget provides \$15.0 million in RICAP funds, including \$10.0 million in FY2024 and \$5.0 million in FY2025.
- **RIC Infrastructure Modernization:** The Budget provides \$5.3 million in RICAP funding in FY2024 and \$7.8 million in FY2023 to modernize and replace steam lines, water lines, and the electrical distribution system across the RIC campus. Improvements will address issues of water quality, limit power failures, and eliminate steam plumes throughout the campus.
- **CCRI Knight Campus Renewal:** The Budget includes \$1.4 million in RICAP funding in FY2024 and \$2.9 million in FY2023 for the renovation of 280,000 square feet of the 385,000 square-foot Knight Campus Megastructure, including lighting, painting, and replacement of carpeting/tile.
- **CCRI Flanagan Campus Renewal (Lincoln):** The Budget provides \$4.5 million in FY2024 and \$1.5 million in FY2023 to begin the renewal of the Flanagan Campus in Lincoln. This \$12.5 million project includes the modernization and code compliance upgrades to all of the science labs at the Lincoln campus, as well as the refurbishment of the exterior including heat resistance paint, window replacement, and light abatement.
- **CCRI Data, Cabling, and Power Infrastructure:** The Budget provides \$3.3 million in FY2024 and \$1.8 million in FY2023 to assess, design, and construct a modernized data cabling and power infrastructure across the four CCRI campuses. The project will upgrade network wiring infrastructure and deliver more capacity to support additional classroom technology, wireless devices and security systems, including cameras, emergency alarm systems, and HVAC control systems.
- **CCRI Knight Campus Lab Renovation:** The Budget provides \$53,790 in FY2023 to complete the modernization of the second-floor labs on CCRI's Knight Campus. The Engineering and Physics labs have not been renovated since the mega-structure was built in the 1970's. The project will bring the labs up to current code, including Americans with Disability Act (ADA) requirements and enclosures will be constructed to prevent distractions from people walking past the lab. The equipment will be modernized to reflect current employer expectations.

Rhode Island State Council on the Arts

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$3,906,256	\$4,164,995	\$4,342,869	\$177,874	4.3%	\$4,214,921	\$49,926	1.2%
Expenditures by Source								
General Revenue	\$2,023,257	\$2,198,276	\$2,185,921	(\$12,355)	-0.6%	\$2,232,328	\$34,052	1.5%
Federal Funds	1,453,012	1,331,719	1,521,448	189,729	14.2%	1,347,593	15,874	1.2%
Restricted Receipts	3,781	50,000	50,500	-	0.0%	50,000	-	0.0%
Other Funds	426,206	585,000	585,000	-	0.0%	585,000	-	0.0%
Total	\$3,906,256	\$4,164,995	\$4,342,869	\$177,874	4.3%	\$4,214,921	\$49,926	1.2%
Authorized FTE Levels	9.6	9.6	9.6	-	-	9.6	-	-

The Rhode Island State Council on the Arts (RISCA) provides grants, technical assistance and support to arts organizations, schools, community centers, social service organizations, and local governments to bring the arts into the lives of Rhode Islanders. RISCA provides these services through grant making, partnerships, education, and technical assistance. RISCA also manages the Art for Public Facilities Program providing art for state facilities.

MAJOR ISSUES AND TRENDS

The Budget increases general revenues by \$34,052 (1.5 percent) and federal funds by \$15,874 (1.2 percent) as compared to the FY2023 Budget as Enacted due to target adjustments for salary and operations costs. The Budget authorizes 9.6 FTE positions in FY2024, consistent with the FY2023 Budget as Enacted.

CENTRAL MANAGEMENT

The Rhode Island Council of the Arts consists of one main program and three subprograms. Within the main Central Management programs is the Grants and Operating Support subprograms and the Film Commission.

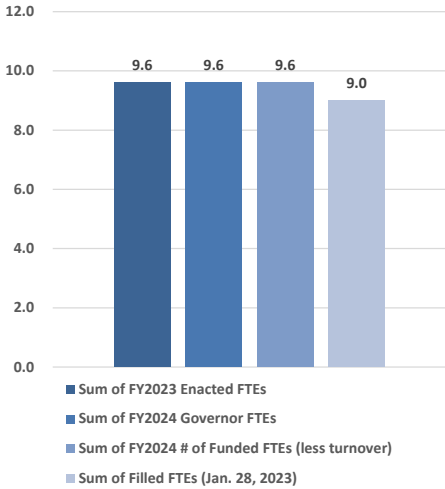
RI State Council on the Arts	General Revenue
FY2023 Enacted	\$2,198,276
Target and Other Adjustments	\$34,052
FY2024 Governor	\$2,232,328

Percent for the Arts

The Rhode Island State Council on the Arts administers the State's Percent for Public Art Program, which was established in 1987 to expand the public experience of art, foster the development of artists, and create a more humane environment. It also services to stimulate the state's economy.

In accordance with Rhode Island General Law, at least 1.0 percent of state government capital construction costs are allocated for the acquisition of works of art to be placed in public places. The 1.0 percent is generally spent on the project from which the funds were derived; any amounts not expended by RISCA are retained to provide for the maintenance and restoration of existing works.

FTE Snapshot



Informational

The following table shows recently completed, current, and future projects of the program.

1% for Public Art Program - 2011 to Present	Location	Art Project Cost
<i>Completed Projects</i>		
URI - School of Pharmacy	Kingston	\$995,020
URI - College of Engineering	Kingston	714,356
URI - Chemistry	Kingston	501,000
Wickford Junction	Wickford	350,000
Intermodal Station	Warwick	300,000
Garrahy Parking Garage	Providence	300,000
Attorney General	Cranston	265,000
Barry and Simpson Buildings, Pastore Complex	Cranston	215,297
Veterans Home	Bristol	210,000
RIC - Art Center	Providence	170,000
Virks Building	Cranston	120,000
Division of Motor Vehicles	Cranston	110,000
Met School	Providence	78,000
Pawtucket-Central Falls Train Station	Pawtucket	59,000
Rhode Island State Police	Lincoln	45,000
Rhode Island School for the Deaf	Providence	43,000
URI - Harrington Hall	Kingston	35,000
Rhode Island Fire Academy	Exeter	30,000
<i>Current Projects (Budget)</i>		
URI- Fine Arts Center	Kingston	450,000
URI- Narragansett Bay Campus	Narragansett	191,000
RIC Horace Mann	Providence	190,000
Rhode Island State Police Southern Barracks	West Greenwich	164,505
RIC Fogerty	Providence	45,000
National Guard Joint Force Headquarters	East Greenwich	35,000
<i>Future Projects (Budget)</i>		
RIC Gaige Lee Hall	Providence	360,000
RIC Clarke Science Building	Providence	465,000
URI Narragansett Bay Campus Phase 2	Narragansett	TBD
Total		\$6,441,178

Cultural Arts and the Economy

Informational

In March 2021, voters approved a \$6.0 million bond to continue the Cultural Arts and the Economy Grant program administered by the Rhode Island State Council on the Arts (RISCA) for capital improvements, preservation, and renovation of public and nonprofit performance centers, museums, and cultural art centers. Projects supported by the bond include:

- **Trinity Repertory Company - \$2.5 million:** For the Lederer Theater and the Pell Chafee Performance Centers in Providence.
- **Rhode Island Philharmonic - \$1.5 million:** For the Carter Center for Music Education and Performance in East Providence.
- **Other Nonprofit Cultural Organizations - \$2.0 million:** These funds will be allocated by RISCA for 1:1 matching grants to nonprofit cultural organizations that lease or own their performance space and for program administration costs at RISCA.

The 2014 referenda provided funding to begin the State Cultural Arts and the Economy Grants Program. The RI Commerce Corporation, in consultation with the Rhode Island Council on the Arts, administers this program, which offers matching grants to public and non-profit historic sites, museums, artistic organizations, performance centers, and cultural arts centers for capital preservation and renovation projects. The RI Commerce Corporation developed rules and regulations to administer the program. As of July 1, 2021, there was a \$500,773 carryforward from the 2014 bond comprised of open balances on grants awarded but still open as well as a small amount of ungranted funds. This carryover was bundled into the 2021 grant cycle, bringing the bond total for this program to \$6.5 million.

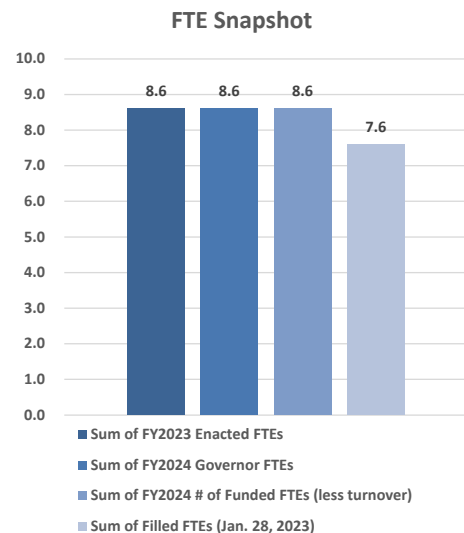
Rhode Island Atomic Energy Commission

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Atomic Energy Commission	\$1,565,278	\$1,536,396	\$1,711,813	\$175,417	11.4%	\$1,578,744	\$42,348	2.8%
Expenditures By Source								
General Revenue	\$1,055,146	\$1,146,763	\$1,101,589	(\$45,174)	-3.9%	\$1,158,737	\$11,974	1.0%
Federal Funds	206,885	-	206,742	206,742	-	-	-	-
Restricted Receipts	10,632	25,036	25,036	-	-	25,036	-	-
Other Funds	292,615	364,597	378,446	\$13,849	3.8%	394,971	\$30,374	8.3%
Total	\$1,565,278	\$1,536,396	\$1,711,813	\$175,417	11.4%	\$1,578,744	\$42,348	2.8%
Authorized FTE Levels	8.6	8.6	-	-	-	8.6	-	-

The Rhode Island Atomic Energy Commission (Commission) operates and maintains the Rhode Island Nuclear Science Center (RINSC), which is used for medical, biological, environmental, and materials research, education and commercial activities. The Commission also provides assistance to other state agencies in their radiation and emergency response programs.

RINSC operates a research reactor and provides laboratories and classrooms for research and education programs for the University of Rhode Island as well as for other colleges and universities in the State and throughout New England. In 2010, the University of Rhode Island (URI) began offering a nuclear engineering minor program of study. For students who perform well, a new nuclear engineer operating course was added in 2016 that prepares students for the operator license exam. URI is currently working to create a major in nuclear engineering. The Commission continues its collaboration with schools and universities in the State. Davies High School, Brown University physics classes, and URI mechanical design students are among those that have recently utilized the facility.

The Budget authorizes 8.6 FTE positions in FY2024 and FY2023 for the program, 1.8 of which are funded through URI for its radiation safety functions. URI funding also covers 40.0 percent of the Commission's overhead costs, including its building maintenance and repair costs.



MAJOR ISSUES AND TRENDS

The general revenue increase in FY2024 Revised Budget and FY2023 is primarily due to the statewide adjustments. The reduction in federal funds is due to the expenditure of a federal instrumentation grant from the federal Department of Energy used to support upgrades to reactor control instrumentation. The project started in October 2020; however, project delays related to COVID-19 and design modifications have pushed the completion date into FY2023. The other funds increase in FY2024 and FY2023 is due to salaries and benefits decreases associated with the FTE positions funded through URI.

Article 2 of the FY2019 Budget as Enacted created a new restricted receipt account, the "Atomic Energy Enterprise fund", for reactor usage fees collected by the Commission to support the technical operations and maintenance of equipment.

Rhode Island Atomic Energy Commission	General Revenue
FY2023 Enacted	\$1,146,763
<i>Target and Other Adjustments</i>	<i>11,974</i>
FY2024 Governor	\$1,158,737

CAPITAL PROJECTS

The Budget includes \$50,000 in Rhode Island Capital Plan (RICAP) funded asset protection projects for FY2024 and FY2023. In FY2024, projects will continue to focus on electrical upgrades. In FY2023, projects include merging the utilities and security system in the Sub-Chem Building with the rest of the facility, and refurbishing two more rooms in the office wing basement level for use as an electronic shop and for shop supply storage. Additional projects include resealing the parking lots and driveways.

Rhode Island Historic Preservation and Heritage Commission

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$2.0	\$3.5	\$3.4	(\$0.1)	-2.0%	\$3.6	\$0.1	2.9%
Expenditures By Source								
General Revenue	\$1.3	\$1.6	\$1.6	(\$0.0)	-1.3%	\$1.7	\$0.1	7.0%
Federal Funds	0.6	1.4	1.4	-	-	1.4	0.0	3.0%
Restricted Receipts	-	0.4	0.4	-	-	0.4	(0.0)	-0.5%
Operating Transfers from Other Funds	0.1	0.2	0.1	(0.1)	-32.1%	0.1	(0.0)	-29.5%
Total	\$2.0	\$3.5	\$3.4	(\$0.1)	-2.0%	\$3.6	\$0.1	2.9%
Authorized FTE Levels	15.6	15.6	15.6	-	-	15.6	-	-

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

The Rhode Island Historical Preservation and Heritage Commission (Commission) operates a statewide historical preservation program that identifies and protects historic buildings, districts, structures, and archaeological sites. The Commission identifies and protects historic and prehistoric sites, buildings, and districts by nominating significant properties to the National Register of Historic Places and the State Register as well as administering grants, loans and tax credits for rehabilitation of historic buildings. The Commission also develops and carries out programs to document and celebrate the rich cultural heritage of Rhode Island's people.

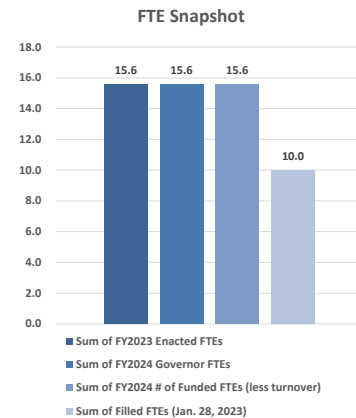
MAJOR ISSUES AND TRENDS

The FY2023 Revised Budget includes \$3.4 million in all funds, of which \$1.6 million is general revenue, \$1.4 million is federal funds, \$424,100 is restricted receipts, and \$106,903 is other funds. This reflects a decrease of \$20,782 in general revenue, a decrease of \$49,908 in other funds, and a decrease of \$246 in federal funds from the enacted budget.

The FY2024 Budget includes \$3.6 million in all funds, of which \$1.7 million is general revenue, \$1.4 million is federal funds, \$422,800 is restricted receipts, and \$110,327 is other funds. This reflects a general revenue increase of \$117,245 (\$103,235 all funds) relative to the FY2023 Budget as Enacted.

The Budget includes funding for the Rhode Island Slave History Medallion project, a statewide project for historic sites connected to the history of slavery in the State and includes the continued funding of State Preservation Grant program that was recapitalized through the 2014 and 2021 general obligation bond authorizations.

The Budget authorizes 15.0 FTE positions for FY2023 and FY2024, consistent with the enacted budget.



Historic Preservation & Heritage Commission	General Revenue
FY2023 Enacted	\$1,572,452
<i>Target and Other Adjustments</i>	<i>24,323</i>
Centralized Services	67,922
Rhode Island Slave History Medallions	25,000
FY2024 Governor	\$1,689,697

Historic Preservation & Heritage Commission	Other Funds
State Preservation Grant (G. O. bond Proceeds)	<i>Informational</i>

Centralized Services **\$67,922**

The Budget increases general revenue expenditures to reflect billed amounts for information technology and facilities management services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$185,575 for these centralized expenses, which is increased by \$67,922 to \$253,497 in the FY2024 proposed budget.

Rhode Island Slave History Medallions **\$25,000**

The Budget includes \$25,000 in general revenue for the Rhode Island Slave History Medallion project, a statewide public awareness project for historic sites connected to the history of slavery in the State. The intent of the Rhode Island Slave History Medallions Project is to make the history of the Slave Trade in Rhode Island more accessible to Rhode Islanders through the placement of these medallions at slave-related historical localities will serve as awareness educational symbols.

Eligible sites must have verifiable evidence of a connection to the slave trade history in Rhode Island. Sites selected can be public or private; homes, offices and work sites of those that were involved in the slave trade, sites where slaves lived and/or labored, as well as sites that were connected to government officials who shaped the policies of the slave trade in Rhode Island.

State Preservation Grant (G.O. Bond Proceeds) **Informational**

In November of 2014, voters approved \$5.0 million in general obligation bonds to recapitalize the State Preservation Grant Program. The State Preservation Grants Program was established to improve and/or repair landmarks and historic facilities such as museums, cultural centers, theatres, and public historic sites. Through FY2022, the Commission supported 59 projects awarding \$4.8 million in funds.

In March of 2021, a statewide bond referendum passed that allocated an additional \$1.0 million to the State Preservation Grant program in general obligation bonds. The Commission is supporting 17 grants for new projects totaling \$995,019 through FY2023 and FY2024.

State Preservation Grant Awards

Recipient	Town	Award Amount	Amount Disbursed	FY2024 to be Spent
Preservation Society of Newport County	Newport	\$224,250	\$150,000	\$74,250
La Farge Restoration Fund	Newport	450,000	450,000	-
Newport Restoration Foundation	Newport	46,596	16,596	30,000
The Providence Athenaeum	Providence	148,806	148,806	-
Providence Public Library	Providence	150,000	150,000	-
Trinity Restoration Inc	Providence	145,846	145,846	-
Trinity Episcopal Church	Newport	29,508	29,508	-
City of Central Falls	Central Falls	300,000	150,000	150,000
Town of Cumberland	Cumberland	149,041	149,041	-
Old Slater Mill Assoc.	Pawtucket	44,500	44,500	-
City of Woonsocket	Woonsocket	74,249	74,249	-
Herreshoff Marine Museum	Bristol	262,000	150,000	112,000
Friends of Pomham Rocks	East Providence	150,000	150,000	-
Portsmouth Historical Society	Portsmouth	30,000	30,000	-
Block Island SE Lighthouse Foundation	New Shoreham	150,000	150,000	-
Cocummussoc Association	North Kingstown	47,447	47,447	-
South County Art Association	South Kingstown	57,967	57,967	-
Orlando Smith Trust	Westerly	10,575	10,575	-
Westerly Armory Restoration, Inc	Westerly	24,750	24,750	-
Historic New England	Johnston	31,240	31,240	-
Town of Smithfield	Smithfield	31,950	31,950	-
Smithfield Preservation Society	Smithfield	27,476	27,476	-
RI Dept. of Environmental Mgmt.	Newport	150,000	150,000	-
PPAC	Providence	150,000	150,000	-
City of Providence	Providence	223,813	135,313	88,500
City of Pawtucket	Pawtucket	106,239	106,239	-
American French Genealogical Society	Woonsocket	150,000	150,000	-
City of East Providence	East Providence	69,652	69,652	-
Friends of Linden Place	Bristol	100,835	72,635	28,200
Coggeshall Farm Museum	Bristol	29,707	29,707	-
Memorial and Library Association of Westerly	Westerly	15,488	15,488	-
Beavertail Lighthouse Museum Association	Jamestown	67,250	67,250	-
Town of Coventry	Coventry	26,404	26,404	-
Town of East Greenwich	East Greenwich	150,000	150,000	-
Varnum Continentals, Inc.	East Greenwich	23,609	23,609	-
Foster Preservation Society	Foster	41,603	29,703	11,900
Newport Art Museum	Newport	150,000	150,000	-
City of Newport	Newport	150,000	150,000	-
Fort Adams Trust	Newport	272,500	150,000	122,500
International Tennis Hall of Fame	Newport	73,188	73,188	-
The Company of the Redwood Library and Athenaeum	Newport	39,783	39,783	-
Congdon Street Baptist Church	Providence	150,000	150,000	-
Preserve Rhode Island	Providence	150,000	150,000	-
Friends of the Music Mansion, Inc.	Providence	150,000	150,000	-
Historic New England	Jamestown	108,160	39,160	69,000
Bristol Historical and Preservation Society	Bristol	75,888	75,888	-
Town of Bristol	Bristol	150,000	150,000	-
North Smithfield Heritage Association	North Smithfield	88,220	88,220	-
Borders Farm Preservation, Inc.	Foster	30,000	30,000	-
Historic Metcalf-Franklin Farm Preservation Association	Cumberland	75,000	-	75,000
East Providence Historical Society	East Providence	26,800	-	26,800
Pawtucket Public Library	Pawtucket	58,044	-	58,044
Rhode Island Historical Society	Providence	48,000	21,333	26,667
The Steel Yard	Providence	40,850	-	40,850
Scituate Preservation Society	Scituate	9,900	4,000	5,900
South County History Center	South Kingstown	42,075	-	42,075
Clouds Hill Victorian House Museum	Warwick	50,000	16,667	33,333
Total		\$5,829,208	\$4,834,189	\$995,019

Office of the Attorney General

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
General Division	\$4.4	\$6.5	\$6.6	\$0.1	1.9%	\$4.8	(\$1.6)	-25.4%
Criminal Division	21.5	23.6	23.7	0.1	0.3%	24.5	0.9	3.9%
Civil Division	6.6	8.2	8.3	0.1	1.3%	8.5	0.3	3.9%
Bureau of Criminal Identification	3.3	3.2	3.6	0.3	10.8%	3.4	0.2	6.6%
Total	\$35.8	\$41.5	\$42.1	\$0.6	1.6%	\$41.3	(\$0.2)	-0.4%

Expenditures By Source	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
General Revenue	\$30.8	\$33.5	\$33.7	\$0.2	0.7%	\$34.9	\$1.4	4.0%
Federal Funds	2.8	2.9	3.1	0.2	7.0%	2.9	0.0	0.9%
Restricted Receipts	2.2	3.2	3.3	0.1	2.0%	3.4	0.2	5.4%
Other Funds	0.0	1.9	2.0	0.2	8.1%	0.2	(1.7)	-92.1%
Total	\$35.8	\$41.5	\$42.1	\$0.6	1.6%	\$41.3	(\$0.2)	-0.4%

Authorized FTE Levels	247.1	249.1	249.1	-	-	249.1	-	-
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\$ in millions. Total may vary due to rounding

The Office of the Attorney General is the central legal agency of the State. The Office is responsible for the prosecution of all felony criminal cases and misdemeanor, appeals as well as prosecution of misdemeanor cases brought by state law enforcement in the various district courts. Additionally, as chief legal officer of the State, the Attorney General acts to protect consumers against fraudulent business practices; investigates Opens Meetings Act and Access to Public Records compliance; and, acts as the central repository for criminal history and information in the State. The Office is divided into four budget programs: General, Criminal, Civil, and Bureau of Criminal Identification.

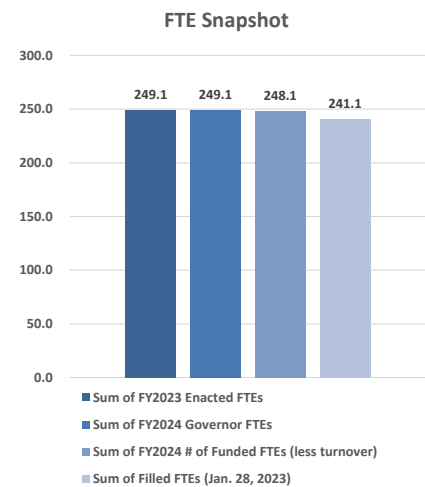
MAJOR ISSUES AND TRENDS

The FY2023 Governor's Revised Budget includes \$42.1 million in total funding for the Office of the Attorney General, reflecting a \$646,872 increase from the FY2023 Budget as Enacted. General revenue is increased by \$224,520 or 0.7 percent from the FY2023 Budget as Enacted, to \$33.7 million.

The Budget includes \$41.3 million in total funding for the Office of the Attorney General, a decrease of \$183,108 from the FY2023 Budget as Enacted. General revenue is increased by \$1.4 million or 4.0 percent from the FY2023 Budget as Enacted to \$34.9 million. The increase in general revenue is primarily related to additional \$1.9 million for statewide adjustments including a statutorily mandated CPI-U increase to the Attorney General's salary and benefits.

The Budget includes 249.1 FTE positions in FY2023 and FY2024, consistent with the the FY2023 Enacted level.

The Office's FY2024 Budget Request includes a total of 20.0 new FTE positions, with 18.0 funded by general revenue and 2.0 funded by restricted receipts related to property forfeiture. The Office request includes additional staff within the Office of the Healthcare Advocate, the Public Protection Bureau, the Narcotics and Organized Crime Unit, the Civil Rights Prosecution Unit, and the Government Litigation Team. Additionally, the Office proposes the formation of the Office of the Energy Advocate as well as a dedicated Cold Case Unit. The request also includes human resource and paralegal positions related to body-worn cameras, and the sealing of court records. The Governor did not fund any new FTE positions.



GENERAL DIVISION

The General Division is responsible for the overall operations of the Office. It consists of the following units: Executive, Fiscal, Personnel, Operations, Management Information Systems, and Public Information/Legislation. The Division oversees the finances of the Office, prepares and submits the Office's annual budget, and lobbies for the resources necessary for the efficient operation of the Office.

General Division	General Revenue
FY2023 Enacted	\$4,570,478
<i>Targets and Other Adjustments</i>	75,437
General Officer Salary Increase	23,018
FY2024 Governor	\$4,668,933

General Officer Salary Increase **\$23,018**

The Budget adds \$23,018 in general revenue reflecting an increase of \$15,694 for salary and \$7,324 for benefits. The compensation increase is set by RIGL 36-6-1 and 36-6-2 for the statutorily set salary adjustment for General Officers. The statute pertaining to the Attorney General's salary increase reflects that of the Governor's, which states, "after December 31, 1998, the salary of the Governor was \$95,000 and shall thereafter be adjusted at the beginning of each succeeding term by the total percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) published by the United States Department of Labor Bureau of Labor Statistics for the Northeast Region for the four (4) previous fiscal years, but in any event not to exceed twelve percent (12%)." The Budget Office used an assumed increase of 11.9 percent, to calculate the salary of the Attorney General in the succeeding term.

CRIMINAL DIVISION

The Criminal Division is charged with the prosecution of felony cases and misdemeanor appeals. The Division assists the Attorney General in carrying out the constitutional responsibility to prosecute all felony criminal offenses occurring in the State, as well as all misdemeanor criminal cases brought by State law enforcement agencies or appealed to the Superior Court. Specialized units focus on white-collar crime, narcotics and organized crime, firearms offenses, juvenile offenders, domestic violence and sexual assault, Medicaid fraud, and District Court offenses.

Criminal Division	General Revenue
FY2023 Enacted	\$20,115,052
<i>Targets and Other Adjustments</i>	52,411
Personnel Salary and Benefit Adjustment	870,882
FY2024 Governor	\$21,038,345

Personnel Salary and Benefit Adjustment **\$870,882**

The Budget includes \$19.0 million in general revenue to support the salary and benefits of personnel within the Criminal Division, reflecting an increase of \$870,882 from the FY2023 Budget as Enacted. The increase includes an additional \$420,481 for salaries and \$450,401 for benefits. The increases are primarily associated with the statewide cost-of-living adjustments that take effect at the beginning of FY2024.

CIVIL DIVISION

The Civil Division is charged with conducting the State's legal affairs and representing the State in legal proceedings. By law, the Attorney General initiates and defends actions in state and federal courts whenever warranted; ensures that representation is provided to state officers, employees, and agencies in all courts; advises state officers and agencies on legal issues; and, issues written opinions on legal issues when requested by governmental officers.

Civil Division	General Revenue
FY2023 Enacted	\$6,778,199
<i>Targets and Other Adjustments</i>	(47,406)
Personnel Salary and Benefit Adjustment	279,636
FY2024 Governor	\$7,010,429

Civil Division	Other Fund Changes
Multi-State Initiative (restricted receipts)	\$120,518

Personnel Salary and Benefit Adjustment* **\$279,636*

The Budget includes \$6.2 million in general revenue to support the salary and benefits of personnel within the Civil Division, reflecting an increase of \$279,636 from the FY2024 Budget as Enacted. The increase includes an additional \$198,328 for salaries and \$81,308 for benefits. The increases are primarily associated with the statewide cost-of-living adjustments that take effect at the beginning of FY2024.

Multi-State Litigation (restricted receipts)* **\$120,518*

The Budget provides \$810,372 in restricted receipts, reflecting an increase of \$120,518 from the FY2023 Enacted Budget, for dues and fees related to multi-state litigation. Currently, the Attorney General decides if the State will participate in a multi-state initiative and how large of a role the State will play. If the Office is able to pursue additional multi-state initiatives and take on more responsibilities, such as working on the executive committee, the State would be able to have an expanded role in deciding how settlement funds are distributed. This could lead to the State recouping additional settlement funds.

BUREAU OF CRIMINAL IDENTIFICATION

The Bureau of Criminal Identification (BCI) is the state entity charged with maintaining criminal history information for crimes committed in Rhode Island. The BCI responds to criminal history records requests, analyzes and records fingerprint information, maintains pistol permits, issues security guard licenses, and conducts employee background checks. The BCI is open 24-hours per day, 7-days per week to respond to requests from law enforcement agencies throughout the country. In FY2019, the BCI moved to the Office's new facility located at the Pastore complex. The new facility was completed in 2018 using Google forfeiture federal funds.

Bureau of Criminal Identification	General Revenue
FY2023 Enacted	\$2,042,239
<i>Targets and Other Adjustments</i>	46,512
Turnover	56,433
FY2024 Governor	\$2,145,184

Turnover* **\$56,433*

The Budget increases general revenue by \$56,433 in FY2024 to address a reduction in turnover within the Bureau of Criminal Identification Program. The FY2023 Enacted Budget included turnover savings of \$75,729, which has decreased to \$19,296 in the FY2024 Budget, resulting in the \$56,433 increase for personnel costs.

CAPITAL PROJECTS

The Budget includes \$150,000 in Rhode Island Capital Plan funding, a decrease of \$1.7 million from the FY2023 Enacted Budget. The decrease reflects funds appropriated to replace the roof of the Civil Division's office, located at 150 South Main Street in Providence. The replacement was necessary as the building had allowed water to infiltrate the roofing.

Department of Corrections

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$24.1	\$20.1	\$19.0	(\$1.0)	-5.1%	\$21.9	\$1.9	9.3%
Community Corrections	18.9	20.3	20.9	0.6	3.2%	21.2	0.9	4.7%
Custody and Security	142.2	142.6	177.8	35.2	24.7%	155.4	12.8	9.0%
Healthcare Services	28.8	31.0	32.4	1.4	4.4%	30.8	(0.2)	-0.7%
Institutional Based Rehab/Population Management	10.6	12.5	13.2	0.7	5.9%	14.8	2.4	19.0%
Institutional Support	29.8	28.5	36.4	7.9	27.9%	33.3	4.8	16.8%
Parole Board	1.4	1.4	1.4	(0.1)	-5.4%	1.4	(0.1)	-3.8%
Total	\$255.8	\$256.3	\$301.1	\$44.8	17.5%	\$278.8	\$22.5	8.8%
Expenditures by Source								
General Revenue	\$242.3	\$245.9	\$286.1	\$40.3	16.4%	\$271.1	\$25.2	10.3%
Federal Funds	7.3	2.1	2.7	0.5	24.7%	2.2	0.1	3.5%
Restricted Receipts	4.2	5.4	9.3	4.0	73.6%	4.1	(1.3)	-23.7%
Other Funds	2.1	2.9	3.0	0.0	0.3%	1.4	(1.5)	-51.3%
Total	\$255.8	\$256.3	\$301.1	\$44.8	17.5%	\$278.8	\$22.5	8.8%
Authorized FTE Levels	1,424.0	1,427	1,427	-	-	1,459	32.0	2.2%

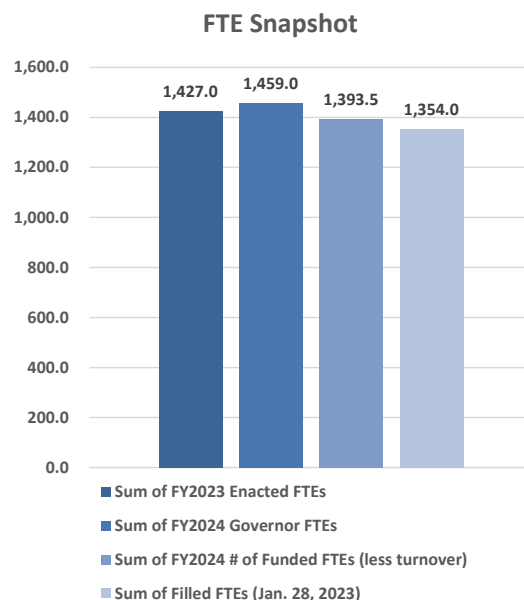
\$ in millions. Totals may vary due to rounding

The Rhode Island Department of Corrections (DOC) provides appropriate, safe, secure, and humane control of offenders, while actively assisting and encouraging offenders to become productive and law-abiding members of the community. Additionally, the Rhode Island State Parole Board is budgeted as a unit of the Department, but has independent programmatic decision-making authority. Collectively known as the Adult Correctional Institutions (ACI), there are seven separate occupied facilities, which have a total current capacity of 3,989 beds. In FY2022, the Department has averaged 2,132 inmates (53.4 percent of capacity) housed at the ACI for the fiscal year, including 2,031 men and 101 women. The Department also provides supervision of offenders in the community (home confinement, probation, and parole).

MAJOR ISSUES AND TRENDS

The FY2023 Governor's Revised Budget includes \$301.1 million in total DOC expenditures for FY2023, a \$44.8 million or 17.5 percent increase from the FY2023 Enacted Budget. This includes \$286.1 million in general revenue, an increase of \$40.3 million or 16.4 percent from the FY2023 enacted level. The majority of the general revenue increase is related to the Rhode Island Brotherhood of Correctional Officers (RIBCO) contract renewal, which includes \$35.0 million of general revenue in contract reserves.

The FY2024 Governor's Recommended Budget includes \$278.8 million in total DOC expenditures for FY2024, a \$22.5 million increase from the FY2023 Enacted Budget. This includes \$271.1 million in general revenue, reflecting an increase of \$25.2 million or 10.3 percent from the FY2023 enacted level. The increase includes \$15.0 million in RIBCO contract reserves as well as \$4.2 million in centralized services expenditures.



The Department of Corrections experienced exorbitant rising costs in FY2022 and the FY2024 Governor's Budget increases expenditures based upon the Department's recent experience. The FY2024 Budget therefore includes a general revenue increase of \$3.7 million to support rising operating costs and \$3.4 million to support contract services that are consistent with FY2022's expenditures and distributed throughout the Department's programs. The increase to operating costs includes \$1.6 million for pharmacy services, \$1.2 million for the Facility Maintenance Unit, and \$829,437 for the Food Services Unit. The increase to contract services includes \$1.7 million for contracted health services and \$1.2 million for contracted substance abuse programming.

The Department indicates that the FY2023 Budget as Enacted did not properly account for FICA while calculating employee overtime, which is addressed in the FY2024 Budget by including an additional \$1.3 million in general revenue. The Department met with the Office of Management and Budget (OMB) and was told that FICA is not computed on overtime expenses unless the overtime is specific to an individual employee. Due to the departmental policy of seniority-based overtime requests, the Department was unable to generate an overtime code specific to an individual.

The FY2024 Budget is based on an estimated average daily population of 2,278 inmates, a decrease of 79 from the FY2023 Budget as Enacted. In FY2022, the Department's annual average cost per offender was \$109,693, which includes central administrative and capital costs. For institution-based offenders, the High Security Center had the largest average cost and the Intake Service Center created the lowest average cost. The following table illustrates the Department's FY2022 annual average cost per offender, within each facility.

Facility	Average Population	Annual Average Cost per Offender
<i>Institution Based Offenders</i>		
Minimum	123	\$175,090
Medium/Moran	753	90,749
Intake Service Center	763	90,309
Maximum	312	113,204
High Security Center	80	253,860
Women's Facilities	101	192,690
<i>Community Based Offenders</i>		
Probation and Parole	6,568	2,858
Home Confinement	161	19,946

The Budget includes a net increase of \$1.4 million in general revenue to support the training, salary, and benefits of two additional classes of correctional officers. Class 87A and 87B are both expected to graduate 50.0 new correctional officers from the Training Academy and address the Department's current staffing shortage. The Budget includes \$1.8 million for their training expenditures offset by \$423,986 in savings related to a reduction in overtime. The FY2023 Revised Budget includes a net general revenue increase of \$669,833, comprising \$908,160 to fund the training of one additional, 40 cadet class of correctional officers, offset by \$238,327 in savings related to a reduction in overtime.

The Budget authorizes 1,459.0 FTE positions for FY2024, an increase of 32.0 FTE positions from the FY2023 Budget as Enacted. The additional FTE positions will work in the Department's new Behavioral Management Unit (BMU) and includes 28.0 Correctional Officers, 1.0 Administrative Officer, 1.0 Programming Services Officer, 1.0 Adult Counselor, and 1.0 Clinical Social Worker.

CENTRAL MANAGEMENT

The Central Management program houses two sub-programs, the Executive program which consists of the Office of the Director, Legal Services, and Internal Affairs, as well as the Administration Program which includes Human Resources, Management Information, Planning and Research, Policy Development and Auditing, the Training Academy and Staff Development, and Financial Resources.

Central Management	General Revenue
FY2023 Enacted	\$20,060,213
<i>Targets and Other Adjustments</i>	<i>547,485</i>
Radio System Replacement	(2,700,000)
Training Unit for Classes 87A and 87B	1,958,159
Centralized Services	1,781,079
Turnover	209,330
Attorney General Office Space	90,360
Cabinet Director Turnover	(22,718)
Copiers	6,606
FY2024 Governor	\$21,930,514

Radio System **(\$2.7 million)**

The Budget includes a \$2.7 million reduction in general revenue for the installation of the new radio/communication system throughout the ACI. The \$2.7 million was issued as a one-time payment and it is not included in the FY2024 Governor's Recommended Budget.

The initiative was originally proposed in the Governor's FY2023 Budget with federal funding provided by American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF); however, the Budget shifted the funding to general revenue. The Rhode Island Department of Corrections had operated an obsolete communication/radio system. The radios the Department used were no longer in production and often lost signal and communication abilities. For safety purposes, Correctional Officers need to be able to communicate while working permitted posts, supervising work crews, and working within the facility.

Training Unit for Classes 87A and 87B **\$2.0 million**

The Budget includes \$4.8 million in general revenue for the Central Management's Training Unit, reflecting an increase of \$2.0 million from the FY2023 Budget as Enacted. The increase is largely due to the Governor's recommendation to train two additional classes of Correctional Officers in FY2024, Class 87A and Class 87B. Each class is expected to contain 50.0 recruits and their addition will address the Department's well-documented staffing challenges and offset overtime costs within the Custody and Security Program. The Department expects to graduate a total of three Correctional Officer classes through FY2024. The following table displays the anticipated start and graduation dates for all three classes.

Timeline for Correctional Officer Classes		
Class	Start Date	Graduation Date
Class 86A	March 2023	May 2023
Class 87A	October 2023	December 2023
Class 87B	January 2024	March 2024

Centralized Services **\$1.8 million**

The Budget includes \$8.8 million in general revenue expenditures for Information Technology and Human Resource Service Center projected costs in FY2024. This is an increase of \$1.8 million from the FY2023 Budget as Enacted amount of \$7.0 million. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget increases these costs for FY2024.

Centralized Services	FY2023	FY2024	Change
Information Technology	\$4,470,708	\$5,840,416	\$1,369,708
Human Resources	2,547,249	2,958,620	411,371
Total	\$7,017,957	\$8,799,036	\$1,781,079

Turnover**\$209,330**

The Budget increases general revenue by \$209,330 in FY2024 to reduce turnover within the Central Management Program. The FY2023 Enacted Budget included \$357,122 in turnover savings. The Governor includes \$147,792 in turnover in FY2024.

Attorney General Office Space**\$90,360**

The Budget includes \$90,360 of general revenue to support the Department's rented office space within the Attorney General's Office at 4 Howard Avenue in Cranston. The Department recently began renting and outfitting the lower level of the Attorney General's Office, which will be occupied by the Office of Internal Affairs. Staff will include DOC investigators, inspectors and a State Police liaison. The Department indicates that a shared space with the Attorney General will align resources while investigations are taking place on incarcerated individuals or staff. Additionally, the office serves as a space outside of the DOC, where incarcerated informants can meet with investigators and feel comfortable that their identity is being protected. DOC is projected to begin occupying the space in the Third Quarter of FY2023.

Cabinet Director Turnover**(\$22,718)**

The Budget includes a \$22,718 general revenue savings related to turnover from the Cabinet Director position. The former director announced she was stepping down from her position and her last day was January 13, 2023. The Department has not selected a new Director and an individual is currently serving as the Interim Director. The savings is realized through a reduction of salary and benefits.

Copiers**\$6,606**

The Budget includes \$6,606 of general revenue to support the Department's new lease agreement for copy machines. The Department indicates that 35 of their copiers have outdated software that does not support necessary firmware updates. The Budget provides funding to lease copiers throughout the Department's programs and includes \$6,606 for the Central Management Program.

COMMUNITY CORRECTIONS

The Community Corrections program is responsible for supervising offenders serving portions of their sentence under probation, parole, or community confinement, and also provides certain services to victims of crimes. The Probation and Parole unit provides supervision and services for individuals under the jurisdiction of the courts or Parole Board, and attempts to successfully reintegrate individuals from incarceration back into the community. Community Confinement provides supervision to individuals sentenced to "house arrest" by the courts and can include work-release supervision. Community Corrections uses electronic monitoring as a primary component of its supervision strategy. Victim Services provides 24-hour per day automated information about offender status and victim advocacy services, including crisis intervention, referral, and case management.

Community Corrections	General Revenue
FY2023 Enacted	\$19,872,087
<i>Targets and Other Adjustments</i>	<i>(243,690)</i>
Personnel Adjustments within the Probation and Parole Unit	1,274,492
Victims Services	46,268
FICA Adjustment	33,616
Community Corrections Population	Informational
FY2024 Governor	\$20,982,773

Community Corrections	Other Fund Changes
Domestic Violence Justice Reinvestment Initiative (federal funds)	(\$193,858)

Personnel Adjustments within the Probation and Parole Unit**\$1.3 million**

The Budget includes \$14.7 million in general revenue to support personnel expenditures in the Probation and Parole Unit, reflecting an increase of \$1.3 million from the FY2023 Budget as Enacted. The variance largely relates to a \$666,298 increase in salaries and \$614,221 in related benefits.

Personnel Expenditures	FY2023	FY2024	Change
Benefits	\$4,920,209	\$5,534,430	\$614,221
Overtime	63,944	36,625	(27,319)
Purchased Services	256,050	257,140	1,090
Salaries	7,877,951	8,544,249	666,298
Statewide Benefit Assessment	317,285	337,487	20,202
Total	\$13,435,439	\$14,709,931	\$1,274,492

Victims Services**\$46,268**

The Budget includes \$152,582 in general revenue to support the Office of Victims Services, reflecting an increase of \$46,268 from the FY2023 Budget as Enacted. The increase in general revenue is due to a reduction in federal funds from the Victims of Crime Act, which issues formula grants through the U.S. Department of Justice. The funds will be used for contracted professional services with the agency *Day One*, which specializes in addressing issues of sexual assault as a community concern.

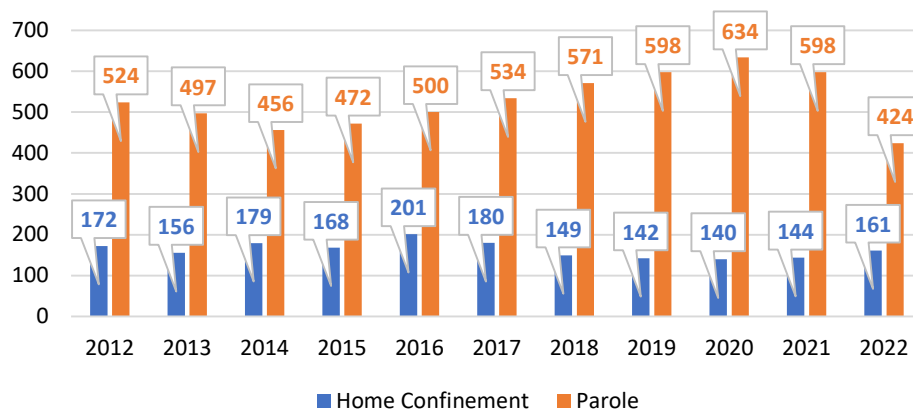
FICA Adjustment**\$33,616**

The Budget includes \$33,616 in general revenue to supplement Federal Insurance Contributions Act (FICA) payments for employees working in the Community Corrections Program. The Department indicates that the FY2023 Budget as Enacted did not properly account for FICA while calculating employee overtime. The Department met with the Office of Management and Budget (OMB) and was told that FICA is not computed on overtime expenses unless the overtime is specific to an individual employee. Due to the departmental policy of seniority-based overtime requests, the Department was unable to generate an overtime code specific to an individual.

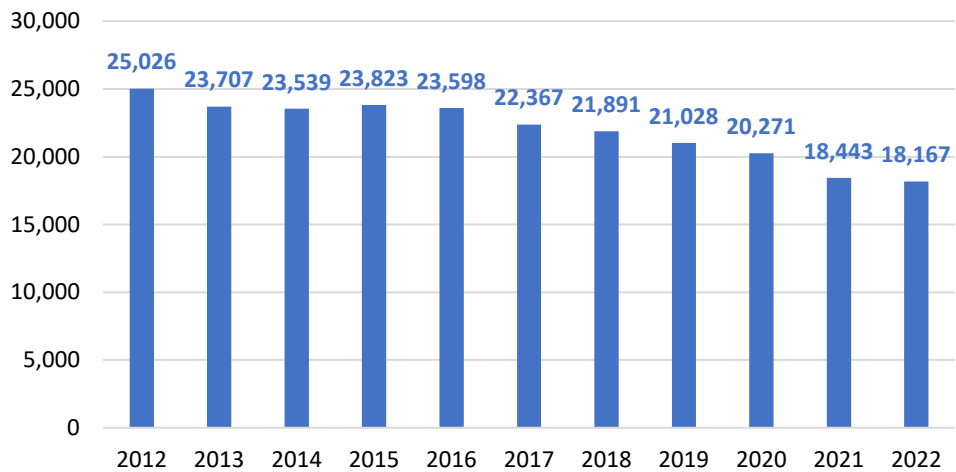
Community Corrections Population**Informational**

While representing only 7.7 percent of the Department's general revenue budget for FY2024, Community Corrections serves the largest number of individuals. In FY2022, the program served 20,774 cases, which includes 18,167 individuals on probation, 424 individuals on parole, and 161 individuals serving home confinement. The following graphs display population data from 2012 through 2022.

**RIDOC Home Confinement and Parole
Population 2012-2022**



RIDOC Probation Population 2012-2022

**Domestic Violence Justice Reinvestment Initiative (federal funds)****(\$193,875)**

The Budget includes \$175,542 in FY2024 for a Domestic Violence Justice Reinvestment Grant, a reduction of \$193,875 from the FY2023 Enacted Budget. Under this federally funded grant, the Department will work with leaders in Rhode Island to identify innovative ways to address domestic violence challenges by assessing the entire criminal justice system's response to domestic violence, from event to reentry.

CUSTODY AND SECURITY

The Custody and Security program is responsible for the secure custody and control of the State's inmate population to ensure the safety of staff, inmates, and the general public. The program manages six correctional institutions and one jail complex, all located in Cranston at the Pastore Center. Men's facilities include High Security, Maximum Security, the John J. Moran Medium Security Prison, the currently closed Donald Price Medium Security facility, Minimum Security, and the Intake Center. Women are housed in the Gloria McDonald. Some female inmates were previously housed in the Bernadette Guay facility; however, this facility was closed in FY2017. The program is the largest within the Department and is divided into two sub-programs: Custody, which includes all staff, activities, and food service within the facilities under care of their respective Wardens, and the Security sub-program which includes the Central Office Warden, the Correctional Emergency Response Team, Facility Security Audit Teams, Crisis Intervention Teams, Special Investigations Unit, the Canine Unit, and a Department Armorer.

Custody and Security	General Revenue
FY2023 Enacted	\$141,448,395
<i>Targets and Other Adjustments</i>	<i>(3,215,602)</i>
RIBCO Contract Reserve	15,000,000
Behavioral Management Unit, 30.0 FTE Positions	3,233,991
Medium Salary/Benefit Adjustment	(2,764,619)
FICA Adjustment	1,017,142
Vehicles	645,000
Turnover	(492,623)
Community Confinement Savings	(488,545)
Correctional Officer Classes 87A and 87B	(423,986)
Copiers	49,259
Inmate Population	Informational
FY2024 Governor	\$154,008,412

RIBCO Contract Reserve**\$15.0 million**

The Budget includes \$15.0 million in general revenue funding for the anticipated settlement of the Rhode Island Brotherhood of Correctional Officers (RIBCO) employee contract for FY2021 through FY2024. When the FY2024 Governor's Recommended Budget was released, the contract had not yet been finalized. The FY2023 Enacted Budget provided \$9.3 million in general revenue funding that represented base payroll costs and assumed that the terms would be similar to those of other state employee unions that had already finalized contracts. The FY2023 Governor's Revised Budget includes \$35.0 million in general revenue, reflecting a total of \$50.0 million of general revenue between FY2023 and FY2024.

Analyst Note: The RIBCO contract was finalized in February of 2023 and has an estimated contract total of \$52.0 million. It includes \$3,000 bonuses to be paid to any union member who was employed between July 1, 2020, and the date of the contract's ratification. Additionally, it grants 2.5 percent retroactive pay increases for years FY2021, FY2022, and FY2023, as well as a scheduled pay increase of 2.5 percent in July 2023 for FY2024. The following table illustrates the contract's expenditures.

FY2023 Governor's Revised	Correctional		Total
	Civilians	Officers	
\$3,000 Extra Payment	\$271,278	\$3,639,647	\$3,910,925
FY2021 Retro	157,764	3,433,364	3,591,128
FY2022 Retro	310,852	6,923,476	7,234,328
FY2023 (as of pay period 16)	471,613	-	471,613
FY2023 COLA	-	10,337,424	10,337,424
FY2023 Senior CO and CO First Class	-	1,838,989	1,838,989
FY2023 CO Candidates Increase	-	72,900	72,900
Subtotal	\$1,211,507	\$26,245,800	\$27,457,307
FY2024 Governor's Recommended			
FY2024	\$613,623	-	\$613,623
FY2024 COLA	-	14,986,882	14,986,882
FY2024 Senior CO and CO First Class	-	8,281,737	8,281,737
FY2024 CO Candidates Increase	-	699,510	699,510
Subtotal	\$613,623	\$23,968,129	\$24,581,752
Grand Total	\$1,825,130	\$50,213,929	\$52,039,059

Behavioral Management Unit, 30.0 FTE Positions**\$3.2 million**

The Budget includes a general revenue appropriation of \$3.2 million in FY2024 and a recommended authorization of 30.0 new FTE positions within the Custody and Security Program, for the creation of the Behavioral Management Unit (BMU). The State, as well as the Department, are currently named defendants in seven pending federal lawsuits that challenge the treatment and living conditions provided to individuals with serious and persistent mental illness (SPMI) within a restrictive housing setting. The Department indicates that the creation of the BMU will allow the State to avoid litigation and its associated costs, which could include paying for plaintiff attorney fees, expert witness costs, deposition costs, and others. Restrictive housing refers to the confinement of an inmate to a cell for a minimum of 22 hours per day.

The BMU will require 32.0 FTEs to operate and provide housing and 10.0 hours per week of unstructured out of cell time for 75-100 inmates. The new positions authorized within the Custody and Security Program include 28.0 Correctional Officers, 1.0 Administrative Officer, and 1.0 Programming Services Officer.

Medium Salary/Benefit Adjustment**(\$2.8 million)**

The Budget includes \$33.0 million in general revenue to support the salary and benefits of staff working within the Medium/Moran Facility, reflecting a savings of \$2.8 million from the FY2023 Enacted Budget. The anticipated savings include \$2.2 million in salaries and \$510,920 in benefit expenditures. The following table illustrates the adjustment.

	FY2023	FY2024	
Personnel Expenditures	Enacted	Governor	Change
Salary	\$22,159,333	\$19,923,214	(\$2,236,119)
Benefits	13,220,186	12,709,266	(510,920)
Correctional Officer's Briefing	390,316	372,736	(17,580)
Total	\$35,769,835	\$33,005,216	(\$2,764,619)

FICA Adjustment**\$1.0 million**

The Budget includes \$1.0 million in general revenue to supplement Federal Insurance Contributions Act (FICA) payments for employees working in the Custody and Security Program. The Department indicates that the FY2023 Budget as Enacted did not properly account for FICA while calculating employee overtime. The Department met with the Office of Management and Budget (OMB) and was told that FICA is not computed on overtime expenses unless the overtime is specific to an individual employee. Due to the departmental policy of seniority-based overtime requests, the Department was unable to generate an overtime code specific to an individual.

Vehicles**\$645,000**

The Budget includes \$645,000 in general revenue for the purchase of 11 new vehicles in order to replace ones that are dated and require costly repairs. The general revenue appropriated is new funding and was not appropriated in recent years. The Department indicates that the majority of their fleet is in poor condition and expend \$600,000 annually on repairs. Additionally, the Department believes that the purchasing of new vehicles will reduce maintenance costs and increase the safety of inmates, Department Staff, and the general public.

Turnover**(\$492,623)**

The Budget includes a general revenue savings increase of \$492,623 in FY2024 related to turnover within the Custody and Security Program. The FY2023 Enacted Budget included \$6.0 million in turnover savings, which has increased to \$6.5 million, reflecting the \$492,623 difference.

Community Confinement Savings**(\$488,545)**

The Budget includes a reduction of \$488,545 in general revenue to reflect expected overtime savings, related to a provision in Article 3 that grants the Department the authority to cease in-person monitoring of an inmate by a Correctional Officer when the inmate is confined to a medical facility. This provision only applies to instances when an inmate is serving a life sentence without parole and is incapacitated with no chance of recovery. Additionally, if the medical condition of the individual were to improve in a way that in-person monitoring enhanced the safety of the medical facility or the public, the individual would return to in-person monitoring.

In FY2023, there is currently one incarcerated individual that Article 3's provision applies to. The \$488,545 in savings was calculated assuming a \$55.77 hourly overtime wage for a correctional officer with FICA included. This wage is currently being paid 24 hours a day, 365 days a year, and results in a daily cost of \$1,338.48 and an annual cost of \$488,545.

Correctional Officer Classes 87A and 87B**(\$423,986)**

The Budget includes a total savings of \$423,986 in general revenue related to the employment of Correctional Officer Classes 87A and 87B and the overtime reduction they will create. Based on current

demographics, 65 percent of the DOC's current correctional officers are 42 years of age or older and there are 278 correctional officers (including Captains and Lieutenants) who are 54 years of age or older and have served 25 years, making them eligible for immediate retirement. The Department therefore, plans to hire 2 classes in FY2024, Class 87A and Class 87B, as a result of significant vacancies related to attrition, promotion, and long-term leave. The Department anticipates Class 87A's graduation date to be December 2023 and when fully employed, they will create a total savings for the Custody and Security Program of \$786,299 in FY2024. Class 87B's anticipated graduation date is May 2024 and will create a total FY2024 expenditure of \$362,313. However, the Department expects they will significantly reduce overtime in FY2025. The Budget assumes each class will have 50.0 cadets and the Department will utilize current vacancies as the Governor has not authorized additional FTEs for this initiative.

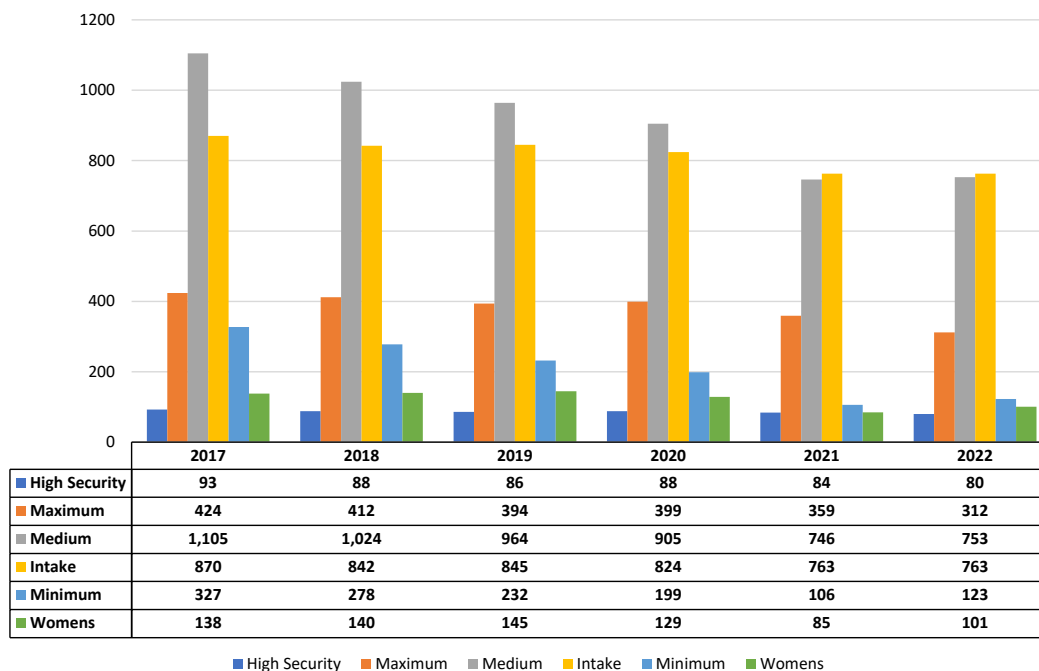
Inmate Population

Informational

The FY2024 Budget is based on an estimated average daily population of 2,278 inmates, a decrease of 79 from the FY2023 enacted level. The Department's budget is largely influenced by the number of inmates in its custody at any given time. As the Department does not control the number of inmates entering or leaving its care, its budget is in large part, a reflection of overall judicial and prosecutorial policies in the State. Factors may include legislative mandates requiring minimum sentences, variances in sentencing policies based on the judges, and/or prosecution or defense counsel involved in cases.

In 2022, the Department averaged 2,132 inmates throughout its 6 institutional facilities. The Intake Center, which includes Intake Center North and Intake Center South, housed the largest number of inmates in 2022, averaging 763 inmates or 35.7 percent of all individuals under the care of DOC for FY2023. The High Security Center housed the least number of inmates, averaging 80 inmates or 3.8 percent of the population's average. The following graph and table display the Department's average population for 2017-2022.

Department of Corrections Population 2017-2022



HEALTHCARE SERVICES

The Healthcare Services program is constitutionally mandated to provide medical, dental, and mental health service provision to all inmates. According to the Department, the inmate population is more likely than the general population to have infectious diseases and other conditions. About 1.0 percent of the inmate

population is HIV positive, 25.0 percent are infected with Hepatitis C, 15.0 percent have mental health illnesses, and 70.0 to 90.0 percent have histories of substance abuse.

Healthcare Services	General Revenue
FY2023 Enacted	\$28,149,588
<i>Targets and Other Adjustments</i>	<i>(122,886)</i>
Pharmaceuticals	1,437,636
Mental Health Services	913,876
Turnover	(749,655)
Staff Training	(458,340)
FICA Adjustment	192,595
Clinical Social Worker Position	114,892
FY2024 Governor	\$29,477,706

Healthcare Services	Other Fund
Opioid Stewardship Fund (Restricted Receipts)	(\$1,537,029)

Pharmaceuticals **\$1.4 million**

The Budget includes \$5.0 million of general revenue for pharmaceutical expenses within the Healthcare Services Program, reflecting an increase of \$1.4 million from the FY2023 Enacted Budget. The Department indicates that this increase is consistent with the FY2022 expenditures and reflect the increased prices of pharmaceuticals. Additionally, the Department indicates that they are looking to expand the 340B program to include other drugs which may create a savings in the FY2024-FY2025 Budget. The 340B program is a federal program that requires drug manufactures participating in Medicaid to provide outpatient drugs to eligible medical organizations at reduced prices.

Mental Health Services **\$913,876**

The Budget includes a \$913,876 increase in general revenue reflecting a total of \$4.2 million in FY2024 to support mental health services within Healthcare Services. The increase is due to the Budget shifting funding for mental health services to general revenue from the Opioid Stewardship Fund, due to the uncertain availability of future funds.

Turnover **(\$749,655)**

The FY2024 Governor's Recommended Budget includes an additional \$749,655 in general revenue savings related to turnover within the Healthcare Services Program, when compared to the FY2023 Enacted Budget. The FY2023 Enacted Budget included \$671,374 in total turnover which has been increased to \$1.4 million in the FY2024 Budget, reflecting the \$749,655 difference.

Staff Training **(\$458,340)**

The Budget includes \$29,000 in general revenue, reflecting a \$458,340 reduction from the FY2023 Budget as Enacted for the training of nursing services. The Department indicates that the reduction is due to Federal Medical Assistance Percentages (FMAP) funding that is not expected to be available in FY2024; however, they could not provide further detail or explain the lack of federal funding in either FY2023 or FY2024 that would be expected if Medicaid funds were being used.

FICA Adjustment **\$192,565**

The Budget includes \$192,565 in general revenue to supplement Federal Insurance Contributions Act (FICA) payments for employees working in the Healthcare Services Program. The Department indicates that the FY2023 Budget as Enacted did not properly account for FICA while calculating employee overtime. The Department met with the Office of Management and Budget (OMB) and was told that FICA is not computed on overtime expenses unless the overtime is specific to an individual employee. Due to the

departmental policy of seniority-based overtime requests, the Department was unable to generate an overtime code specific to an individual.

Clinical Social Worker Position

\$114,892

The Budget includes \$114,892 in general revenue to support the salary and benefits for 1.0 FTE Clinical Social Worker within the Healthcare Services Program. The position will work in the Department's new Behavioral Management Unit (BMU). The State, as well as the Department, are currently named defendants in seven pending federal lawsuits that challenge the treatment and living conditions provided to individuals with serious and persistent mental illness (SPMI) within a restrictive housing setting. The Department indicates that the creation of the BMU will allow the State to avoid litigation and its associated costs, which could include paying for plaintiff attorney fees, expert witness costs, deposition costs, and others. Restrictive housing refers to the confinement an inmate to a cell for a minimum of 22 hours per day. The BMU will require 32.0 FTEs to operate, provide housing and 10.0 hours per week of unstructured out of cell time for 75-100 inmates.

Opioid Stewardship Fund (restricted receipts)

(\$1.5 million)

The Budget includes \$1.3 million in restricted receipts from the Opioid Stewardship Fund (OSF), a decrease of \$1.5 million from FY2023 Budget as Enacted. The OSF is comprised of registration fees paid by manufacturers and distributors of opioids. The Department will use this funding to support substance use disorder treatment and recovery services to help inmates accept responsibility for their crimes and reduce rates of relapse and recidivism. Funds will also be used to support the Medication Assisted Treatment (MAT) program which, beginning in 2016, provides buprenorphine, naltrexone, and methadone to incarcerated individuals with an opioid use disorder.

INSTITUTIONAL BASED REHABILITATION/POPULATION MANAGEMENT

The Institutional Based Rehabilitation/Population Management program handles educational and vocational training; Correctional Industries; case management services; inmate treatment services, including substance abuse and counseling and other services; and, reentry services, including discharge planning and reentry assistance.

Correctional Industries provides inmate labor and work crews, and certain manufactured items. Correctional Industries services are provided centrally to all state departments and agencies as well as to municipalities. State law requires the State and municipalities to solicit bids from Correctional Industries when soliciting labor and/or supplies offered under the program. The operational cost of the program is shown on a centralized basis for informational purposes (internal service funding), but the actual costs are reflected in the operating budgets of user agencies.

Institutional Based Rehab/Population Management	General Revenue
FY2023 Enacted	\$11,773,097
<i>Targets and Other Adjustments</i>	<i>\$316,730</i>
Substance Abuse Treatment Program	1,170,000
Medication Assisted Treatment Program	714,000
Adult Counselor Position	114,892
Copiers	49,760
FY2024 Governor	\$14,138,479

Substance Abuse Treatment Program

\$1.2 million

The Budget includes \$1.4 million in general revenue to support substance abuse treatment programs within the Institutional Based Rehabilitation/Population Management Program, reflecting an increase of \$1.2 million from the FY2023 Enacted Budget. The Department indicates that the increase is due to a restoration

of funding for the substance abuse contract, where funding was adjusted from the Opioid Stewardship Fund. Additionally, the services recently went out to RFP and the increase accounts for a potential new award.

Medication Assisted Treatment Program

\$714,000

The Budget includes \$2.0 million in general revenue to support the Medication Assisted Treatment Program (MAT), reflecting an increase of \$714,000 from the FY2023 enacted level. The Budget shifts the funding of the MAT program to general revenue from the Opioid Stewardship Fund (OSF). The MAT program screens individuals entering RIDOC facilities for opioid use disorder and offers counseling as well as buprenorphine, methadone, and extended-release naltrexone to afflicted individuals.

Adult Counselor Position

\$114,892

The Budget includes \$114,892 in general revenue to support the salary and benefits for 1.0 FTE Adult Counselor within the Institutional Based Rehab/Population Management Program. The position will work in the Department's new Behavioral Management Unit (BMU). The State, as well as the Department, are currently named defendants in 7 pending federal lawsuits that challenge the treatment and living conditions provided to individuals with serious and persistent mental illness (SPMI) within a restrictive housing setting. The Department indicates that the creation of the BMU will allow the State to avoid litigation and its associated costs, which could include paying for plaintiff attorney fees, expert witness costs, deposition costs, and others. Restrictive housing refers to the confinement an inmate to a cell for a minimum of 22 hours per day. The BMU will require 32.0 FTEs to operate and will provide housing and 10.0 hours per week of unstructured out of cell time for 75-100 inmates.

Copiers

\$49,760

The Budget includes \$49,760 of general revenue to support the Department's new lease agreement for copy machines. The Department indicates that 35 of their copiers have outdated software that does not support necessary firmware updates. The Budget provides funding to lease copiers throughout the Department's programs and includes \$49,760 within the Institutional Based Rehab/Population Management Program.

INSTITUTIONAL SUPPORT

The Institutional Support program is divided into three sub-programs: the Food Services sub-program, which is responsible for the procurement and preparation of nutritionally-balanced foods for all inmates; the Facilities and Maintenance sub-program, which is responsible for all maintenance and repairs to the Department's buildings on the Pastore Complex; and, the Classification sub-program, which divides inmates into groups based on their needs.

Institutional Support	General Revenue
FY2023 Enacted	\$23,108,898
<i>Targets and Other Adjustments</i>	<i>167,548</i>
Centralized Services	3,638,077
Building Maintenance and Repairs	1,176,366
Food Services Unit	1,017,851
FICA Adjustment	60,099
FY2024 Governor	\$29,168,839

Centralized Services

\$3.6 million

The Budget increases general revenue by \$3.6 million for facility management services, reflecting a total appropriation of \$12.2 million in FY2024. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Building Maintenance and Repairs **\$1.2 million**

The Budget includes \$2.7 million in general revenue for building maintenance and repairs, reflecting an increase of \$1.2 million from the FY2023 Enacted Budget. The request is consistent with FY2022’s expenditures and accounts for increased pricing of materials. The Department indicates that maintenance and repair costs have escalated to unforeseen levels but believe the expenditures to be necessary to complete their objective of maintaining a safe and clean facility.

Food Services Unit **\$1.0 million**

The Budget includes \$8.7 million in general revenue for the Food Services Unit, an increase of \$1.0 million from the FY2023 Enacted Budget. The increase is largely related to a \$674,569 increase in food costs and a \$125,255 reduction in turnover savings. The Department indicates that the food cost increase is consistent with expenditures in FY2022 and is a result of inflation, increases in gas prices, and product delivery concerns.

FICA Adjustment **\$60,099**

The Budget includes \$60,099 in general revenue to supplement Federal Insurance Contributions Act (FICA) payments for employees working in the Institutional Support Program. The Department indicates that the FY2023 Budget as Enacted did not properly account for FICA while calculating employee overtime. The Department met with the Office of Management and Budget (OMB) and was told that FICA is not computed on overtime expenses unless the overtime is specific to an individual employee. Due to the departmental policy of seniority-based overtime requests, the Department was unable to generate an overtime code specific to an individual.

PAROLE BOARD

The Parole Board is a six-member commission, appointed by the Governor that is charged with evaluating and authorizing the early release of inmates who meet certain conditions. The Department determines eligibility criteria, including that inmates must serve at least one-third of their sentence prior to being eligible for parole and must meet defined criteria post-parole and for the duration of their sentence. The Parole Board has one sub-program, the Sex Offender Community Notification (SOCN) Unit. The SOCN Unit is intended to support the sex offender leveling process, notification of the community, and provides support to the Rhode Island Sex Offender Board of Review, the RI Sex Offender Registry, state and local police, as well as the public.

Parole Board	General Revenue
FY2023 Enacted	\$1,438,337
Targets and Other Adjustments	20,082
Community Notification Program	(75,454)
FY2024 Governor	\$1,382,965

Community Notification Program **(\$75,454)**

The Budget includes \$376,878 in general revenue for the Community Notification Program, reflecting a savings of \$75,454 from the FY2023 Budget as Enacted. The majority of the savings is related to vacancies within the Department and includes a savings of \$49,747 from turnover.

CAPITAL PROJECTS

The FY2023 Governor’s Revised Budget includes \$9.3 million in RICAP funds, reflecting an increase of \$4.0 million from the FY2023 enacted level. Additionally, the FY2024 Governor’s Budget includes \$4.1 million in RICAP, reflecting a \$1.3 million decrease from the FY2023 Enacted level.

Asset Protection: The FY2024 Governor’s Recommended Budget includes \$4.1 million for asset protection, reflecting a \$1.0 million reduction from the FY2023 Budget as Enacted. Additionally, the

FY2023 Governor's Revised Budget includes \$8.5 million for asset protection, reflecting a \$3.3 million increase from the FY2023 Budget as Enacted. Current asset protection projects include renovations within the Department's rented space at the Attorney General's Office as well as equipment for the manufacturing of digital license plates. Currently, the investigations unit is separated throughout the Department's campus, the upgrades will consolidate the unit to the newly rented space and provide funding for refitting office expenditures. Moreover, the Budget includes funding for architectural and engineering, as well as servicing the facilities HVAC.

Analyst Note: Asset protection funding is not typically expended for new equipment or refitting of offices.

Facilities Renovation: The FY2024 Governor's Recommended Budget does not include RICAP funding for facility renovations, reflecting a reduction of \$250,000 from the FY2023 Budget as Enacted. Additionally, the FY2023 Governor's Revised Budget includes \$864,089 for facility renovations, reflecting an increase of \$614,089 from the FY2023 Budget as Enacted. The funding is consistent with the Department's approved plan.

Judiciary

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Supreme Court	\$43.4	\$46.8	\$49.5	\$2.7	5.9%	\$49.8	\$3.0	6.4%
Superior Court	24.9	27.6	27.3	(0.4)	-1.3%	28.3	0.7	2.5%
Family Court	27.5	29.4	28.6	(0.8)	-2.7%	29.9	0.5	1.5%
District Court	15.5	16.7	16.9	0.2	1.2%	17.2	0.5	3.0%
Traffic Tribunal	9.9	10.7	10.3	(0.5)	-4.3%	11.2	0.5	4.3%
Worker's Compensation Court	8.8	10.0	9.6	(0.4)	-4.1%	10.0	(0.0)	-0.1%
Judicial Tenure & Discipline	0.1	0.2	0.2	0.0	1.0%	0.2	0.0	2.9%
Total	\$130.2	\$141.4	\$142.4	\$0.9	0.7%	\$146.5	\$5.1	3.6%

Expenditures By Source	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
General Revenue	\$109.7	\$116.5	\$116.6	\$0.0	0.0%	\$121.0	\$4.5	3.8%
Federal Funds	4.0	5.1	5.4	0.3	4.9%	5.0	(0.2)	-3.4%
Restricted Receipts	11.7	14.8	15.2	0.4	2.4%	14.9	0.1	0.8%
Operating Transfers from Other Funds	4.8	5.0	5.3	0.3	5.8%	5.6	0.7	13.1%
Total	\$130.2	\$141.4	\$142.4	\$0.9	0.7%	\$146.5	\$5.1	3.6%

Authorized FTE Levels	726.3	739.3	739.3	-	-	739.3	-	-
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\$ in millions. Totals may vary due to rounding.

Rhode Island has a unified court system composed of six statewide courts. The Supreme Court is the court of review, the Superior Court is the general trial court, and the Family, District, Traffic Tribunal, and Workers' Compensation Courts are trial courts of special jurisdiction. The entire system is state-funded with the exception of probate courts, which are the responsibility of cities and towns, and the municipal courts, which are local courts of limited jurisdiction.

The Chief Justice of the Supreme Court is the executive head of the state court system and has authority over the Judiciary's budget. The Chief Justice appoints the State Court Administrator and an administrative staff to handle budgetary and general administrative functions. Under the direction of the Chief Justice, the Court Administrator manages appropriations for all state courts, except those as provided otherwise by law. Each court has responsibility over its own operations and has a chief judge who appoints an administrator to handle internal court management.

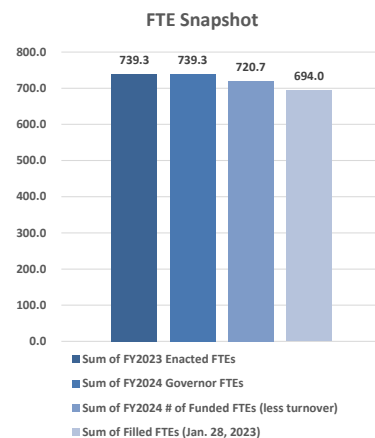
MAJOR ISSUES AND TRENDS

The Budget includes \$121.0 million in general revenue funding, a \$4.5 million (3.8 percent) increase over the FY2023 Budget as Enacted. \$6.6 million of the increase is due to the statewide COLA adjustment, step increases, and related rate increases pertaining to employee benefits. The Judiciary FY2024 budget request only included \$35,749 in federal fund turnover savings. However, the Governor's Budget increased the turnover savings to \$2.7 million in all funds based on anticipated personnel trends.

Federal funds decrease by \$173,183 and restricted receipts increase by \$115,877.

The Budget provides 739.3 FTE positions in FY2023 and in FY2024, consistent with enacted budget.

The FY2023 Supplemental Budget is basically consistent with the Budget as Enacted and the Judiciary's request.



SUPREME COURT

The Supreme Court is the only constitutionally-established court in the State, and is empowered with administrative authority over the entire state court system. The Court is the final court of review, and also issues advisory opinions to Legislative and Executive branches of government and regulates the Rhode Island Bar. Administrative functions include budgeting, human resource management, purchasing, information technology management, and fine and fee collection. The Supreme Court also offers programs related to domestic violence prevention, mandatory continuing legal education, alternative dispute resolution, victim rights information, and the interpreter program.

Supreme Court	General Revenue
FY2023 Enacted	\$37,422,020
<i>Target and Other Adjustments</i>	<i>(5,830)</i>
Personnel Adjustments	1,597,781
Operating Adjustments	676,840
Contracted Security Services	35,500
Vehicle Replacement	20,000
FY2024 Governor	\$39,746,311

Personnel Adjustments**\$1.6 million**

The Budget increases general revenue by \$1.6 million, reflecting changes to various salary and personnel benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment, step increases for approximately 33.0 percent of the Supreme Court employees, and related rate increases pertaining to employee benefits. The Budget also includes higher anticipated turnover as compared to the FY2023 Budget as Enacted.

Operating Adjustments**\$676,840**

The Budget increases general revenue by \$676,840 for operating costs, reflecting known utility increases occurring in FY2024. This includes a \$595,038 increase for electricity and an increase of \$72,540 for natural gas, reflecting increases of 50.0 percent and 20.0 percent respectively for those utilities.

	FY2023 Enacted	FY2023 Governor	Change	FY2024 Governor	Change
Operating Adjustments					
Electricity	\$1,190,076	\$1,785,114	\$595,038	\$1,785,114	\$595,038
Building Maintenance & Repairs	2,589,496	2,589,496	-	2,438,166	(151,330)
Maintenance/Repairs: Communication Systems	282,053	402,053	120,000	402,053	120,000
Fuel: Natural Gas	417,154	514,050	96,896	489,694	72,540
All Other Operating	3,625,088	3,665,180	40,092	3,665,680	40,592
Total	\$8,103,867	\$8,955,893	\$852,026	\$8,780,707	\$676,840

Contracted Security Services**\$35,500**

The Budget increases general revenue by \$35,500 for security service expenses at the Supreme Court. The security services are overtime costs for Sheriffs directly requested by Judiciary. Staffing shortages in the Division of Sheriffs led to an increased reliance on overtime to meet minimum staff requirements to keep courtrooms operating. The Sheriffs' salary and benefits are budgeted in the Department of Public Safety, but the Judiciary pays for costs of the overtime as a contracted service. The adjustments align with historical actual expenditures.

Vehicle Replacement**\$20,000**

The Budget includes \$52,000 in general revenue to purchase a gas powered SUV replacement vehicle for the Judiciary's motor fleet. This represents an increase of \$20,000 as compared to the FY2023 Budget as Enacted.

SUPERIOR COURT

The Superior Court has jurisdiction for all felony cases, misdemeanor cases that have been appealed or waived from the District Court, civil cases in which the disputed amount exceeds \$10,000, and all probate and zoning appeals. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport. The Gun Court and Adult Drug Court were established in FY1995 and FY2002, respectively. The Superior Court also has appellate jurisdiction of decisions of local municipal and probate courts. Appeals from various boards and commissions, such as zoning boards and Ethics Commission appeals, are heard in Superior Court as well as petitions to review disciplinary action imposed upon a state or local police officer by the chief of that department. In addition to conducting trials, the Superior Court administers the Court-Annexed Arbitration Program which accelerates the disposition of certain less complex civil cases in which there is \$100,000 or less at issue. Matters such as contract disputes, personal injury claims, and property damage suits may be certified to this alternative dispute resolution program.

Superior Court	General Revenue
FY2023 Enacted	\$26,708,059
<i>Target and Other Adjustments</i>	<i>1,953</i>
Personnel Adjustments	817,978
Centralized Services	24,746
FY2024 Governor	\$27,552,736

Personnel Adjustments **\$817,978**

The Budget increases general revenue by \$817,978 reflecting changes to various salary and personnel benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment, step increases for approximately 36.0 percent of the Superior Court employees, and related rate increases pertaining to employee benefits. The Budget includes higher anticipated turnover as compared to the FY2023 Budget as Enacted.

Centralized Services **\$24,746**

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$1,399 for this expense, which is increased by \$24,746 to \$26,145 in the FY2024 Budget.

FAMILY COURT

The Rhode Island Family Court, established in 1961, was the first statewide Family Court in the United States. The Family Court has jurisdiction to hear and determine all petitions for divorce and any motions in conjunction with divorce proceedings, such as motions relating to the distribution of property, alimony, support and custody of children. It also hears petitions for separate maintenance, and complaints regarding support for parents and children. The Family Court also has jurisdiction over matters relating to delinquent, wayward, dependent, neglected, abused, and mentally deficient or mentally disordered children. In addition, it has jurisdiction over adoptions, paternity proceedings, and a number of other matters involving domestic relations and juveniles. Appeals from decisions of the Family Court are taken directly to the state Supreme Court.

The Court runs specialty court programs, including the Juvenile Drug Court, Domestic Violence Court, Truancy Court, Mental Health Court Clinic, and the Juvenile Re-Entry Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

Family Court	General Revenue
FY2023 Enacted	\$25,436,666
<i>Target and Other Adjustments</i>	9,371
Personnel Adjustments	692,985
Contracted Security Services	(130,000)
FY2024 Governor	\$26,009,022

Personnel Adjustments **\$692,985**

The Budget increases general revenue by \$1.6 million reflecting changes to various salary and personnel benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment, step increases for approximately 30.0 percent of the Family Court employees, and related rate increases pertaining to employee benefits. The Budget includes higher anticipated turnover as compared to the FY2023 Budget as Enacted.

Contracted Security Services **(\$130,000)**

The Budget includes \$97,500 in general revenue for overtime costs for the Sheriffs at Family Court. This is a decrease of \$130,000 and reflects actual expenditures that occurred in FY2022. There is a similar decrease of \$150,000 as part of the FY2023 Supplemental Budget.

DISTRICT COURT

The District Court has jurisdiction over all criminal misdemeanor cases if the defendant waives the right to a jury trial. If the defendant asks for a jury trial, the case will be transferred to the Superior Court. The District Court also has jurisdiction over bail hearings in felony cases and over violation hearings in misdemeanor cases. The District Court presides over civil trials in which the damages sought total up to \$5,000. If the parties agree, the District Court can hear civil suits for damages to a maximum of \$10,000. District Court jurisdiction also includes Small Claims Court for damages up to \$2,500; violations of municipal ordinances and regulations; violations and hearings on involuntary hospitalization under the mental-health, drug-abuse, and alcohol laws; regulatory appeals, including those related to taxation; and violations of state or local housing codes. Appeals from District Court decisions go to the Superior Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

District Court	General Revenue
FY2023 Enacted	\$16,059,965
<i>Target and Other Adjustments</i>	7,422
Personnel Adjustments	312,057
Contracted Security Services	(60,000)
FY2024 Governor	\$16,319,444

District Court	Other Fund Changes
Rhode Island Mental Health Treatment Court Grant (federal funds)	\$60,449

Personnel Adjustments **\$312,057**

The Budget increases general revenue by \$312,057 reflecting changes to various salary and personnel benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment, step increases for approximately 29.0 percent of the District Court employees, and related rate increases pertaining to employee benefits. The Budget includes higher anticipated turnover as compared to the FY2023 Budget as Enacted.

Contracted Security Services**(\$60,000)**

The Budget includes \$35,000 in general revenue for overtime costs for the Sheriffs at District Court. This is a decrease of \$60,000 and reflects actual expenditures that occurred in FY2022. There is a similar decrease of \$60,000 as part of the FY2023 Supplemental Budget.

Rhode Island Mental Health Treatment Court Grant (federal funds)**\$60,449**

The Budget includes \$274,024 in federal funds, reflecting an increase of \$60,449 for the Mental Health Treatment Court Grant in the District Court. This federal funding is for the Mental Health Clinic and will be used to contract with an outside mental health provider to provide the treatment services for participants of the Mental Health Court. Previous federal grant funding included \$14,600 in FY2022 and \$213,575 in FY2023. The judge is anticipated to begin in April 2023, subsequent to the nomination process, with the Court fully functional for FY2024.

TRAFFIC TRIBUNAL

The Traffic Tribunal replaced the Administrative Adjudication Court in 1999. The Traffic Tribunal is responsible for hearing most traffic cases, distributing and controlling traffic summonses, and maintaining accurate driver accident and violation records. The Traffic Tribunal hears appeals from the Division of Motor Vehicles and the municipal courts as well as certain violations of the Department of Environmental Management. The Tribunal has authority to enforce its own judgments. The Traffic Tribunal has one location, at the Pastore Center in Cranston.

Traffic Tribunal	General Revenue
FY2023 Enacted	\$10,728,771
<i>Target and Other Adjustments</i>	<i>\$17,997</i>
Judges' Pensions	202,557
Personnel Adjustments	176,345
Contracted Security Services	60,000
FY2024 Governor	\$11,185,670

Judges' Pensions**\$202,557**

The Budget increases general revenue funding for pay-go pensions by \$202,557 in the Traffic Tribunal Court, \$170,468 system-wide, to reflect newly retired judges. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

Personnel Adjustments**\$176,345**

The Budget increases general revenue by \$176,345 reflecting changes to various salary and personnel benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment, step increases for the Traffic Tribunal employees, and related rate increases pertaining to employee benefits. The Budget includes higher anticipated turnover as compared to the FY2023 Budget as Enacted.

Contracted Security Services**\$60,000**

The Budget includes \$285,000 in general revenue for overtime costs for the Sheriffs at District Court. This is an increase of \$60,000 and reflects actual expenditures that occurred in FY2022. There is a similar increase of \$60,000 as part of the FY2023 Supplemental Budget.

WORKERS' COMPENSATION COURT

The Workers' Compensation Court has jurisdiction over all disputes between employers and employees relating to workers' compensation. The court's jurisdiction includes contested cases involving the rehabilitation of injured employees and claims involving disputes between an employer and its workers'

compensation insurer. Since FY1990, the expenses incurred in the operation of the court are paid through the Workers' Compensation Administrative Fund (restricted receipts).

Workers' Compensation Court	Other Fund Changes
Personnel Adjustments (restricted receipts)	(\$53,074)
Operating Adjustments (restricted receipts)	68,043
Judges' Pensions (restricted receipts)	(34,899)
IT Systems Support (restricted receipts)	20,000

Personnel Adjustments **(\$53,074)**

The Budget decreases restricted receipts by \$53,074 reflecting changes to various salary and personnel benefits primarily attributable to a reduction of 1.4 FTE positions authorization compared to the enacted level, all of which have been reallocated to other programs.

Operating Adjustments **\$68,043**

The Budget increases \$68,043 in restricted receipts for operating costs, reflecting known utility increases occurring in FY2024. This includes a \$50,000 increase for electricity and an increase of \$1,224 for natural gas. Also, there is an increase of \$11,819 for centralized services for information technology services and an increase of \$5,000 for the rental costs for parking spaces.

	FY2023	FY2023		FY2024	
Operating Adjustments	Enacted	Governor	Change	Governor	Change
Electricity	\$95,000	\$145,000	\$50,000	\$145,000	\$50,000
Information Technology Charges	-	103,664	103,664	11,819	11,819
Rental of Outside Property	64,800	69,800	5,000	69,800	5,000
Fuel: Natural Gas	22,900	27,097	4,197	24,124	1,224
Total	\$182,700	\$345,561	\$162,861	\$250,743	\$68,043

Judges' Pensions **(\$34,899)**

The Budget reduces restricted receipt funding for pay-go pensions by \$34,899 in the Workers' Compensation Court (\$170,468 system-wide) to reflect changes to the beneficiaries receiving payments. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

IT Systems Support **\$20,000**

The Budget includes \$67,110 in restricted receipts, reflecting an increase of \$20,000 from the previous fiscal year for IT System Support contract services. This increase aligns with the FY2022 actual and FY2023 projected expenses.

JUDICIAL TENURE AND DISCIPLINE

The Commission on Judicial Tenure and Discipline is the program charged with investigating judges who have been charged with misconduct. The Supreme Court may affirm, modify, or reject the recommendations of the Commission.

Judicial Tenure & Discipline	General Revenue
FY2023 Enacted	\$169,767
<i>Target and Other Adjustments</i>	(7)
Personnel Adjustments	4,973
FY2024 Governor	\$174,733

Personnel Adjustments**\$4,973**

The Budget increases general revenue by \$4,973 reflecting changes to various salary and personnel benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment and related rate increases pertaining to employee benefits.

CAPITAL PROJECTS

The Budget includes \$4.9 million in Rhode Island Capital Plan (RICAP) funds for four capital projects in FY2024, and \$4.5 million in RICAP funds for five projects in the FY2023 Supplemental Budget.

RICAP - Capital Projects	FY2023	FY2023	Change	FY2024	Change
	Enacted	Governor		Governor	
RICAP - Garrahy Non-Courtroom Restoration	\$0	\$0	\$0	\$1,125,000	\$1,125,000
RICAP - Judicial Complexes - HVAC	1,000,000	1,195,532	195,532	1,000,000	0
RICAP - Judicial Complexes Asset Protection	1,500,000	1,590,235	90,235	2,250,000	750,000
RICAP - Judicial Complexes Fan Coil Unit Replacements	750,000	750,000	0	500,000	(250,000)
RICAP - Licht Judicial Complex Restoration	750,000	750,612	612	0	(750,000)
RICAP - McGrath Judicial Complex Exterior	225,000	225,000	0	0	(225,000)
Total	\$4,225,000	\$4,511,379	\$286,379	\$4,875,000	\$650,000

- **Garrahy Non-Courtroom Restoration:** The Budget includes \$1.1 million in RICAP funds in FY2024 to replace carpets, paint, and to upgrade bathrooms.
- **Judicial Complexes HVAC:** The Budget includes \$1.2 million in FY2023 and \$1.0 million in FY2024 to finish the replacement and repair of court-managed HVAC systems at the courthouses system wide. Funds are provided for installation of air handler units (AHU) and variable air volume (VAV) systems, replacement of make-up air units and water heaters, and fan coil replacement.
- **Judicial Complexes Asset Protection:** The Budget includes \$1.5 million in FY2023 and \$2.3 million in FY2024 for asset protection projects throughout the court system. Projects include security and fire suppression upgrades, courtroom restorations, elevator upgrades, and electrical upgrades.
- **Judicial Complexes Fan Coil Unit Replacements:** The Budget provides \$750,000 in FY2023 and \$500,000 in FY2024 for both the architectural/engineering work and the installation of the fan coils in the Licht, Fogarty, and Murray facilities. This project is projected to continue through FY2028.
- **Licht Judicial Complex Restoration:** The Budget includes \$750,612 in FY2023 to finance the completion of restorations to the Licht Judicial Complex. Funds will be used to renovate courtrooms. This included repairing or replacing all of the furniture, plastering and painting, upgrading lighting, and refinishing floors.
- **McGrath Judicial Complex Exterior:** The Budget provides \$225,000 in FY2023 to replace older roof top HVAC units at the McGrath Judicial Complex with newer efficient systems.

Military Staff

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
RI National Guard	\$24.6	\$40.6	\$46.3	\$5.7	14.2%	\$78.7	\$38.1	93.9%
Total	\$24.6	\$40.6	\$46.3	\$5.7	14.2%	\$78.7	\$38.1	93.9%
Expenditures By Source								
General Revenue	\$2.9	\$3.4	\$3.3	(\$0.0)	-0.9%	\$3.8	\$0.5	13.4%
Federal Funds	20.4	34.3	39.9	5.6	16.3%	65.1	30.8	89.7%
Restricted Receipts	-	0.1	0.1	-	-	0.1	-	-
Operating Transfers from Other Funds	1.3	2.9	3.0	0.2	6.7%	9.8	6.9	242.5%
Grand Total	\$24.6	\$40.6	\$46.3	\$5.8	14.2%	\$78.7	\$38.1	93.9%
Authorized FTE Levels	92.0	93.0	93.0	-	-	93.0	-	-

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

The mission of the Military Staff (Rhode Island National Guard) is to prepare for immediate mobilization in the event of war or national emergency; to maintain peace, order, and public safety in the state in time of man-made or natural disaster or when otherwise directed by the Governor; and, to participate in the development and establishment of local, regional, and nationwide initiatives and programs.

MAJOR ISSUES AND TRENDS

The FY2023 Revised Budget includes \$46.3 million, of which \$39.9 million are federal funds, \$3.3 million are general revenue, \$3.0 million are RICAP funds, and \$55,000 are restricted receipts. This reflects an all funds increase of \$5.8 million from the FY2023 Budget as Enacted. Federal funds increase by \$5.6 million, other funds (RICAP) increase by \$189,750, and general revenues decrease by \$31,696.

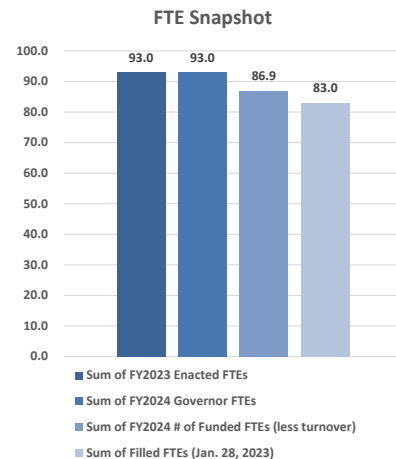
The Budget includes \$78.7 million for FY2024, of which \$65.1 million (82.6 percent) is federal funds, \$9.8 million (12.4 percent) is RICAP funds, \$3.8 million (4.9 percent) is general revenue, and \$55,000 (0.1 percent) is restricted receipts. This reflects an all funds increase of \$38.1 million from the FY2023 Budget as Enacted. Federal funds increase by \$30.8 million, other funds (RICAP) increase by \$6.9 million, and general revenues increase by \$453,630.

The Budget provides 93.0 FTE positions in FY2023 and 93.0 FTE positions in FY2024, consistent with the enacted budget. As of January 28, 2023, the Military Staff had 83.0 filled FTE positions and averaged 11.4 vacant FTE positions through the current fiscal year.

Quonset Air National Guard Facilities

The largest expenditures of the Military Staff budget occur with the Rhode Island Air National Guard facilities at Quonset, which will receive federal appropriations of \$55.6 million in FY2023, \$136.0 million in FY2024, and out-year funding of \$64.9 million through to FY2028, for several capital projects. A significant portion of these federal funds are not State-guided projects and the federal funding is not appropriated through the State.

In addition, the Rhode Island Air National Guard will receive \$7.3 million in RICAP funds between FY2023 and FY2025 for Air National Guard Facilities, a new Air National Guard Headquarters Building, and for the reconstruction of the Quonset runways to meet military specifications.



Quonset Air National Capital Projects	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	Total
Federal	\$55.6	\$136.0	\$28.3	\$7.8	\$21.6	\$7.2	\$256.5
RICAP	0.5	5.7	1.1	-	-	-	7.3
Total	\$56.1	\$141.7	\$29.4	\$7.8	\$21.6	\$7.2	\$263.8

\$ in millions

RICAP projects separately discussed

Federal Funding

The Budget includes \$65.1 million in federal funds, reflecting an increase of \$30.8 million over the previous fiscal year. Approximately \$54.4 million or 83.6 percent of the federal funds is applied to the operations and capital construction projects of the Army and Air National Guard facilities. In particular, the major expenses involve the Quonset Air National Guard facility and runway reconstruction projects, armory asset protection, and an appropriation of \$5.3 million in federal funds from the Counter Drug Asset Forfeiture to construct a 15,722 square foot Counter Drug Training Facility at Camp Fogarty in East Greenwich. The remaining \$10.7 million or 16.4 percent, funds personnel and contract services of the National Guard.

The capital budget also contains federal funds for National Guard projects that are not State projects appropriated within the State budget. Most of the federal funded capital projects are direct federal appropriations to the National Guard facilities. These capital projects are stated to provide an understanding of activities of the federal National Guard Bureau in improving facilities in the State.

NATIONAL GUARD

The National Guard program is composed of reserve units of the United States Army and Air Force, the Rhode Island National Guard (RING), and the State Historic Militia. The Guard is authorized to have in excess of 3,300 members (2,178 Army National Guard and 1,136 Air National Guard). The Guard has numerous facilities throughout the state, including 14 armories, 3 air bases, 2 training sites, 10 maintenance and support buildings, and housing equipment valued at \$500.0 million. According to the Military Staff, the estimated annual economic impact on the State attributed to National Guard programs exceeds \$238.0 million. The Guard is largely financed through federal funds, including drill and training pay for Army and Air Guard personnel, supplies, equipment, facility maintenance, and capital projects. State funds are provided as a match on some projects and primarily pay employee salary and benefit costs, training, travel, and maintenance.

RI National Guard	General Revenue
FY2022 Enacted	\$3,365,511
<i>Target and Other Adjustments</i>	<i>17,117</i>
Operating Adjustments	754,202
Personnel Adjustments	(417,689)
Educational Payments	100,000
FY2023 Governor	\$3,819,141

RI National Guard	Other Fund Changes
ANG Facilities (federal funds)	\$19,000,000
Counter Drug Training Facility (federal funds)	5,253,814
Miscellaneous Minor Construction (federal funds)	5,083,038

Operating Adjustments**\$754,202**

The Budget includes \$2.0 million in general revenue (\$27.4 million in all funds) in FY2024 for operating expenses, reflecting a net increase of \$754,202 from the FY2023 Budget as Enacted. The largest adjustments include an increase of \$500,000 for computer equipment repairs and an increase for electricity costs of \$196,909.

Operating Adjustments	FY2023 Enacted	FY2024 Governor	Change
Maintenance/Repairs: Computer Equipment	\$0	\$500,000	\$500,000
Electricity	510,907	707,816	196,909
All Other Operating	755,572	812,865	57,293
Total	\$1,266,479	\$2,020,681	\$754,202

The Budget adds \$500,000 in general revenue to purchase information technology (IT) equipment that will be compatible with the current state system in order for the Rhode Island National Guard to respond to emergencies that involve state agencies. Presently, the IT equipment is only compatible with federal Department of Defense systems.

The increase in electricity costs is a result of rising energy prices from the conversion of National Grid to RI Energy and were based on projected usage with the new electric and natural gas rates (47.0 percent increase in October 2022 for electricity and 15.0 percent in November 2022 for natural gas). The National Guard has various cost sharing of utility expenses with the federal government depending on usage and facility. The share varies from 100.0 percent federally funded, to 75.0 percent or 50.0 percent federally funded depending on the type of property. The Budget Office notes that these increases will be removed from the base budget and calculated into a statewide internal service fund adjustment.

Personnel Adjustments**(\$417,689)**

The Budget includes \$1.2 million in general revenue for personnel expenses, reflecting a decrease of \$417,689 from the FY2023 Budget as Enacted. The largest change relates to increased turnover savings at \$271,583, reflecting the Military Staff's assumption that turnover will equate to an average of 4.3 FTE positions during FY2024. Currently, there are 7.0 FTE position vacancies and there are 3.0 FTE positions in the recruitment process. The decrease of \$146,106 reflects the various corresponding benefit adjustments associated with increased turnover savings.

Personnel Adjustments	FY2023 Enacted	FY2024 Governor	Change
Turnover	\$7,688	(\$263,895)	(\$271,583)
All Other Personnel Adjustments	1,661,516	1,515,410	(146,106)
Total	\$1,669,204	\$1,251,515	(\$417,689)

Educational Payments**\$100,000**

The Budget includes \$200,000 in general revenue for education benefit payments. This reflects an increase of \$100,000 over the FY2023 Budget as Enacted. However, the statutory authority permitting the education benefit, RIGL 30-3-40.3, stipulates that the annual appropriation for the benefit shall not exceed \$100,000 in any fiscal year.

Analyst Note: According to the Budget Office, the additional \$100,000 appropriation was made in error and will be corrected in a Governor's budget amendment.

ANG Facilities (federal funds)**\$19.0 million**

The Budget includes \$19.0 million in federal funds for various capital projects including the Quonset Airway Runway reconstruction project. At the time of budget submission, it was thought that these projects would be billed through "Appendix 31" of the federal process. The project and estimated expenses are:

Capital Projects	Federal Funds
Runway Reconstruction Project	\$15,000,000
Repair Pavement Flightline Drive	625,000
Emergent Facility Repairs	500,000
Duct Cleaning Basewide	110,000
RIAC Share of Runway Reconstruction Project	2,663,612
Total	\$18,898,612

However, after the Budget was submitted, the federal National Guard Bureau determined that the federal portion of the project would be funded through federal military construction “MILCON” funds. This change in federal funding mechanism means that these federal funds will not be appropriated through the state budget, and instead be received as part of the regular direct federal annual appropriations received by the National Guard. As such, the revised federal expenses for FY2024 State Budget is \$1.2 million, for the following projects:

Capital Projects	Federal Funds
Repair Pavement Flightline Drive	\$625,000
Emergent Facility Repairs	500,000
Duct Cleaning Basewide	110,000
Total	\$1,235,000

The Rhode Island Airport Corporation (RIAC) share of the Runway Reconstruction Runway will be listed as a Military Staff RICAP project in FY2024.

Analyst Note: A Governor’s Budget Amendment is expected to address the necessary federal and RICAP budget changes.

Counter Drug Training Facility (federal funds) \$5.3 million

The Budget includes \$5.3 million in federal Counter Drug Asset Forfeiture funds and \$2.0 million in RICAP funds to construct a 15,722 square foot Counter Drug Training Facility at Camp Fogarty in the Town of East Greenwich. This project utilizes Google Asset Forfeiture federal funds and is listed in the agency’s capital plan for FY2024. The forfeiture funds are requested in FY2024 reflecting unexpended funds appropriated in FY2022. As of March 7, 2023, the balance remaining in the Google Asset Forfeiture account for the Rhode Island National Guard is \$5,249,249. The approval of this capital project will leave a balance of \$5,920 in the account.

Miscellaneous Minor Construction (federal funds) \$5.1 million

The Budget includes \$20.2 million in federal funds for numerous miscellaneous minor capital and asset protection projects that are partially or fully paid with federal funds. This is an increase of \$5.1 million from the FY2023 Budget as Enacted, resulting from multiple change orders on projects such as the Middletown Armory project cost increasing from \$3.4 million to \$3.7 million, shifting the Middletown Armory project from FY2023 to FY2024 due to delays, and cost increases for the Aviation Readiness Center project that increased \$35.0 million to approximately \$38.0 million.

CAPITAL PROJECTS

The Budget includes RICAP funds of \$3.0 million in FY2023, reflecting an increase of \$189,750, and \$9.8 million in FY2024, reflecting an increase of \$6.9 million. The RICAP funded projects include:

Capital Projects - RICAP Funds	FY2023 Enacted	FY2023 Governor	Change	FY2024 Governor	Change
RICAP - AMC Roof Replacement	\$366,500	\$366,500	\$0	\$0	(\$366,500)
RICAP - Asset Protection	1,290,000	1,290,000	-	975,000	(315,000)
RICAP - Counter-Drug Training Facility	-	-	-	2,000,000	2,000,000
RICAP - Quonset Air National Guard Headquarters Facility	-	-	-	3,000,000	3,000,000
RICAP - Sun Valley Armory	788,161	788,161	-	-	(788,161)
RICAP: Aviation Readiness Center	138,272	138,272	-	1,125,800	987,528
RICAP: Quonset Airport Runway Reconstruction	275,000	464,750	189,750	2,661,750	2,386,750
Total	\$2,857,933	\$3,047,683	\$189,750	\$9,762,550	\$6,904,617

- **AMC Roof Replacement:** The Budget includes \$366,500 in RICAP funds in FY2023 and no funding in FY2024 or for the Armory of Mounted Commands project, as the project will be complete.
- **Asset Protection:** The Budget includes \$975,000 in RICAP funds and \$3.0 million in federal funds for general asset protection projects. The project lists out-year funding of \$12.6 million in federal funds and \$4.2 million in RICAP funds through FY2028 for various asset protection projects.
- **Sun Valley Armory:** The Budget includes no RICAP funds and \$5.9 million in federal funds for a 17,000 square foot addition to the Sun Valley Readiness Center in the Town of East Greenwich. This facility serves as the supporting center for the 861st Engineer Company. The project lists out-year funding of \$985,252 in federal funds for FY2025.
- **Aviation Readiness Center:** The Aviation Readiness Center is a \$38.4 million project with \$138,272 in RICAP funds and \$2.6 million in federal funds in FY2023, and \$1.1 million in RICAP funds and \$30.4 million in federal funds in FY2024. The project lists out-year funding of \$2.4 million in federal funds and \$1.6 million in RICAP funds in FY2025 to construct a 65,000 square foot training and readiness center at the Quonset Air Base for the Rhode Island National Guard 1/126th Aviation Unit.

Analyst Note: A Governor's Budget Amendment is expected to address the necessary federal and RICAP budget changes. The Rhode Island Airport Corporation's (RIAC) share of the Runway Reconstruction Runway, \$2.7 million, will be listed as a Military Staff RICAP project in FY2024.

Rhode Island Emergency Management Agency

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$15.1	\$37.4	\$48.9	\$11.5	30.9%	\$50.0	\$12.7	33.9%
Expenditures By Source								
General Revenue	\$4.9	\$4.3	\$4.3	\$0.0	0.0	\$5.1	\$0.8	19.3%
Federal Funds	8.5	29.5	40.8	11.3	38.4%	38.3	8.8	30.0%
Restricted Receipts	0.2	0.5	0.4	(0.1)	-13.3%	0.4	(0.1)	-12.5%
Operating Transfers from Other Funds	1.5	3.2	3.4	0.3	0.1	6.2	3.1	97.1%
Total	\$15.1	\$37.4	\$48.9	\$11.5	30.9%	\$50.0	\$12.7	33.9%
Authorized FTE Levels	33.0	35.0	35.0	-	-	35.0	-	-

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

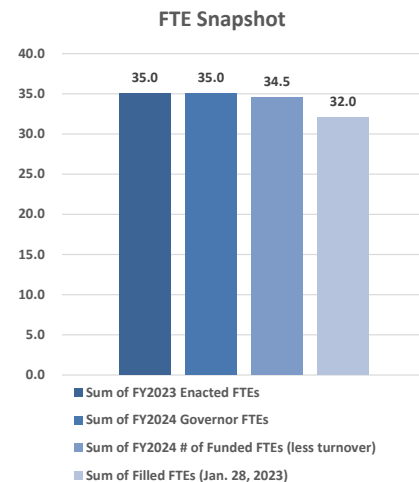
The Rhode Island Emergency Management Agency (RIEMA) is the coordinating agency for multi-jurisdiction and multi-agency response in the state for all emergencies including natural and technological hazards such as fires, floods, tornadoes, hurricanes, winter storms, chemical releases, weapons of mass destruction, and terrorism incidents. RIEMA is the official coordinating agency of the State for the federal Department of Homeland Security and the Federal Emergency Management Agency in times of state, national, multi-jurisdiction, and multi-agency emergencies and disasters. RIEMA operates and maintains the State Emergency Operations Center, as well as the statewide 800 MHz radio system and network. RIEMA became nationally accredited in October 2016, via the Emergency Management Accreditation Program (EMAP).

MAJOR ISSUES AND TRENDS

The FY2023 Revised Budget includes \$48.9 million, of which \$4.3 million is general revenue. Federal funds comprise \$40.8 million or 83.4 percent of the Agency's budget in FY2023. This is an increase of \$27,732 in general revenue (\$11.5 million all funds) from the FY2023 Budget as Enacted.

The FY2024 Budget includes \$50.0 million, of which \$5.1 million is general revenue. General revenue expenses increase by \$830,408, primarily due to RICON communication system upgrades. Federal funds are \$38.3 million (76.5 percent) of the Agency's budget in FY2024, an increase of \$8.8 million. Other funds increase by \$3.1 million, reflecting the use of RICAP funds to maintain and upgrade the Rhode Island Statewide Communications System Network.

The Budget includes 35.0 FTE positions in FY2023 and in FY2024, consistent with the enacted budget.



Central Management	General Revenue
FY2023 Enacted	\$4,308,154

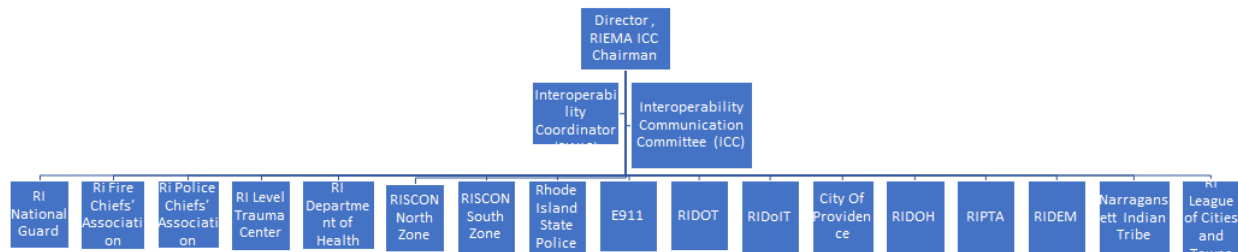
Target and Other Adjustments	19,067
Operating Adjustment	811,341
FY2024 Governor	\$5,138,562

Central Management	Other Fund Changes
Personnel, Contract Services, and Operating Adjustments (federal funds)	\$8,168,720
Disaster and Emergency Preparedness Grants (federal funds)	1,075,714
Capital Purchases and Equipment (federal Funds)	(412,851)
COVID Related Expenses (federal funds)	(33,164)

Operating Adjustment \$811,317

The Budget includes \$2.3 million in general revenue for various operating expenses, reflecting a net increase of \$811,317 in general revenue. The increase primarily reflects an increase of \$1.6 million for communication system upgrades and repairs, to operate and maintain the 800MHz Rhode Island Statewide Communications System Network (RISCON). The increase includes \$219,930 for the cybersecurity protections for the RISCON system. RISCON provides an emergency radio system connecting all 39 communities and state agencies. The Budget also includes a \$19,067 increase to reflect billed amounts for information technology and human resource services that are reflected in each agency based on actual use by the agency. These increases are offset by a decrease of \$726,163 for Division of Information Technology maintenance contracts on the 800MHz Rhode Island Statewide Communications System Network (RISCON). The decrease actually reflects a funding shift between the maintenance and repair and DOIT maintenance contract lines.

Rhode Island (RISCON) Organizational C



Operating Adjustments	FY2023 Enacted	FY2024 Governor	Change
Maintenance/Repairs: Communication Systems	\$62,500	\$1,561,079	\$1,498,579
DOIT: Maintenance Contracts	1,278,649	552,486	(726,163)
All Other Operating	166,512	205,413	38,901
Total	\$1,507,661	\$2,318,978	\$811,317

Personnel, Contract Services, and Operating Changes (federal funds)**\$8.2 million**

The Budget includes \$17.2 million in federal funds for non-COVID related personnel, contract services, and operating costs, reflecting an increase of \$8.2 million in federal funds from the FY2023 Budget as Enacted. The largest component of the increase is \$6.4 million for municipal and state repair projects and plowing costs associated with the January 29, 2022, blizzard, referred to as Winter Storm Kenan.

Analyst Note: According to RIEMA, the account for the Winter Storm Kenan projects should be under the grant expenses and not under operating, as the appropriation is for payments of sub-awards to third parties.

Personnel, Contract Services, Operating - Federal	FY2023	FY2023 Governor	Change	FY2024 Governor	Change
Winter Storm Kenan Projects	\$0	\$6,450,105	\$6,450,105	\$6,450,105	\$6,450,105
EMPG 2022 Emergency Management Preparedness Grant	-	2,540,194	2,540,194	2,695,930	2,695,930
EMPG 2021 Emergency Management Preparedness Grant	2,925,350	2,795,334	(130,016)	1,557,278	(1,368,072)
SHSP 2022 State Homeland Security Grant	-	877,894	877,894	1,192,871	1,192,871
All Other Personnel, Contract Services, and Operating	6,105,319	5,622,798	(482,521)	5,335,669	(769,650)
Total	\$9,030,669	\$18,286,325	\$9,255,656	\$17,231,853	\$8,201,184

Disaster and Emergency Preparedness Grants (federal funds)**\$1.1 million**

The Budget includes \$20.7 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$1.1 million more than the FY2023 Budget as Enacted. These funds also reimburse preparedness efforts for terrorist threats, active shooters, hazardous material containment, and other emergency events. The preparedness efforts are intended to improve and enhance the State's ability to prevent, deter, respond to, and recover from threats and incidents. Federal grant funds vary from year to year depending upon the number and severity of natural disasters and the availability of federal funds for non-disaster grants. The following table highlights the more significant changes in FY2023 and FY2024.

RIEMA Federal Grants	FY2023 Enacted	FY2023 Governor	Change	FY2024 Governor	Change
SHSP 2022 State Homeland Security Grant	\$0	\$3,838,979	\$3,838,979	\$3,520,127	\$3,520,127
SHSP 2020 State Homeland Security Grant	3,277,164	1,661,691	(1,615,473)	1,661,691	(1,615,473)
SHSP 2019 State Homeland Security Grant	1,587,224	-	(1,587,224)	-	(1,587,224)
NPSG 2022 Non Profit Security Grant	-	1,350,696	1,350,696	1,350,696	1,350,696
Blizzard - Juno Disaster #4212	1,206,538	-	(1,206,538)	-	(1,206,538)
Hmgs Blizzard Juno #4212	1,113,678	-	(1,113,678)	-	(1,113,678)
All Other Grants	12,453,878	12,906,618	452,740	14,181,682	1,727,804
Total	\$19,638,482	\$19,757,984	\$119,502	\$20,714,196	\$1,075,714

Capital Purchases and Equipment (federal funds)**(\$412,851)**

The Budget includes \$248,399 in federal funds for capital purchases and equipment reflecting a decrease of \$412,851 from the FY2023 Budget as Enacted. The major changes include reductions of \$382,252 to purchase furniture that is not required in the upcoming fiscal year, a decrease of \$49,158 for other expenses, and an increase of \$18,559 for computer equipment.

COVID Related Expenses (federal funds)**(\$33,164)**

The Budget decreases personnel expenses by \$294,238 and increases operating expenses by \$261,074 resulting in a net federal fund decrease of \$33,164, to reflect expenses projected by RIEMA in response to the COVID-19 pandemic. On March 13, 2020, the President of the United States declared a nationwide emergency relating to the COVID-19 pandemic. Under such federal declaration, referred to as the Stafford Act, federal disaster activities are assumed by the Federal Emergency Management Agency (FEMA). Such activities and assistance allow the State to qualify for a 75.0 percent reimbursement of certain emergency-related expenses. The expenses incurred include personal protective equipment (PPE), ventilators, and the establishment of emergency field hospitals.

	FY2023 Enacted	FY2023 Governor	Change	FY2024 Governor	Change
Personnel - Federal COVID Response					
ARP DIRECT: Emergency Management Performance Grants	\$0	\$0	\$0	\$99,932	\$99,932
FEMA: COVID-Related Expenses	394,155	96,760	(297,395)	-	(394,155)
Relief Fund: COVID-Related Expenses	15	-	(15)	-	(15)
Total	\$394,170	\$96,760	(\$297,410)	\$99,932	(\$294,238)

	FY2023 Enacted	FY2023 Governor	Change	FY2024 Governor	Change
Operating - Federal COVID Response					
FEMA: COVID-Related Expenses	(\$379,936)	\$900,000	\$1,279,936	\$0	\$379,936
FEMA: Supplies WKS: RIEMA	118,876	1,496,443	1,377,567	-	(118,876)
Relief Fund: COVID-Related Expenses	(14)	-	14	-	14
Total	(\$261,074)	\$2,396,443	\$2,657,517	\$0	\$261,074

CAPITAL PROJECTS

The Budget includes \$3.4 million in RICAP funds in FY2023, reflecting an increase of \$250,000 from the FY2023 Budget as Enacted and \$6.2 million in RICAP funds in FY2024, reflecting an increase of \$3.1 million from the FY2023 Budget as Enacted. Projects include:

RICAP Fund Projects	FY2023 Enacted	FY2023 Governor	Change	FY2024 Governor	Change
RICAP - Emergency Management Building	\$0	\$250,000	\$250,000	\$0	\$0
RICAP - RI Statewide Communications System Network	1,494,400	1,494,400	-	1,494,400	-
RICAP - RISCON 700 MHZ Project	-	-	-	2,776,375	2,776,375
RICAP - RISCON Infrastructure Upgrades	1,134,400	1,134,400	-	1,190,000	55,600
RICAP - RISCON Tower	-	-	-	500,000	500,000
RICAP - RISCON Warehouse	-	-	-	250,000	250,000
RICAP - State Emergency Ops Center	524,657	524,657	-	-	(524,657)
Total	\$3,153,457	\$3,403,457	\$250,000	\$6,210,775	\$3,057,318

- The Budget includes \$2.8 million to revive a decommissioned 700mhz band system that was previously used by the Rhode Island Public Transit Authority (RIPTA) and upgrade it to a frequency division multiple access (FDMA) trunking cell that allows multiple users to send data through a single communication channel. This upgraded system will be used by RIPTA as well as the Rhode Island Department of Transportation. The upgrade will allow RIEMA to segregate different users of RISCON to prevent system overloads during emergencies.
- The annual \$1.5 million RICAP fund appropriation to support the Rhode Island Statewide Communications System Network (RISCON). The project enhances and further develops RISCON, the main communications platform used by all public safety agencies in the State for daily operations.
- The Budget includes \$1.1 million in RICAP funds in FY2023, \$1.2 million in RICAP funds in FY2024, and out-year RICAP funding of \$260,000 from FY2025 to post-FY2028, to upgrade the RISCON system. The project scope includes propane generator replacements, adding propane generators to sites currently without one, and other security and wiring upgrades.
- The Budget includes \$500,000 in RICAP funds in FY2024 to replace an old forestry tower that is structurally unsound. The replacement RISCON communications system tower will be located approximately 40 feet from the location of the current tower and will be higher to be above the tree line to reduce interference. This is a one-time cost and the estimated life span of the new tower is 30 to 50 years.
- The Budget includes \$250,000 in RICAP funds in FY2023 to fund a feasibility study of warehouses, to determine whether to construct a new structure or remodel the current facility that is used to store the RISCON communications equipment, vehicles, and support staff.

Department of Public Safety

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$8.6	\$31.0	\$35.2	\$4.3	13.8%	\$19.8	(\$15.4)	-35.9%
E-911	7.1	8.5	8.8	0.3	4.0%	9.3	0.5	9.5%
Municipal Police Training	0.6	0.9	0.8	(0.1)	-6.0%	0.7	(0.1)	-22.6%
Security Services	25.5	29.9	27.9	(2.0)	-6.6%	30.3	2.4	1.5%
State Police	87.6	117.8	118.3	0.4	0.4%	116.1	(2.2)	-1.5%
Total	\$129.3	\$188.0	\$191.0	\$3.0	1.6%	\$176.2	(\$11.8)	-6.3%

Expenditures By Source

General Revenue	\$99.8	\$136.3	\$134.3	(\$2.1)	-1.5%	\$123.5	(\$12.8)	-9.4%
Federal Funds	15.9	21.4	29.7	8.3	38.9%	24.2	2.8	13.1%
Restricted Receipts	7.9	9.6	9.9	0.3	3.1%	10.4	0.8	7.9%
Other Funds	5.8	20.7	17.2	(3.5)	-17.1%	18.2	(2.6)	-12.3%
Total	\$129.3	\$188.0	\$191.0	\$3.0	1.6%	\$176.2	(\$11.8)	-6.3%

Authorized FTE Levels	628.6	632.2	632.2	-	-	632.2	-	-
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\$ in millions. Totals may vary due to rounding

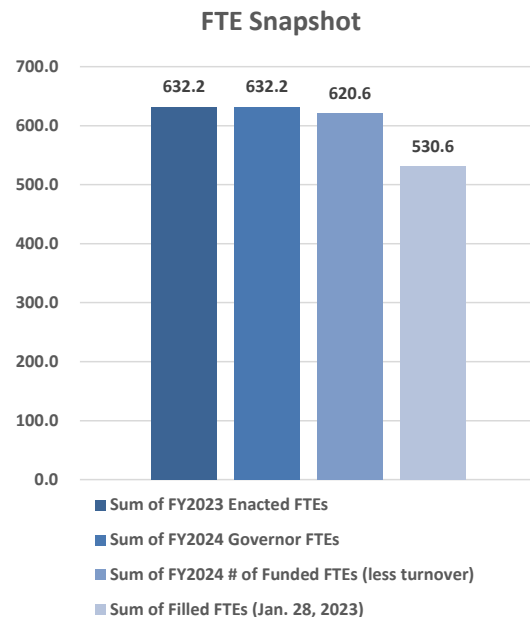
The Department of Public Safety (DPS) is the principal agency of the executive branch charged with law enforcement functions. It includes five program areas, including Central Management, E-911, the Municipal Police Training Academy, Security Services, and the State Police. The Department was created in the FY2009 Budget and is headed by the Superintendent of the State Police.

MAJOR ISSUES AND TRENDS

The FY2023 Revised Budget provides \$191.0 million to fund the operations of the Department of Public Safety, reflecting an increase of \$3.0 million or 1.6 percent from the FY2023 Enacted Budget. The Budget includes \$134.3 million in general revenue, a decrease of \$2.1 million or 1.5 percent from the FY2023 Enacted level. Additionally, the Budget includes a \$29.7 million in federal funds, reflecting an \$8.3 million or 38.9 percent increase from the FY2023 Enacted level of \$21.4 million.

The FY2024 Budget provides \$176.2 million in all funds, reflecting a reduction of \$11.8 million, or 6.3 percent from the FY2023 Enacted level. The Budget includes \$123.5 million in general revenue, exhibiting a \$12.8 million or 9.4 percent decrease from the FY2023 Enacted Budget. The decrease mainly reflects a one-time \$15.0 million expenditure for the Body-Worn Camera program occurring in FY2023.

The Budget authorizes a total of 632.2 FTE positions in FY2023 and FY2024, consistent with the enacted level.



Major budget initiatives within the Department include:

- **ARPA SFRF: Support for Child and Adult Survivors of Domestic Violence and Sexual Assault:** The Budget includes a total of \$10.5 million in State Fiscal Recovery Funds, including \$7.0 million in FY2024 to fund grants for programs that support the mental health and physical safety of victims of domestic violence and sexual assault.
- **Trainee Trooper Salary Increase:** The Budget provides \$341,729 in general revenue to increase the salary of Trainee Troopers who are enrolled in the State Police Training Academy. Trainee Troopers currently receive biweekly installments of \$1,300, which will increase by \$500, to \$1,800.
- **Drug Recognition Expert Training:** The Budget includes \$153,000 in general revenue to fund Drug Recognition Expert Training for an additional 15 State Troopers, which will provide the State with a total of 23 Drug Recognition Experts. Due to the recent legalization of cannabis for recreational use, the Department indicates that an increase in Drug Recognition Experts will allow the State Police to accurately determine if motor vehicle drivers are driving impaired.
- **Training Academy:** The Budget provides \$1.4 million in RICAP funds to support upgrades at the State Police Training Academy in Foster. The upgrades include replacing the roofs of the training academy and fitness barn, installing an electronic security gate, and the administration of an emergency vehicle operators course feasibility study.

CENTRAL MANAGEMENT

The Central Management program consists of the Business Office, Legal Office, and Public Safety Grants Administration Office (formerly Governor's Justice Commission). The Business Office provides fiscal oversight for the Department, as well as human resources, payroll, and purchasing. The Public Safety Grants Administration Office serves as a conduit agency for a number of federal grants that flow to local and state public safety agencies. Grant administration includes both formula and discretionary grant programs.

Central Management	General Revenue
FY2023 Enacted	\$16,437,445
<i>Target and Other Adjustments</i>	<i>(70,847)</i>
Body-worn Camera Program	(15,000,000)
FY2024 Governor	\$1,366,598
Central Management	Other Funds
ARPA SFRF: Support for Survivors of Domestic Violence (federal funds)	\$3,500,000

Body-worn Camera Program **(\$15.0 million)**

The Budget includes a \$15.0 million general revenue savings in FY2024, related to the establishment of the agency's body-worn camera program in FY2023. In 2021, the General Assembly authorized a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers - across every municipal police department and the Rhode Island State Police - with body-worn cameras. The State Police will acquire 155 body-worn cameras as well as vehicle camera equipment. The funding was initially appropriated for FY2022 but was unspent and reallocated to FY2023. The reduction from the FY2023 level reflects the start-up costs associated with the program.

The Department began outfitting State Troopers with the cameras early in CY2023, and anticipate all Troopers will be fully trained and equipped with cameras in the second half of FY2023. The FY2023 Supplemental Budget includes language that re-appropriates any remaining body-camera funding that remains unspent at the end of FY2023 to FY2024.

ARPA SFRF: Support for Survivors of Domestic Violence and Sexual Assault (federal funds) \$3.5 million

The Budget provides \$7.0 million of federal State Fiscal Recovery Funds in FY2024, an increase of \$3.5 million from the FY2023 Budget as Enacted, to fund grants to programs that support both the mental health and physical safety of victims of domestic violence and sexual assault. The FY2023 Budget as Enacted provided \$3.5 million for FY2023, FY2024, and FY2025, reflecting a total appropriation of \$10.5 million. The FY2024 Governor’s Recommended Budget advances the FY2025 funds to FY2024, in order to remain compliant with U.S. Treasury requirements. The total appropriation of \$10.5 million remains unchanged.

Support for Survivors of Domestic Violence				
Source	FY2023	FY2024	FY2025	Total
ARPA SFRF	\$3.5	\$7.0	-	\$10.5
Total	\$3.5	\$7.0	-	\$10.5

\$ in millions

Background: Rhode Island serves domestic violence and sexual assault survivors through a network of non-profit agencies that are largely supported with public funding. These organizations provide various types of assistance including safe housing, wraparound services, counseling, trauma-related mental health, and other supports to victims. Primary agencies include Day One, the Aubin Center at Rhode Island Hospital, Sojourner House, members of the Rhode Island Coalition Against Domestic Violence, and other community agencies.

According to DPS, demand for services for survivors of domestic violence and sexual assault regularly surpasses the ability of the provider system to meet it. The pandemic significantly exacerbated this demand. Extensive waitlists exist for supportive housing and mental health services. DPS notes for instance, that domestic violence calls to RI Victims of Crime hotline in July and August 2020, increased year-over-year by 93.7 percent and 69.5 percent, respectively.

The State’s primary program addressing victims of domestic violence and sexual assault is the Victims of Crime Act Grant (VOCA), a federal formula grant that is funded by the US Department of Justice. VOCA funds have decreased in recent years due to changes in federal settlement agreements.

SFRF Initiative: In order to address gaps in funding and services that support the mental health and physical safety of victims, the State has implemented a new grant program that complements the VOCA program. The program receives \$3.5 million in SFRF funds in FY2023 and \$7.0 million in FY2024, reflecting a \$10.5 million total.

E-911

The objective of the E-911 Uniform Emergency Telephone System is to maintain a statewide emergency telephone system providing prompt transfers of E-911 calls to the appropriate responding fire department, medical rescue service, or law enforcement agency. The Division operates 24 hours a day, 7 days a week. E-911 has a primary public safety answering point (PSAP) located in the State Police Headquarters complex in North Scituate, as well as a secondary PSAP in North Providence. Backup PSAP facilities are considered best management practices to provide service continuity if an emergency affects the primary PSAP. Article 2 of the FY2020 Budget as Enacted provided a dedicated funding stream for E-911 services by shifting all E-911 surcharge fee revenue from general revenue to a restricted receipt account, the E-911 Fund.

E-911	Other Fund Changes
FY2023 Enacted	\$8,468,710
<i>Target and Other Adjustments</i>	<i>(317,256)</i>
Communication System Repair and Maintenance (restricted receipts)	766,600
Personnel Salary and Benefit Adjustment (restricted receipts)	351,489
Next Generation 911	Informational
Surcharge Revenue and Fund Balance	Informational
FY2024 Governor	\$9,269,543

Communication System Repair and Maintenance (restricted receipts) ***\$766,600***

The Budget provides \$945,537 in restricted receipts for maintenance and repairs associated with the E-911 communication system, reflecting an increase of \$766,600 from the FY2023 Budget as Enacted. The Department is currently upgrading the INdigital's Next-Gen i3 optical fiber network as well as replacing four laser projectors that are continuously used within the Public Safety Answering Point System.

Personnel Salary and Benefit Adjustment (restricted receipts) ***\$351,489***

The Budget provides \$6.7 million in restricted receipts for personnel within the E-911 Program, reflecting an increase of \$351,489 from the FY2023 Enacted Budget. The increase is primarily related to current service agreements and includes \$392,122 for salaries and negative \$40,633 for benefits. The following table illustrates the increase.

	FY2023	FY2024	
Categories	Enacted	Governor	Change
Salaries	\$3,698,953	\$4,091,075	\$392,122
Benefits	2,695,822	2,655,189	(40,633)
Total	\$6,394,775	\$6,746,264	\$351,489

Next Generation 911

Informational

Over the past several years, the State's E-911 system has been transitioning from an analog-based technology to a digital platform. The two E-911 call center hubs, known as public safety answering points (PSAPs), completed installation and testing of new Next Generation 911 (NG911) digital routers in 2018 and staff have been trained on how to use the technology. NG911 enables these telecommunicators to utilize data-rich information such as geographic information systems and pictometry data, to more accurately identify an individual's location and direct first responders more quickly.

According to the Department, the success and reliability of E-911 has greatly improved with the implementation of NG911 and will enhance emergency services going forward by creating a faster, more resilient system that will facilitate the integration of more advanced methods of emergency communication in the future. For example, NG911 enabled the launch of Text-to-911 in February 2019. This service provides the public with the ability to text 911 in the event a voice call is not possible or safe. NG911 will also support Rapid SOS, a new technology that provides more accurate location information from wireless callers, which will enable Rhode Island to more effectively meet federal cybersecurity standards. NG911 is enabling a five-year project to update its entire Geographic Information Systems (GIS) data map, using pictometry imagery that provides a 45 degree angle overhead image in addition to straight overhead images.

Rhode Island is the last state in New England that utilizes a copper wire telephone system. According to the DPS, the Division will continue to migrate its systems away from the use of copper phone lines for the inbound and outbound networks, and move towards internet protocol (IP) data transmission using INdigital technology, which will make the agency compliant with federal NG911 regulations, improve system reliability by reducing points of failure, and provide built-in resiliency and redundancy in the event the system is compromised. The agency will also be installing Guardian Responder IP phones at each dispatch location to enable the agency to transfer call data to local municipalities.

The project has begun and the equipment and supplies have both arrived. The Department anticipates completion occurring in Fall of FY2023

Surcharge Revenue and Fund Balance

Informational

The FY2020 Budget as Enacted reconfigured the telecommunication surcharges that support emergency services and first response programs, including the E-911 program. Previously, there was a \$1.00 emergency services and first response surcharge on wireline, wireless, and prepaid telecommunication services and an additional \$0.26 technology surcharge on just wireless services. 90.0 percent of the revenue from the \$1.00 surcharge was deposited as general revenue with the balance placed into the State's Information Technology Investment Fund. The \$0.26 surcharge was deposited into a restricted receipt account to support State geographic information system (GIS) and other technology improvements.

Article 2 of the FY2020 Budget as Enacted eliminated both of these surcharges and established two new ones. A new \$0.50 E-911 surcharge was established to support the E-911 program. Revenue from the surcharge is deposited into a dedicated restricted receipt account within the Department of Public Safety (DPS) explicitly reserved for the purposes of supporting the E-911 system. A first response surcharge was also established to support first responder services across the State. The surcharge amount varies by telecommunication type and ranges from \$0.50 to \$0.75. The revenue from this surcharge is deposited as general revenue, with 10.0 percent of the funds collected transferred to the Information Technology Investment Fund (ITIF).

In FY2024, \$11.2 million is projected to be collected from the First Response Surcharge, \$1.1 million of which will be deposited into the ITIF, and the remaining \$10.0 million will be transferred to the general fund. Additionally, \$8.4 million is projected to be collected as E-911 restricted receipts. The following table illustrates the fund's revenues, expenditures, and transfers from FY2010 through FY2024. The expenditures in FY2023 reflect the FY2023 Enacted Budget.

E-911 Surcharge and First Response Surcharge Revenues vs. Expenditures

Fiscal Year	E911			E-911		Net to General Fund
	E-911 Surcharge	First Response Surcharge	Restricted Receipts	Expenditures	Deposit to ITIF	
2010	\$17,898,223	-	-	\$4,635,901	-	\$13,262,322
2011	17,248,460	-	-	4,829,770	-	12,418,690
2012	17,255,770	-	-	4,766,586	-	12,489,185
2013	17,507,117	-	-	5,103,735	-	12,403,382
2014	17,454,670	-	-	5,444,296	-	9,798,629
2015	17,640,703	-	-	5,320,615	-	12,320,088
2016	18,130,694	-	-	5,499,050	1,480,947	11,150,697
2017	18,280,846	-	-	5,699,440	1,435,310	11,146,096
2018	18,660,771	-	-	5,894,522	1,588,357	11,177,893
2019	18,886,107	-	-	5,899,730	1,545,323	11,441,053
2020	4,598,771	6,922,020	5,242,464	6,519,118	1,181,109	9,063,027
2021	4,182	10,451,821	8,329,344	7,197,039	1,045,535	9,406,285
2022	31,897	10,625,484	8,080,045	7,106,599	1,062,497	9,562,987
2023*	-	10,617,154	8,365,425	8,468,710	1,061,715	9,555,439
2024*		11,156,714	8,449,250	9,269,543	1,115,671	10,041,043

*FY2023 and FY2024 First Response Surcharge and Restricted Receipts revenue estimates are provided by the Budget Office

MUNICIPAL POLICE TRAINING ACADEMY

The Rhode Island Municipal Police Training Academy was established in 1969 and assigned to train and certify municipal law enforcement officers for all municipalities except for the City of Providence. Municipalities do not pay to send recruits to the Academy, but they do provide in-kind services including

officer time to teach courses and meeting and firing range space. Recruits are paid by municipalities for their time spent at the Academy. Since the first training class in 1970, the Academy has graduated 114 classes. The Academy runs two to three classes and 80 to 100 professional development workshops annually. Since 1981, the Academy has been located at the Community College of Rhode Island (CCRI) Flanagan Campus in the Town of Lincoln.

Municipal Police Training	General Revenue
FY2023 Enacted	\$281,456
<i>Target and Other Adjustments</i>	<i>(2,764)</i>
Personnel Salary and Benefit Adjustments	11,674
FY2024 Governor	\$290,366

Personnel Salary and Benefit Adjustment **\$11,674**

The Budget includes \$223,729 in general revenue to support the salary and benefits of personnel within the Municipal Police Training Program, reflecting an increase of \$11,674 from the FY2023 Budget as Enacted. The increase includes \$7,291 for salaries and \$4,383 for benefits. The following table displays the increase.

	FY2023	FY2024	
Category	Enacted	Governor	Change
Salaries	\$131,250	\$138,541	\$7,291
Benefits	80,805	85,188	4,383
Total	\$212,055	\$223,729	\$11,674

SECURITY SERVICES

The Security Services program consists of the Capitol Police and the Division of Sheriffs. The Capitol Police have arrest powers and provide security at 13 State buildings, including the State House, the courthouses, and numerous executive branch facilities. The Sheriffs are responsible for statewide activities assigned by law which relate to the duties and functions of the sheriffs in several counties. The Division is responsible for courtroom security, judicial security, cellblock security, transportation of individuals charged with crimes, interstate prisoner extraditions, and service of process.

Security Services	General Revenue
FY2023 Enacted	\$29,858,676
<i>Target and Other Adjustments</i>	<i>434,635</i>
Personnel Adjustments	613,232
FY2024 Governor	\$30,293,311

Personnel Salary and Benefit Adjustments **\$613,232**

The Budget provides \$26.9 million in general revenue to support the salary and benefits of personnel within the Security Services Program, reflecting an increase of \$613,232 from the FY2023 Budget as Enacted. The increase includes \$289,321 for the Capitol Police and \$323,911 for the Sheriffs. The following table displays the increase.

	FY2023	FY2024	
Capitol Police	Enacted	Governor	Change
Salary	\$3,320,988	\$3,447,294	\$126,306
Benefits	1,721,584	1,884,599	163,015
Subtotal	\$5,042,572	\$5,331,893	\$289,321
Sheriffs			
Salary	\$13,073,703	\$13,144,890	\$71,187
Benefits	8,167,428	8,420,152	252,724
Subtotal	\$21,241,131	\$21,565,042	\$323,911
Total	\$26,283,703	\$26,896,935	\$613,232

STATE POLICE

The Rhode Island State Police are a uniformed and investigative law enforcement agency with statewide jurisdiction. The agency is organized into three bureaus: the Administrative Bureau, Uniform Bureau, and Detective Bureau. The Administrative Bureau consists of both sworn command staff and civilian personnel and provides overall management and support. The Uniform Bureau is responsible for preventing crime and investigating criminal and noncriminal activities. The Uniform Bureau also establishes highway safety through enforcement of motor vehicle laws with emphasis on hazardous moving violations, i.e. drunk driving and speeding. The Detective Bureau is the primary investigative unit which helps the Attorney General's Office and other agencies in investigating organized and white-collar crime and provides support to police agencies throughout the State.

State Police	General Revenue
FY2023 Enacted	\$89,727,365
<i>Target and Other Adjustments</i>	<i>1,213,622</i>
Vehicles	(618,000)
Trainee Trooper Salary and Meal Reimbursement	341,729
Drug Recognition Expert Training	153,000
Digital Forensic Analyst	147,850
Civilian Fleet Operations Manager Position	124,770
Job Task Analysis	100,000
Professional Development and Wellness Programs	100,000
Aquidneck Island Study	100,000
Body-worn Cameras and Vehicle Camera System	87,590
Community, Diversity, and Equity Unit	85,000
FY2024 Governor	\$91,562,926

Vehicles **(\$618,000)**

The Budget includes a \$618,000 savings in general revenue due to the loan repayment savings realized from the recommendation to purchase 43 police vehicles in FY2023. The Governor recommends repurposing \$1.8 million in FY2023 agency surplus funds to purchase the vehicles, as opposed to financing the vehicles over time through the State Fleet Revolving Loan Fund. The Department requested this initiative due to the recently experienced economic uncertainty.

Trainee Trooper Salary and Meal Reimbursement **\$341,729**

The Budget increases general revenue by \$341,729 to reflect a pay increase to Trainee Troopers enrolled in the State Police Training Academy. Trainee Troopers are currently paid \$1,300 in biweekly installments

and the Governor recommends increasing their pay to \$1,800, in order to remain competitive in recruitment efforts. The Department currently expends \$888,496 for the salary and benefits of a 40-person State Police Academy and the compensation increase requires an additional \$341,729.

Additionally, the State currently requires individuals enrolled in the State Police and Municipal Training Academies to reimburse the State for the cost of meals consumed while at the Academies. Rhode Island is the only state in New England that requires this reimbursement and the Department believes rescinding it will allow for the recruitment of a stronger candidate pool. The Budget accounts for this change in Article 3, which would result in an \$88,800 loss in general revenue and applies to State Trainee Troopers only.

Drug Recognition Expert Training

\$153,000

The Budget includes \$153,000 in general revenue to support the training of 15 additional Drug Recognition Experts (DRE) providing the Department with a total of 23 Drug Recognition Experts. Due to the recent legalization of recreational cannabis, the Department indicates an increase in DRE is necessary to accurately determine if motorists are driving impaired. The training process for DRE candidates totals 120 hours and includes both classroom and practical training. The Department will need to fill eleven 13-hour shifts via overtime for each candidate, equating to a total of 143 hours per candidate. With an average overtime rate of \$66.00 per hour, the Department indicates a total cost of \$141,000 for the certification of 15 troopers. Additionally, the Budget includes \$12,000 for an annual recertification of the Drug Recognition Experts.

Digital Forensic Analyst

\$147,850

The Budget includes \$147,850 in general revenue to support the salary and benefits for 1.0 FTE civilian Digital Forensic Analyst position. The position will address the current 10-month backlog of electronic device forensic examinations and will be responsible for examining phones, tablets, as well as computers and other devices. The majority of backlogged cases involve the sexual abuse of children, with recent forensic examinations having identified multiple child molesters. The State Police Computer Crimes Unit's forensic lab serves as the primary digital forensic lab for the State and has conducted hundreds of forensic examinations last year. The lab currently employs one forensic analyst who also serves as the lab and evidence manager. The Department indicates that an additional civilian analyst will allow sworn members to return to their primary responsibilities of preventing crime and upholding the rule of law. The Budget does not authorize an additional FTE position for this initiative and recommends utilizing existing FTE authorizations.

Civilian Fleet Operations Manager Position

\$124,770

The Budget includes \$124,770 in general revenue to support the salary and benefits of 1.0 FTE Fleet Operations Officer to oversee the Department's 384 vehicles, which includes trailers, maintenance, and off-road vehicles. The agency currently has a sworn Sergeant, who will soon be retiring, managing the program. The proposal adds a civilian to replace the Sergeant and bring stability to the operation. There have been 3 different Sergeants assigned to this position over the past 3 years and a civilian employee will develop sustained and productive working relationships with State Fleet personnel while Sergeants will be re-assigned to operational roles to better serve the needs of the Department. The Budget does not authorize an additional FTE position for this initiative and recommends utilizing existing FTE authorizations.

Job Task Analysis

\$100,000

The Budget includes \$100,000 of general revenue in FY2024 for the creation of a new Job Task Analysis (JTA), which is completed through a contracted vendor and provides decision makers and law enforcement personnel up to date information pertaining to the primary responsibilities of police officers in Rhode Island. The JTA serves as the basis for the curriculum of the Rhode Island State Police Training Academy as well as the Municipal Police Training Academy. The most recent JTA was completed in 2009 and the International Association of Directors of Law Enforcement Standards and Training (IADLEST) recommends a new JTA every five to seven years. The Department indicates that a new JTA will identify current job functions, analyze both academy and continuing education curricula, develop new curricula,

and develop new testing questions for future law enforcement written tests. The Department anticipates the JTA process taking approximately one year and can commence immediately after approval and the selection of the contracted vendor. FY2023 Revised Budget includes an additional \$50,000 of general revenue for the initiative.

Professional Development and Wellness Programs ***\$100,000***

The Budget includes \$100,000 of general revenue in FY2024 to support the creation of two programs, a Professional Development program and an Officer Wellness Program. The programs will provide mental, emotional, stress management, and resiliency training, as well nutrition, family support, and health screenings for personnel. The Department indicates that a securely funded professional development program will provide necessary training to Division members in specialty fields in order to keep them proficient within their changing discipline, as well as allowing for members to cross-train in other units. The Department further indicates that the wellness program will improve morale and general health amongst the Division as well as increase positive community interactions and trust. The FY2023 Revised Budget includes an additional \$100,000 of general revenue for this initiative.

Aquidneck Island Study ***\$100,000***

The Budget includes \$100,000 of general revenue for a feasibility study to examine the appropriate amount of State Police presence on Aquidneck Island. The Department had requested funding to rehabilitate the former Portsmouth Barracks but through the architectural and engineering process, it was found that the rehabilitation would require additional funding. The Budget therefore provides funding to determine the appropriate level of State Police presence in the area, before authorizing additional funds for the Portsmouth Barracks.

Body-Worn Cameras and Vehicle Camera System ***\$87,590***

The Budget includes an additional \$87,590 of general revenue for the continued support of the body-worn camera and vehicle program. The funds will address the funding gap between federal funding and Statewide program limits and the purchased cameras. The federal funding and Statewide program limits funding to \$1,750 per camera, while the actual cost per camera is \$2,057. The Budget provides the \$47,590 difference as well as \$40,000 for annual training expenditures.

Community, Diversity, and Equity Unit ***\$85,000***

The Budget provides \$85,000 in general revenue to support the Community, Diversity, and Equity Unit. The funding will be used for overtime costs and programmatic supplies for State Troopers to perform community outreach to strengthen ties with the communities they serve. The Department indicates that the funding will also be used to increase recruitment efforts in order to garner a more diverse candidate pool. The FY2023 Governor's Revised Budget includes an additional \$105,000 of general revenue for this initiative.

CAPITAL PLAN PROJECTS

The Budget includes a total of \$14.2 million for Rhode Island Capital Plan (RICAP) Fund projects in FY2024, reflecting a decrease of \$3.1 million from the FY2023 Budget as Enacted.

Capital Projects	FY2023 Enacted	FY2023 Governor	FY2024 Governor	Change from Enacted
Asset Protection	\$1,000,000	\$1,693,033	\$2,053,000	\$1,053,000
Headquarters Roof Replacement	-	384,836	-	-
Portsmouth Barracks	1,650,000	-	-	(1,650,000)
RISCON Microwave System Replacement	230,929	230,929	249,754	18,825
Southern Barracks	13,000,000	9,451,458	10,465,719	(2,534,281)
Training Academy Upgrades	1,386,380	1,429,108	1,400,000	13,620
Total	\$17,267,309	\$13,189,364	\$14,168,473	(\$3,098,836)

- **Asset Protection:** The Budget provides \$8.4 million in RICAP funds through FY2028, including \$2.1 million in FY2024, to finance maintenance of various facilities throughout the Department, reflecting a \$1.1 million increase from the FY2023 Budget as Enacted. Asset protection projects in FY2024 include upgrades to the communications towers at Chopmist, Dawley Park, and the Department Headquarters, as well as renovations to the Administrative Support Building. Additionally, the FY2023 Revised Budget provides \$1.7 million for asset protection projects.
- **Headquarters Roof Replacement:** The Budget does not provide funding for the Headquarters Roof Replacement project in FY2024 but includes \$384,836 of RICAP funds in the FY2023 Revised Budget. The funding is a reappropriation of funds from FY2022 and the project is expected to be completed in FY2023.
- **Portsmouth Barracks:** The Budget removes funding for the Portsmouth Barracks project in both the FY2023 Revised Budget and the FY2024 Recommended Budget. Architectural and engineering services uncovered additional issues that need to be addressed such as compliance with environmental, safety and building codes, accessibility issues, historical preservation requirements, as well as water infiltration of the facility. The Budget recommends funding a feasibility study to determine the appropriate State Police presence on Aquidneck Island before providing further funding for the project.
- **RISCON Microwave System Replacement:** The Budget authorizes \$1.2 million in RICAP spending from FY2022 through FY2026, including \$249,754 in FY2024, to finance an upgrade to the Department's microwave loop network, a statewide 6 GHz digital network comprised of five microwave hops connecting key radio transmission sites and facilities throughout the State. This microwave loop network provides critical data links for the Rhode Island Statewide Communications Network (RISCON) 800Mhz radio network. The RISCON radio network, managed by the Rhode Island Emergency Management Agency (RIEMA), is the primary radio communications platform for over ten thousand first responders, the Rhode Island Department of Transportation (RIDOT), the Rhode Island Public Transit Authority (RIPTA), and numerous other State and local agencies that provide essential services throughout the state.
- **Southern Barracks:** The Budget provides \$30.5 million in total RICAP funds through FY2025, including \$10.5 million in FY2024, for a new State Police barracks to be located in West Greenwich. In 2018, the Department of Public Safety initiated a comprehensive planning review and feasibility study related to the Rhode Island State Police (RISP) barracks facilities located in Wickford, Hope Valley, and Portsmouth. The review and study were completed in the fall of 2019, and were coordinated by a master planning committee consisting of members of the RISP, representatives from the Department of Administration, and an architectural and engineering design firm. The committee found that the existing three barracks, which were built in the 1930s, do not meet the modern public safety and policing requirements of the State Police. It was originally determined that it is not feasible to renovate each the existing structures and therefore is necessary to build a new, combined barracks in the southern part of the State. The preferred location, which remains subject to Federal Highway Administration and RI Department of Transportation approval, is a parcel of land located off Route 95 at Exit 7 in West Greenwich. Upon completion, the Department plans to decommission the assets and revert ownership of the Wickford and Hope Valley barracks to the Department of Administration. The Department anticipates the project to be completed in FY2025.
- **Training Academy Upgrades:** The Budget provides \$6.2 million in total RICAP funds through FY2028, including \$1.4 million in FY2024, to support improvements at the State Police Training Academy in Foster. The project began in 2018, with \$491,649 spent prior to FY2023. Improvements in FY2024 include replacing the roofs of the training academy and fitness barn, upgrades to the training academy's classroom, the resurfacing of the facility's main roadway, and the administration of an emergency vehicle operators course feasibility study. Additionally, the project will address environmental and

safety renovations to the firing range; replacement of HVAC system, roof, windows, and electrical systems; installation of an electronic security gate, and the replacement of security fencing.

Office of the Public Defender

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$13.6	\$14.8	\$14.8	\$0.0	0.1%	\$15.5	\$0.7	5.0%
Expenditures by Source								
General Revenue	\$13.5	\$14.7	\$14.7	\$0.0	-0.1%	\$15.4	\$0.7	4.8%
Federal Funds	0.0	0.1	0.1	0.0	45.7%	0.1	0.0	53.3%
Total	\$13.6	\$14.8	\$14.8	\$0.0	0.1%	\$15.5	\$0.7	5.0%
Authorized FTE Levels	99.0	100.0	100.0	-	-	102.0	2.0	2.0%

\$ in millions. Totals may vary due to rounding

The Office of the Public Defender represents indigent adults and juveniles who are charged with criminal offenses or who are in jeopardy of losing custody of their children to the State. Referrals come from the Supreme, Superior, District and Family Courts. All who are financially eligible are assigned to a staff attorney for representation in the appropriate court. The main office and two branch locations are located in Providence. Three additional offices are located in the southern half of the state. The metropolitan areas of Providence and Newport account for the bulk of the cases. The Office includes four basic divisions of attorneys: appellate, criminal trial (including separate felony and misdemeanor units), juvenile, and parental rights. The Public Defender is appointed by the Governor to a six-year term, with the advice and consent of the Senate.

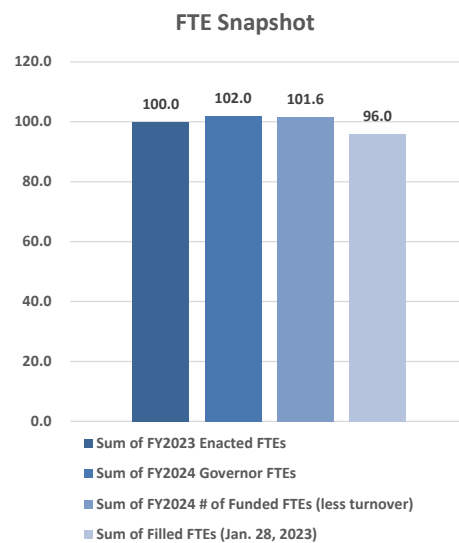
MAJOR ISSUES AND TRENDS

The Office of the Public Defender is funded almost entirely by general revenue (99.4 percent). The FY2023 Revised Budget provides \$14.8 million in all funds to support the Office, reflecting an increase of \$20,396 or 0.1% from the FY2023 Budget as Enacted. The increase includes an additional \$30,000 in federal funds and a \$9,604 reduction in general revenue.

The FY2024 Budget includes \$15.5 million in all funds, reflecting an increase of \$734,057 or 5.0 percent from the FY2023 Budget as Enacted. The increase includes an additional \$35,000 in federal funds and \$699,057 in general revenues.

The FY2023 Revised Budget authorizes 100.0 FTE positions consistent with the enacted level. The FY2024 Budget authorizes 102.0 FTE positions, an increase of 2.0 positions from the FY2023 Enacted level. The two newly authorized positions are both Assistant Public Defender IV positions and will help to reduce the Office's caseload.

The Office indicates that it has a caseload crisis and requires additional staff to provide legal representation to the State's indigent population. According to the American Bar Association's endorsed ethical misdemeanor caseload limits, the Office should assign each District Court lawyer no more than 400 misdemeanor cases per year. With current staffing, the Office has assigned attorneys on average, 1,070 cases annually, almost triple the ethical limit. While caseloads have experienced a reduction due to the COVID-19 pandemic, in FY2022, the Office experienced a 39.0 percent increase in District Court case assignments in comparison to FY2021, and are quickly approaching pre-pandemic assignment levels.



Central Management	General Revenue
FY2023 Enacted	\$14,708,807
<i>Target and Other Adjustments</i>	30,453
Personnel Salary and Benefit Adjustment	415,030
Additional Assistant Public Defender IV Positions	253,574
FY2024 Governor	\$15,407,864

Personnel Salary and Benefit Adjustment **\$415,030**

The Budget includes \$13.6 million in general revenue to support the salary and benefits of previously authorized personnel within the Office of the Public Defender, reflecting an increase of \$415,030 from the FY2023 Budget as Enacted. The increases are primarily associated with the statewide cost-of-living adjustments (COLA) that take effect at the beginning of FY2024 and include \$174,859 for salaries and \$240,171 for benefits.

Additional Assistant Public Defender IV Positions **\$253,574**

The Budget includes \$253,574 in general revenue to support the salary and benefits of 2.0 new Assistant Public Defender IV positions. The salary and benefits for each attorney is \$122,122 and includes \$71,964 for salary and \$50,158 for benefits, reflecting a total of \$244,244. Additionally, the Budget includes \$5,330 in parking expenses and \$4,000 in computer equipment for the initiative. The two additional attorneys are expected to provide an 18.0 percent misdemeanor caseload reduction when compared to FY2022 assignment levels. This would reduce misdemeanor caseloads by approximately 175 cases, per attorney.

Department of Environmental Management

Expenditures By Program	FY2022 Final	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Office of Director	\$33.4	\$13.1	\$41.7	\$28.5	217.0%	\$13.6	\$0.5	3.8%
Bureau of Natural Resources	60.1	74.7	78.2	3.5	4.7%	73.5	(1.2)	-1.6%
Bureau of Environmental Protection	27.6	34.2	35.0	0.8	2.4%	34.3	0.1	0.4%
Total	\$121.1	\$122.0	\$154.9	\$32.9	27.0%	\$121.5	(\$0.5)	-0.4%
Expenditures By Source								
General Revenue	\$71.0	\$53.1	\$82.4	\$29.3	55.2%	\$55.3	\$2.2	4.1%
Federal Funds	25.2	34.7	34.5	(0.3)	-0.8%	30.7	(4.0)	-11.5%
Restricted Receipts	13.7	17.4	17.7	0.3	1.6%	17.8	0.4	2.2%
Other Funds	11.2	16.8	20.3	3.5	21.2%	17.7	0.9	5.5%
Total	\$121.1	\$122.0	\$154.9	\$32.9	27.0%	\$121.5	(\$0.5)	-0.4%
Authorized FTE Levels	401.0	417.0	417.0	-	0.0%	425.0	8.0	1.9%

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

The Department of Environmental Management (DEM) is responsible for protecting, managing, and restoring the natural resources of the State. The Department is organized into three divisions: the Office of the Director, the Bureau of Natural Resources, and the Bureau of Environmental Protection.

The Department is charged with supervising and controlling the protection, development, planning, and utilization of the natural resources of the state; the promotion of agriculture and animal husbandry; and, providing for the maintenance of waterways and boating facilities.

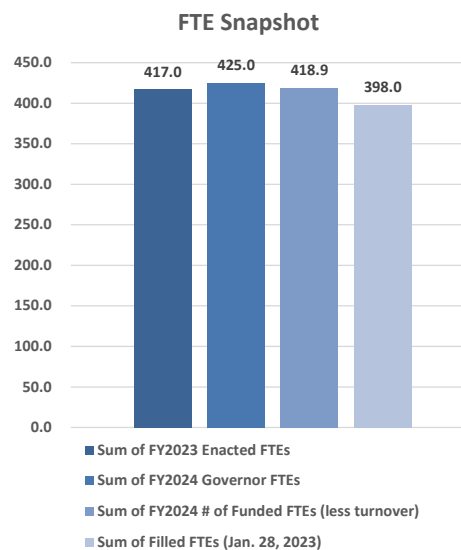
MAJOR ISSUES AND TRENDS

The FY2024 Budget includes an all funds decrease of \$518,524, or 0.4 percent from the FY2023 Budget as Enacted. The Budget includes a \$2.2 million (4.1 percent) increase in general revenue expenditures, including a \$500,000 increase in grant funding for the Local Agriculture and Seafood Act (LASA) program and \$100,000 for a new LitterFree initiative. The decrease in federal funds is due to the “right-sizing” of the federal funds appropriation to more closely match expenditure projections, the close-out of some grant programs, and the failure of the Governor to include 8.0 of the requested 16.0 new FTE positions supported by federal funds and restricted funds with no general revenue impact.

The net increase in restricted receipts of \$375,815 is primarily due to Orsted funding research at DEM as part of the Revolution Wind project. The budget provides \$393,580 in FY2024 and \$430,751 in FY2023. The net increase in other funds is primarily due to increased investment for electrical upgrades at the Newport Piers and Chase Marina in Tiverton.

The FY2023 Revised Budget includes an increase of \$28.5 million in general revenue from FY2022 surplus funds for transfer to the Rhode Island Infrastructure Bank (RIIB) to provide the state match for the Clean Water State Revolving Funds and the Drinking Water State Revolving Fund through FY2028.

The Budget authorizes 425.0 FTE positions in FY2024, an increase of 8.0 FTE positions from the FY2023 Budget as Enacted, and 417.0 FTE positions in FY2023, consistent with the enacted level. DEM requested 27.0 new FTE positions for FY2023. Based on the February 25, 2022, FTE report, DEM has 19.0 vacancies, according to DEM, they are filling positions quickly. The 8.0 new FTE positions provided are federally funded and will support new initiatives to address environmental protection, wildlife conservation, environmental justice, and climate change. Also requested, but not included in the Governor's recommendation are 2.0 new Environmental Police Officers. Staffing in the Division of Law Enforcement has declined over the past decade despite increased visitation to facilities, expansion of DEM properties, and increased call volume and law enforcement responses. The addition of these positions would allow for a permanent presence at facilities during the peak summer season.



Article 5 would require solicitation of competitive bids for an organization to implement and manage the paint and mattress recycling programs every five years. The article provides that should there be no respondents to the request for proposal (RFP) or if the issuing agency determines that none of the responses are sufficient to manage the program, the Rhode Island Resource Recovery Corporation (RIRRC) will serve as the implementing organization until another solicitation is required. An RFP must be issued by December, 2023, for both programs.

OFFICE OF THE DIRECTOR

The Office of the Director includes the Office of Management Services, Legal Services, Administrative Adjudication, and the two central service offices of Human Resources and Information Technology. The Office is responsible for developing and implementing programs to protect the State's environment, protect citizens from public health threats resulting from pollution, and provide facilities that support outdoor recreational activities.

Office of the Director	General Revenue
FY2023 Enacted	\$8,957,872
<i>Target and Other Adjustments</i>	<i>119,780</i>
Litter Free Rhody Initiative	100,000
FY2024 Governor	\$9,177,652

Litter Free Rhody Initiative **\$100,000**

The Governor recommends \$100,000 in general revenue for a new program, Litter-Free Rhody, to encourage community involvement in the removal of trash and litter from state parks, beaches, and management areas. According to information received from the Governor's Office, the funds will be used for the following:

- Provide small grants to organizations conducting environmental clean ups and doing work to address litter in Rhode Island;
- Sustain existing Litter-Free RI efforts, such as maintaining the website and outreach/clean up events; and,
- Marketing to raise awareness about the impact of litter and continue the Keep Rhody Litter Free statewide anti-littering campaign.

Analyst Note: It is unclear what website and outreach/cleanup events would be sustained or how they are currently funded; however, DEM confirmed there is currently no funding for such programs within that budget.

BUREAU OF NATURAL RESOURCES

The Bureau of Natural Resources is comprised of six divisions which manage the State's marine, freshwater, and upland resources. The Bureau administers the State's agriculture programs, state land acquisitions, and local matching grant programs for outdoor recreation. The Bureau is also responsible for enforcing state laws and regulations governing hunting and fishing, public safety in state parks, and recreational boating; and for administering, maintaining, and operating eight state parks, five campgrounds, seven state beaches, a golf course, the East Bay and Blackstone Bike Paths, and 40,000 acres of state-owned forests. Furthermore, the Bureau is responsible for oversight of all land leases and capital assets of port facilities and commercial fishing piers in Narragansett and Newport.

Bureau of Natural Resources	General Revenue
FY2023 Enacted	\$29,057,514
Target and Other Adjustments	1,337,274
Water Safety Programming and Training	85,000
Local Agriculture and Seafood (LASA) Grants	Informational
FY2024 Governor	\$30,479,788

Water Safety Programming and Training **\$85,000**

The Budget includes \$85,000 for DEM to contract with local organizations to provide a water safety curriculum including swimming and small watercraft operation at public facilities across the state.

Local Agriculture and Seafood (LASA) Grants **Informational**

In the FY2023 Budget as Enacted, an increase of \$600,000 in general revenue (\$700,000 total) was included to support the Local Agriculture and Seafood Act (LASA) grant program. This represented a commitment of \$200,000 in annual program funding and a one-time increase of \$500,000 in FY2023 to address the backlog of applications. The Governor continues to fund this program at \$700,000 in FY2024. The LASA grant program was established to support the growth, development, and marketing of local food and seafood within Rhode Island. The program was launched in FY2014 and is co-administered by the Division of Agriculture, within the Rhode Island Department of Environmental Management, and the Rhode Island Food Policy Council. Grants are awarded through a competitive process open to farmers, fishermen/women, non-profits, and producer groups based in Rhode Island.

In FY2023, grant year 2022, DEM awarded \$700,000 to 42 grantees. The maximum award is \$20,000. In this round, \$1.4 million was requested from applicants. A list of the grantees and the use of the funds can be found here: <https://dem.ri.gov/press-releases/governor-mckee-dem-legislators-announce-commitment-grant-program-helping-grow>.

Local Agriculture and Seafood Act (LASA) Grants

Grant Year	Number of Applications		Total Amount	
	Requests	Awards	Requested	Awarded
2014	92	16	\$1,474,822	\$190,030
2015	73	16	1,025,993	209,998
2016	71	17	1,414,596	229,998
2017	67	21	894,574	210,000
2018	44	21	696,339	213,097
2019	58	12	722,388	95,949
2020	-	-	-	-
2021	52	19	808,529	240,090
2022	85	42	1,430,557	700,000

Source: Department of Environmental Management

BUREAU OF ENVIRONMENTAL PROTECTION

The Bureau of Environmental Protection is comprised of six programs which are responsible for regulating and protecting water resources; protecting and improving air resources; regulating the transportation and disposal of solid, medical and hazardous waste, and investigating and remediating unpermitted release of those materials; responding to emergency spills of oil and chemicals that present an immediate danger to public health and environment; and assisting the public by coordinating the review of projects requiring multiple applications and permits, and tracking the status of permitting activities throughout the Bureau.

Bureau of Environmental Protection	General Revenue
FY2023 Enacted	\$15,081,859
<i>Target and Other Adjustments</i>	<i>548,306</i>
FY2024 Governor	\$15,630,165

CAPITAL PROJECTS

The Governor recommends a total of \$15.9 million in capital projects in FY2024 and \$18.5 million in FY2023, an increase of \$913,312 in FY2024 and \$3.5 million in FY2023 relative to the FY2023 Budget as Enacted. Major RICAP funded projects include:

- **Galilee Piers:** For repairs to the Galilee Piers, the Budget provides \$8.5 million in FY2024 and \$11.3 million in FY2023. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. Current work is focused on the North Bulkhead and Docks AA-QQ. The North Bulkhead is more than 50 years old and includes 16 piers along its 1,500-foot length. The piers include berthing for vessels and businesses such as RI Engine, which provides regional vessel services, and Sea Freeze, a fish processing house with worldwide shipping.
- **Recreational Facilities Improvements:** The Budget provides \$3.9 million in FY2024 and \$3.8 million in FY2023 for this ongoing project. The Department manages over 50 buildings and 25 miles of roads, in addition to water supply systems and other infrastructure elements, in State Parks and Management Areas. Current tasks include completion of the Fort Adams Maintenance Garage, the construction of the Roger Wheeler bulkhead, dredging around the Oakland Beach boat ramp in Warwick Cove, and the reconstruction of the East Matunuck State Beach entryway.
- **Newport Pier Upgrades:** The Budget includes \$1.0 million in FY2024 and \$258,820 in FY2023 for the Newport Pier project. This project supports the commercial fishing industry by making infrastructure improvements for commercial fishing facilities at the State Pier in Newport. State Pier #9 in Newport houses approximately 50 commercial fishing vessels, providing the only affordable berthing space for the local commercial fleet. Over the past several years, DEM has replaced the bulkhead and pilings, renovated the parking facilities and also made landscape and drainage improvements. The next step is to improve the utility services at the pier including electrical work to install 100-amp service and strategic locations, and replacement of the 30-amp and 50-amp services along the bulkhead and docks. This project has been experiencing significant delays recently due to supply chain issue for very specific components.
- **Marine Infrastructure and Pier Development:** The Budget provides \$650,000 in FY2024 for this project which is aimed at developing recreational and transient boating piers and related marine facilities in Narragansett Bay. Marine infrastructure projects can include recreational or commercial sites. Eligible projects can include, but are not limited to, docks, piers, bulkheads, and associated land-side infrastructure. Current funds are intended for the redevelopment of Chase Marina in Tiverton to improve access for commercial fishing.

Coastal Resources Management Council

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Coastal Resources Management Council	\$5.4	\$7.6	\$8.5	\$0.9	12.3%	\$5.9	(\$1.6)	-21.8%

Expenditures By Source

General Revenue	\$2.7	\$3.3	\$3.3	(\$0.1)	-1.6%	\$3.4	\$0.1	2.1%
Federal Funds	1.9	2.0	3.0	1.0	49.7%	2.3	0.3	14.3%
Restricted Receipts	0.2	0.3	0.3	-	-	0.3	-	-
Other Funds	0.6	2.0	2.0	0.0	0.0%	-	(2.0)	-100.0%
Total	\$5.4	\$7.6	\$8.5	\$0.9	12.3%	\$5.9	(\$1.6)	-21.8%

Authorized FTE Levels	30.0	32.0	32.0	-	0.0%	32.0	-	0.0%
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\$ in millions. Totals may vary due to rounding.

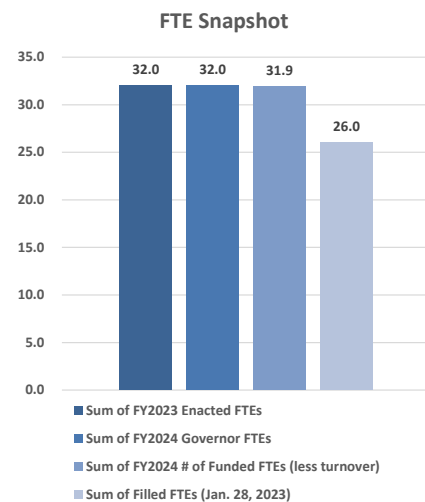
The Coastal Resources Management Council (CRMC) is mandated to preserve, protect, develop and, where possible, restore the coastal resources of the State. The CRMC oversees the Coastal Habitat Restoration Program and is charged with developing an Ocean Special Area Management Plan (SAMP) and a Marine Resources Development Plan.

MAJOR ISSUES AND TRENDS

The FY2024 Budget includes an all funds decrease of \$1.6 million (21.8 percent) from the FY2023 Budget as Enacted, including a general revenue increase of \$69,120, a federal funds increase of \$284,070, and an other funds decrease of \$2.0 million. The increase in general revenue is due to target and other adjustments. The decrease in other funds in FY2024 is due to the completion of RICAP projects in FY2023.

The increase in federal funds is primarily due to a new Virginia Offshore Wind Pilot project funded by the federal Bureau of Safety and Environmental Enforcement (BSEE) providing \$500,000 in FY2023 and \$250,000 in FY2024 as a passthrough to URI. The Coastal Virginia Offshore Wind Pilot (CVOW-P) is the Nation's first Federal-water offshore wind research facility. The CVOW Pilot is a 12-Megawatt offshore wind project developed by Dominion Energy under a Research Activities Plan (RAP) and is located in federal waters approximately 27 miles from the coast of Virginia in water depths of approximately 88 feet. Ørsted was the principal engineering, procurement, and construction contractor for the wind turbines, foundations, array, and export cables. These support structures are traditionally used in the wind energy industry but have never been tested in the Atlantic Ocean. Given the complex aerodynamic and hydrodynamic loading of the CVOW-P turbines, the CVOW-P Structural Monitoring Project (CVOWPSMP) will provide industry and the BSEE with unique data that will inform the development of design standards tailored to U.S. waters.

The Budget authorizes 32.0 FTE positions in FY2023 and FY2024, consistent with the FY2023 Budget as Enacted.



Central Management	General Revenue
FY2023 Enacted	\$3,327,275
Target and Other Adjustments	69,120
FY2024 Governor	\$3,396,395

CAPITAL PROJECTS

The Governor recommends a total of \$2.0 million in capital projects in FY2023, all of which are scheduled for completion. Projects include:

- **South Coast Restoration Project:** In the late 1990s, the CRMC partnered with the Army Corp of Engineers (ACOE) to undertake a comprehensive program to maintain the viability and use of the breachways for three salt ponds in South County: Ninigret, Quonochontaug, and Winnapaug. Each had state-built (1950s) breachways that were now negatively impacting the natural environmental processes of each pond due to increased sediment buildup brought through the breachways. The Project Cost Agreement (PCA) with the Corps for the work on the ponds require state funding for maintenance dredging.

Today, the marshes associated with these ponds are drowning due to the speed at which sea levels are rising; the natural elevation of the marshes cannot naturally keep up with the pace of the rising seas. In partnership with Department of the Interior-United State Fish and Wildlife Service (USFWS) as the primary funding agency, the CRMC managed a project that would remove the sediments (i.e.; maintenance dredged) being brought into the ponds and deposit them via hydraulic spraying over the salt marsh to slowly raise the level of the salt marsh vegetation, thereby saving the marsh from drowning in place and being lost to the ecosystem. The goal was to help the marsh adapt more quickly to sea level rise, reduce erosion, and mitigate flooding of the area during future storm surges. This project was successfully completed for Quonochontaug Pond.

When Hurricane Sandy hit Rhode Island in 2012, the ACOE received sufficient funding to partially restore Winnapaug Pond; however, not enough funding to remove the sediment deposited by the storm into the previously restored Ninigret pond. The ACOE is no longer funding the Ninigret project and the focus has shifted to Winnapaug, currently being dredged.

The South Coast Restoration Project is now focused on breachway maintenance dredging of each breachway every three to five years. This focus fulfills the PCA requirements on state-sponsored maintenance of the breachways and keeping the viability of restored submerged aquatic vegetation intact. More dredging may be necessary if a storm forces sediment into the basins and breachways. As of July 2021, Ninigret breachway is in need of maintenance dredging to maintain adequate water depths, healthy marsh systems, and wider breaches. Unfortunately, federal funds are not currently available for this purpose. The FY2023 Budget provides \$1.9 million in RICAP funds to dredge the breachway.

- **Little Narragansett Bay:** The Budget includes \$50,000 in FY2023 to investigate the feasibility of dredging the Cut within Narragansett (an area east of Sandy Point and west of Napatree) to allow quicker access to and from the ocean. According to CRMC, shifting sands within Little Narragansett Bay (Westerly) and a string current at the only egress make navigation safety an issue.
- **Pawcatuck Resiliency:** As the next phase of study to reduce damage from storm surge along the southern shore area from the Pawcatuck River to Point Judith, the Budget includes \$50,000 from the RI Capital Plan Fund in FY2023 as a place holder for a state match to elevate residences in a project led by the Army Corp of Engineers (ACOE).

Department of Transportation

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management	\$15.2	\$25.7	\$22.9	(\$2.8)	-10.7%	\$23.7	(\$2.0)	-7.7%
Infrastructure- Engineering	550.0	615.0	631.3	16.3	2.6%	670.4	55.4	9.0%
Infrastructure- Maintenance	88.3	152.3	238.2	86.0	56.5%	128.9	(23.3)	-15.3%
Management and Budget	4.0	3.8	4.0	0.3	7.2%	4.2	0.4	11.9%
Total	\$657.4	\$796.7	\$896.5	\$99.8	12.5%	\$827.3	\$30.6	3.8%

Expenditures By Source

General Revenue	-	-	-	-	-	-	-	-
Federal Funds	406.0	456.6	471.8	15.3	3.3%	439.4	(17.2)	-3.8%
Restricted Receipts	2.4	5.9	6.2	0.2	3.6%	6.2	0.3	4.4%
Other Funds	249.0	334.2	418.5	84.3	25.2%	381.7	47.5	14.2%
Total	\$657.4	\$796.7	\$896.5	\$99.8	12.5%	\$827.3	\$30.6	3.8%

Authorized FTE Levels	755.0	755.0	755.0	-	-	755.0	-	-
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\$ in millions. Totals may vary due to rounding

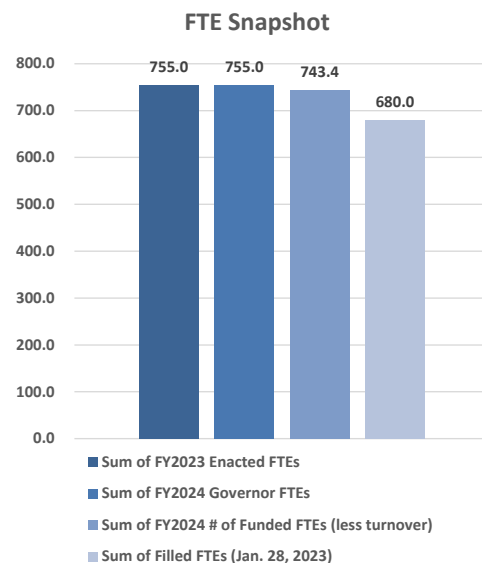
The Rhode Island Department of Transportation (RIDOT) is responsible for over 3,300 “lane miles” (1,100 miles) of highway and 1,201 bridges in the State. RIDOT provides services ranging from snow removal to pothole repair, and from installation and maintenance of traffic signalization to design of highway and bridge construction. The Department also develops projects in the areas of rail, water, bicycle, and pedestrian transportation; coordinates with RIPTA on transit projects; and, engages in air quality planning and coordination.

Established in FY1994, the Intermodal Surface Transportation Fund (ISTF) accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used for the maintenance, upgrading, and construction of the State’s highway system. It also is funded from proceeds of the Grant Anticipation Revenue Vehicle (GARVEE) and the RI Motor Fuel Tax (RIMFT) revenue bonds, and related expenditures. The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the ISTF. Funds are used to finance all RIDOT personnel and operating, and ongoing repair and renovation expenditures for RIDOT facilities throughout the state, as well as highway debt service, and motor fuel tax proceeds allocated to the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services.

MAJOR ISSUES AND TRENDS

The FY2023 Governor’s Revised Budget provides \$896.5 million in all funds to support the Department of Transportation, representing a \$99.8 million or 12.5 percent increase from the FY2023 Budget as Enacted.

The FY2024 Governor’s Recommended Budget includes a total of \$827.3 million for RIDOT, an increase of \$30.6 million, or 3.8 percent from the FY2023 Budget as Enacted. This includes a \$47.5 million increase in other funds and a \$17.2 million reduction in federal funds.



The Budget includes an FTE authorization of 755.0 for both the FY2023 Revised Budget and the FY2024 Recommended Budget, consistent with the FY2023 Budget as Enacted levels. As of February 2023, the Department has 684.0 of 755.0 FTE positions filled, down from 695.0 positions in mid-September.

The Governor recommends \$182.4 million in general revenue surplus funding be deposited into the Rhode Island Capital Plan Fund in FY2023 on behalf of the Department of Transportation. Of this amount, \$70.0 million is necessary to hold the Department harmless on expected toll revenue losses through FY2024 and \$24.6 million will be used to fiscally support the elimination of the FY2024 \$0.03/gallon gas tax increase through FY2025. The remaining \$87.8 million will be used to serve as the state match to unlock federal funds from the Investment Infrastructure and Jobs Act through FY2025.

Additionally, the Governor recommends the allocation of remaining license fee revenue (duplicate/updated information license fee) that are currently being deposited to the general fund, be deposited to the Highway Maintenance Account. The Department of Revenue estimates that the initiative will divert approximately \$1.0 million from the General Fund to the Highway Maintenance Account, annually.

Motor Fuel Tax

A portion of the Department's funding is provided by the motor fuel tax (gas tax). The FY2024 Budget includes a gas tax of 34.5 cents per gallon with a per-penny yield of \$4.1 million. Beginning in FY2016, the gas tax is adjusted every other year based on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest 1.0 cent increment. The Department of Revenue's Office of Revenue Analysis (ORA) is responsible for both estimating the gas tax yield as well as determining the impact of the CPI-U. The following table shows the projected use of motor fuel tax revenue in FY2024:

	FY2021	FY2022	FY2023	FY2024
Motor Fuel Tax Revenue Allocation	Actuals	Preliminary	Projected	Projected
Department of Transportation*	\$82.5	\$87.0	\$85.8	\$83.7
Rhode Island Turnpike and Bridge Authority	14.3	15.0	14.8	14.5
Rhode Island Public Transit Authority**	39.6	41.8	41.3	40.3
Department of Human Services	4.1	4.3	4.2	4.1
Surplus General Revenue	-	-	-	12.4
Total**	\$140.5	\$148.1	\$146.1	\$155.0
Projected Yield per penny	\$4,074,036	\$4,294,775	\$4,236,191	\$4,132,912

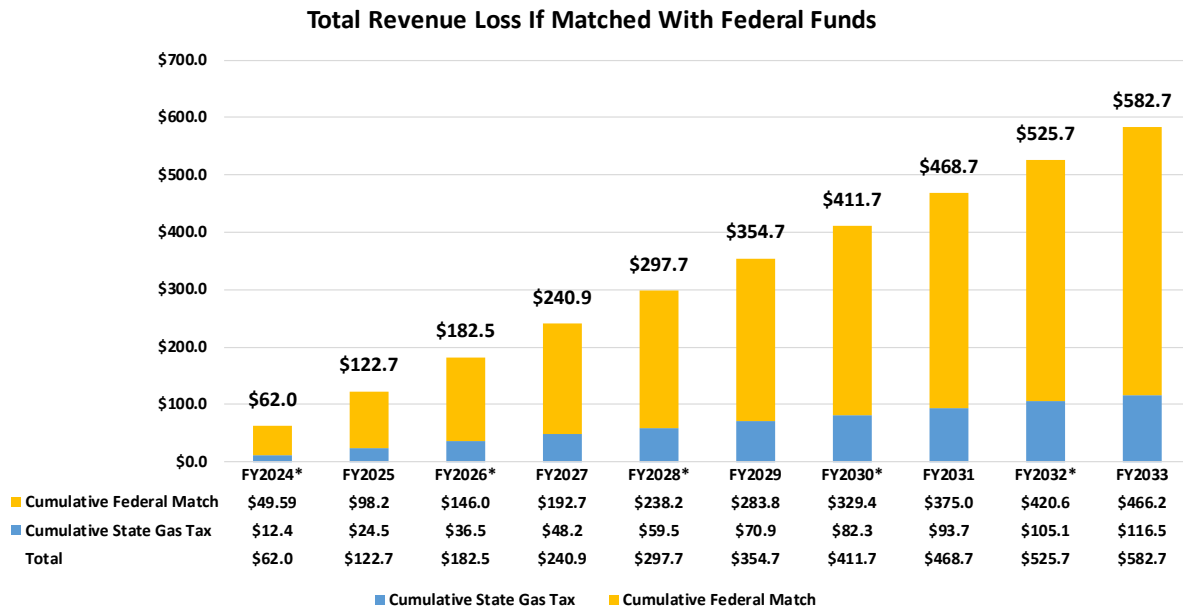
\$ in millions. Totals may vary due to rounding

Estimate based on November 2022 projections developed by ORA

*DOT share includes \$0.02 for GARVEE Debt Service

** RIPTA includes \$0.005 for Underground Storage Tank Fee

The November 2022 ORA estimate assumed a \$0.03 increase to the gas tax rate in FY2024 that will yield an additional \$24.5 million in gas tax revenue through FY2025. In Article 4, Section 3, the Governor recommends eliminating this increase and suspending the CPI-U adjustment until FY2026. Additionally, the Governor recommends depositing \$24.6 million of surplus general revenue in FY2023 to the RICAP fund, in order to hold harmless the highway improvement program. The recommended pause to the CPI-U adjustment is estimated to create a cumulative loss of \$59.5 million through FY2028. Furthermore, the State uses gas tax revenue as a match in order to procure additional federal funds for capital projects, often at a rate of 20.0 percent state funds to 80.0 percent federal funds. The graph displays the estimated revenue loss for each fiscal year, as well as a cumulative total with and without federal matching funds.



\$ in millions

Source: Office of Revenue Analysis November 2022 Estimate

*Indicates a year with a required CPI Adjustment

Revenue is held constant at \$11.4 million in FY2028-FY2033

In FY2014, RIDOT received 21.75 cents of the gas tax, with the Rhode Island Public Transit Authority (RIPTA) and the Department of Human Services (DHS) receiving 10.75 cents. RIPTA uses gas tax revenues to fund multiple expenses including maintenance, operations, and their underground storage tank fee, while DHS uses gas tax revenues to partially fund their transit programs. Beginning in FY2015, 3.5 cents of the gasoline tax is transferred to the Rhode Island Turnpike and Bridge Authority (RITBA) to be used for maintenance operations, capital expenditures, and debt service on any of its projects in lieu of a toll on the Sakonnet River Bridge. This reduced RIDOT's share of the gasoline tax to 18.25 cents per gallon.

In FY2020, ORA assumed inflation would change significantly enough to warrant a 1.0 cent increase, raising the gas tax rate from 33.5 cents to 34.5 cents per gallon. Pursuant to RIGL 31-36-20, the additional penny of the gas tax is directed to the Department of Transportation (RIDOT).

RhodeWorks

The General Assembly enacted "The Rhode Island Bridge Replacement, Reconstruction and Maintenance Fund Act of 2016," in February 2016. The legislation, also known as "RhodeWorks" authorizes the State to collect tolls and issue new Garvee bonds.

Truck Tolling

- **Federal Court Decision:** On September 21, 2022, U.S. District Court Judge William E. Smith ordered Rhode Island officials to stop collecting truck tolls which resulted in a pause to the State's tolling program. Judge Smith ruled the policy in its current form is unconstitutional. The ruling is currently being appealed and the Department is hopeful that a verdict will be delivered by the end of the calendar year. The Governor recommends \$70.0 million in surplus general revenue be deposited into the Rhode Island Capital Plan Fund to hold the Department harmless for expected toll revenue losses through FY2024.

Gantries and Revenue: The truck-only tolling plan received formal federal approval in September 2016 at which time the RIDOT executed a series of Memoranda of Understanding with the Federal Highway

Administration regarding which bridge locations toll revenue could be used to maintain. In December 2016, RIDOT issued the RFP for the Design-Build-Operate-Maintain (DBOM) contract for the tolling program, including gantry design and construction; all operational elements, testing and acceptance; and long-term maintenance of the tolling equipment and facilities. In 2017, the Department awarded a contract to Kapsch TrafficCom to design, build, operate, and maintain the gantries for 10 years. The Department originally anticipated building 14 gantries however, the number of gantries has since been decreased to 13. In FY2021 the Department generated \$34.0 million in gross revenues. In FY2022, the Department generated \$39.8 million in gross revenues, a \$5.8 million or 17.0 percent increase to FY2021. As of September 2022, the Department had generated \$6.8 million from the tolling initiative in FY2023, prior to the court ordered stoppage.

Bonding

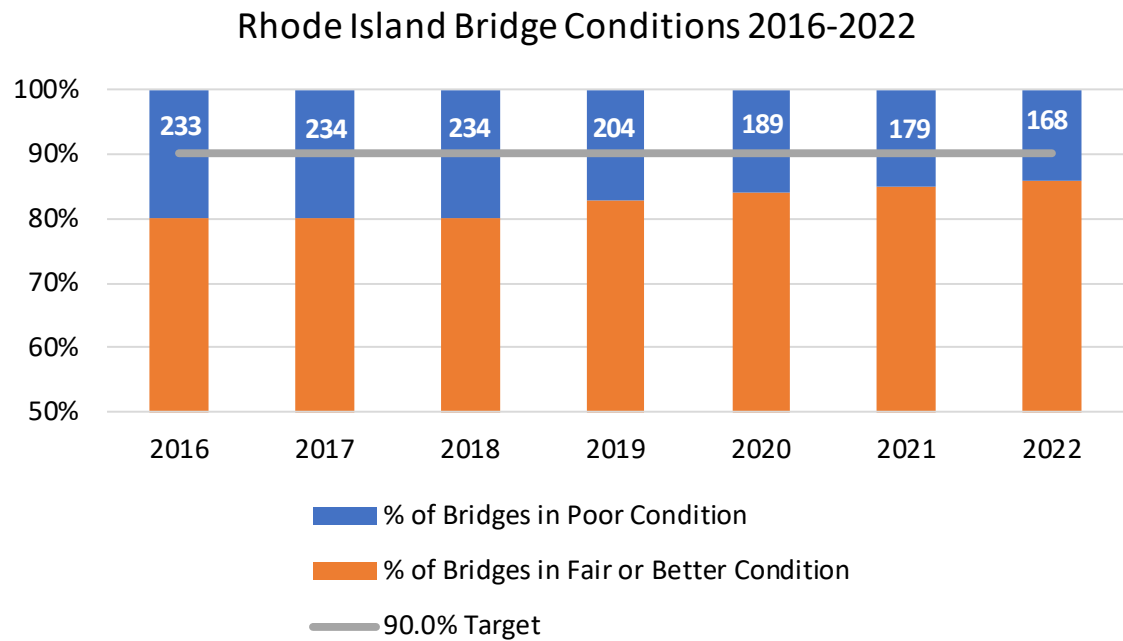
- RhodeWorks also allowed for the refinancing and restructuring of previously existing GARVEE bonds to realize approximately \$120.0 million in additional resources during the first three years post-refinancing.
- The Rhode Island Commerce Corporation is authorized to issue new GARVEE bonds, not to exceed \$300.0 million, for bridge replacement, reconstruction, maintenance, and operations. These bonds have an expected term of fifteen years, with interest-only payments in the first nine years, and will be repaid from future toll revenues and reimbursements.
- Article 6 of the FY2020 Budget as Enacted provided for the issuance of \$200.0 million in GARVEE bonds issued through the Rhode Island Commerce Corporation to fund the bridge replacement, reconstruction, and maintenance of the RhodeWorks program. Total debt service is not expected to exceed \$275.0 million over 15 years. Debt service is financed through future Federal Highway Administration appropriations.
- In March 2021, voters approved a bond referendum for \$71.1 million in General Obligation (GO) bonds for the Department. The GO bonds are used as a 20.0 percent state match needed for federal highway road and bridge projects. Debt service for the Department's GO bonds is included in the Department of Administration's Budget but is paid for by DOT through gas tax receipts. The Budget includes \$40.0 million of this funding in FY2022 and the remaining \$31.7 million in FY2023.

State Transportation Improvement Program-Major Projects

The Department includes major projects that the State intends to implement in their yearly State Transportation Improvement Program (STIP). The STIP includes projects for 10 years; however, only the first four years are fiscally constrained, meaning the costs of the projects may not exceed the anticipated funding that is expected to be available in the four-year time period. The current STIP runs from FY2022-FY2031 and was last revised in January of 2023.

Bridge Capital Program: The largest program in the STIP is the Bridge Capital Program, which includes \$1.8 billion or 19.3 percent of all STIP funding through FY2031. In 2015, Rhode Island was ranked last in the nation for overall bridge condition with about 24.0 percent of bridges ranked as structurally deficient. The Bridge Capital Program is focused on reducing the percentage of structurally deficient bridges to 10.0 percent by 2025. As of December 2022, 168 of the State's 1,198 bridges were in poor condition. The State would need to repair 48 bridges over the next three years to reach the goal of 90.0 percent structurally sound bridges throughout the State. The Bridge Capital Program will identify and develop a structured sequence of preservation, repair, rehabilitation, and replacement actions that will achieve and sustain a state of good repair for the State's bridges at a minimum cost. The STIP budgets \$161.9 million in FY2023 and \$172.5

million in FY2024 for the Bridge Capital Program. The following graph displays Rhode Island’s current bridge conditions and progress towards reaching the 90.0 percent goal.



Source: RIDOT Q1 Quarterly Reports, Data from month of December

Major Capital Projects Program: The second largest program in the STIP is the Major Capital Projects Program, which is anticipated to cost \$1.4 billion through FY2031, with \$247.5 million budgeted in FY2023 and \$237.2 million in FY2024. The following table displays budgeted amounts of regionally significant projects alongside updates concerning their construction.

- **I- 95 Northbound Viaduct Project:** This project replaces the 1,295-foot long northbound section of the Providence Viaduct Bridge, which supports I-95 over municipal roads, highway ramps, Amtrak’s Northeast Corridor and the Woonasquatucket River. The Department removed the existing bridge deck in the first quarter of FFY2023 and installed steel girders on the first half of the new Smith Street Bridge. Additionally, the new bridge that will carry Route 146 North over I-95 has had its bridge deck placed. The project is scheduled to finish construction in CY2025 with an approximate cost of \$265.0 million.
- **Route 6/10 Interchange:** This project reconstructs the 6/10 interchange within the current highway right of way and addresses the seven structurally deficient bridges within the project area. Recently, the Department opened a temporary exit from Route 6 Eastbound to Route 10 Southbound which will allow for the removal of the Huntington Avenue Viaduct. Additionally, a section of Route 10 Southbound was reconstructed and placed in its final alignment. The project is scheduled to finish construction in CY2023 with an approximate cost of \$410.0 million and is the largest single construction contract ever awarded in Rhode Island.
- **Route 146 Reconstruction:** This project makes necessary improvements to Route 146, including the replacement of one bridge and preservation or rehabilitation work on four others, the construction of

Major Capital Projects Program		
Project Name	FY2023	FY2024
I-95 Northbound Viaduct	\$60.0	\$52.0
Route 6/10 Interchange	40.0	40.0
Route 146 Reconstruction	31.3	40.0
RI-37	28.5	27.5
Washington Bridge North	25.0	15.0
Henderson Bridge	20.0	15.0
Additional Projects	42.8	47.7
Total	\$247.5	\$237.2

\$ in millions. Totals may vary due to rounding

frontage roads for safer and easier access, and re-pavement of Route 146 from the I-295 interchange to the Massachusetts state line. Recently, the Department worked on the final design process and has been coordinating with utility and environmental permitting agencies. Additionally, the area between the Central Street Bridge to approximately the existing weigh station on Route 146 Southbound has been milled and paved. The project is scheduled to finish construction in CY2026 with an approximate cost of \$196.9 million.

- **Route 37 Improvements:** This project involves the rehabilitation or replacement of 22 bridges and the safety and congestion improvement of Route 37, a critical east-west freeway that connects Cranston and Warwick. The project is scheduled to occur in two phases, with an approximate \$79.5 million cost estimate for Phase 1 and \$85.0 million estimate for Phase 2. Recently, the Department continued the project's design and early release construction plan packages as well as commencing the bridge preservation work. The project is scheduled to finish both construction phases in CY2026 with a total approximate cost of \$164.5 million
- **Washington Bridge:** This project addresses the structural deficiencies of the westbound portion of the Washington Bridge, as well as the construction of a new off-ramp, which is expected to ease congestion issues and spur economic development. Recently, the Department entered a new phase of construction and installed a lane split on I-195 West in East Providence, creating a work zone for its continued rehabilitation. The Department indicates that this phase will last for an additional year. The project is scheduled to finish construction in CY2026 with an approximate cost of \$78.0 million.
- **Henderson Bridge:** This project will demolish and reconstruct the Henderson Bridge, which was declared structurally deficient in 1996. The bridge will have 3 lanes of traffic, two lanes westbound and one lane eastbound. The Department will soon begin concrete and steel work for the bridge's piers as well as performing drainage work at the Massasoit Avenue rotary. The project is scheduled to finish construction in CY2025 with an approximate cost of \$84.4 million.

Debt Service: The third largest expense in the STIP is Debt Service, which is anticipated to cost \$1.1 billion through FY2031. The current STIP includes two Grant Anticipation Revenue Vehicle (GARVEE) bond issuances, the refinancing of the existing GARVEE debt to extend the term by three years from FY2021 to FY2024, and the issuance of a \$300.0 million GARVEE bond. Both issuances create more federal resources for near-term bridge construction and maintenance costs. GARVEE bonds enable the State to pay debt service and other bond-related expenses with future federal-aid highway funds. GARVEE bonds generate up-front capital for major highway projects at generally tax-exempt rates and enable the State to construct a project earlier than if using traditional pay-as-you go grant resources. Additionally, the STIP includes debt service of general obligation bonds, motor fuel bonds, and pass through funding for RIPTA's general obligation bonds. Debt service is anticipated to cost \$1.1 billion from FY2022 through FY2031. The STIP includes \$116.2 million in FY2023 and \$116.1 million in FY2024.

Pavement Capital Program: The Pavement Capital Program includes funds for design and construction projects to maintain the State's roadways and is anticipated to cost \$696.1 million from through FY2031. Pavement sufficiency targets were approved and phased-in in May 2018. The Department uses an asset management approach described as applying the "right treatment, to the right pavement, at the right time" to prevent roadway failure. Rhode Island currently has 6,528 miles of roadway; the Department maintains approximately 1,100 miles of those roadways. The Pavement Capital Program will allow for additional miles to be paved and will improve the State's Pavement Structural Health Index (PSHI), which is a rating system that evaluates 1/10-mile segments of roads with weighted distresses to determine a rating between 0 and 100, with 100 representing distress-free roads. RIDOT's goal is to maintain an average PSHI of 80.0 percent for more than 10 years. The STIP includes \$97.4 million in FY2023 and \$89.3 million in FY2024.

Rhode Island Highway Maintenance Account (HMA)

The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund (ISTF). The FY2015 Budget as Enacted provided additional funding for transportation projects through increased deposits into the HMA including a surcharge of \$25.00 on all dismissals based upon a good driving record, in addition to the \$5.00 administration fee; an increase in the vehicle inspection fee from \$39.00 to \$55.00; transfer of existing revenue from inspection stickers (\$16.00 per inspection), motor vehicle title (\$50.00 per title), and car rental surcharges (8.0 percent of gross receipts per rental vehicle for the first thirty days) from the general fund to the HMA; and, the phased-in transfer of all vehicle license and registration fees into the HMA beginning in FY2016.

Rhode Island Highway Maintenance Account Forecast				
	FY2023	FY2023		
Fees and Surcharges	May*	Nov.**	FY2024	FY2025
Licenses and Registrations Base	\$56.2	\$51.1	\$53.0	\$53.0
Licenses Surcharge	4.8	4.9	5.3	5.5
Vehicle Registrations Surcharge	14.9	14.4	15.5	15.9
Rental Vehicle Surcharge	3.2	3.7	3.8	3.8
Emission Inspection Fees	12.8	13.0	13.9	14.3
Motor Vehicle Title Fees	10.3	10.4	11.2	11.5
Good Driving Fees	0.4	0.3	0.3	0.3
RIHMA Total	\$102.6	\$97.9	\$103.0	\$104.4
5% Share to General Revenues	5.1	4.9	5.1	5.2
Remaining RIHMA Funds	\$97.5	\$93.0	\$97.8	\$99.2
5% Share to RIPTA	4.9	4.6	4.9	5.0
\$5.0 million Transfer to RIPTA	5.0	5.0	5.0	5.0
DOT Share	\$87.6	\$83.3	\$87.9	\$89.2

\$ in millions

Source: Office of Revenue Analysis and Budget Office

*Note: Projected May 2022

**Note: Projected November 2022

Article 8 of the FY2020 Budget as Enacted altered the percentage of fees going into the HMA such that 5.0 percent of the total fees collected each year are retained by the Division of Motor Vehicles (DMV) and the remaining 95.0 percent are deposited into the Account. The funds retained by the DMV are intended to help partially offset personnel costs associated with collecting the fees associated with the HMA. The remaining 95.0 percent of fees deposited into the HMA are shared between DOT and RIPTA, with RIPTA receiving 5.0 percent of the funds deposited and DOT receiving the remaining amount. Article 8 also extended RIPTA's \$5.0 million annual appropriation to support the Free-Fare program indefinitely.

In FY2024, the HMA is projected to transfer a total of \$9.9 million in HMA funding to RIPTA, \$5.1 million to general revenues and \$87.9 million to the RIDOT.

Analyst Note: Article 2 shifts Division of Motor Vehicles (DMV) duplicate license/updated information fee revenue from general revenue to the State's Highway Maintenance Account (HMA) in FY2024. This change is estimated to add \$1.0 million annually to the RIHMA and is not reflected in the above table as ORA's most recent projection occurred in November 2022. The additional \$1.0 million is reflected in the Infrastructure-Maintenance Program.

Carry Forward Balance

The Department has a carry forward balance of \$32.6 million in the FY2024 Governor's Recommended Budget, a decrease of \$6.5 million from the \$39.2 million balance in the FY2023 Enacted Budget. The carry forward balance includes the state match portion for federally funded projects. The Department was allocated funding in FY2021 and FY2022 for future years with the expectation that the funds would be carried forward in out years.

Student Internship Program

The Department hosts a student internship program that is funded with a mixture of federal funds and gas tax revenue. Historically, the Department accepts approximately 100 students to their internship program

each summer and expect interns to work from May through August. Interns are required to work between 35-40 hours per week on weekdays and receive an hourly rate between \$14 and \$25, based upon prior experience and job classification. Interns generally work full-time for 4 months while Co-op students also work full-time for 4 months but also part-time for 8 months. In FY2024, the Department has accepted a total of 106 students, with 87 being classified as interns and 19 classified as Co-op.

CENTRAL MANAGEMENT

The Central Management Program includes Legal Counsel, Human Resources, the Real Estate Section, External Affairs, the Safety Section, the Office on Highway Safety, the Office of Civil Rights, and the Director's Office.

- The Legal Counsel office works closely with the Office of the Attorney General in legal proceedings involving RIDOT and also provides support within RIDOT for program development, property management and acquisition, contracts, litigation, arbitration, and contracted outside legal services.
- Human Resources administers labor relations, human resource development and training, all equal opportunity programs, and payroll and fringe benefit programs.
- The Real Estate section deals with acquisition, appraisal, negotiation, and relocation for property purchases (including easements and larger parcels) and property sales.
- The External Affairs office handles all media inquiries, speaking engagements, legislative correspondence and special events for the Departments, as well as managing the Department's website.
- The Safety Section is responsible for promoting public safety.
- The Office on Highway Safety develops and coordinates programs with local, state and federal agencies to reduce highway deaths and injuries, and to promote public awareness of the correlation between highway safety and alcohol and substance abuse through the development and distribution of educational information.
- The Civil Rights office supports contractors, consultants, and sub-recipients to ensure full compliance with federal and state civil rights laws and equal employment requirements.
- The Director's Office provides leadership and policy development for the Department to ensure the State's public transportation services are safe, effective and environmentally prudent.

	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Central Management								
Federal Funds	\$8.1	\$16.6	\$14.9	(\$1.7) -10.1%		\$15.0	(\$1.6) -9.4%	
Other Funds	7.0	9.1	8.0	(1.1) -11.9%		8.7	(0.4) -4.6%	
Total	\$15.2	\$25.7	\$22.9	(\$2.8) -10.7%		\$23.7	(\$2.0) -7.7%	

\$ in millions. Totals may vary due to rounding

Central Management	Other Fund Changes
NHTSA Grants (federal funds)	(\$1,566,479)
Property Management/Real Estate (other funds)	\$488,275

NHTSA Grants (federal funds)

(\$1.6 million)

The Central Management Budget includes \$15.0 million in federal funds, a decrease of \$1.6 million from the FY2023 Budget as Enacted, for a number of grants from the National Highway Transportation Safety Administration (NHTSA). The changes include: a \$1.5 million reduction from the Minimum Penalties for Repeat Offenders for DWI or DUI grant, \$136,577 reduction from MAP-21 grant, a \$42,513 increase in the State and Community Highway Safety Program grant, and a \$16,975 reduction in the Fatality Analysis Reporting System grant. The changes and grant totals are displayed on the following table.

	FY2023	FY2024	Change from
NHTSA Grant	Enacted	Governor	Enacted
Fatality Analysis Reporting System	\$74,638	\$57,663	(\$16,975)
Grant to Prohibit Racial Profiling	372,800	372,800	0
Map-21 405 Funds	6,180,520	6,043,943	(136,577)
Min. Penalties for Repeat Offenders DWI or DUI	5,561,494	4,106,054	(1,455,440)
State and Community Highway Safety Program	4,387,594	4,430,107	42,513
Total	\$16,577,046	\$15,010,567	(\$1,566,479)

Property Management/Real Estate (other funds)**\$488,275**

The Budget includes \$2.1 million in gas tax revenue to support property management and real estate operations in FY2024, a \$488,275 increase from the FY2023 Budget as Enacted. \$397,231 of the total increase is due to salary and benefits, which include cost-of-living adjustments as well as the addition of 4.0 departmental interns. 2.0 interns will work alongside the Property Management section and 2.0 interns will work alongside the Real Estate section.

INFRASTRUCTURE - ENGINEERING

The Infrastructure Engineering program works to develop the State's roads and bridges into an advanced ground transportation system. The program consists of multiple divisions and sections encompassing design, planning, and construction of the Project Management Division.

- The Project Management division oversees all phases of a project from start to finish, including design, construction, and materials testing.
- The Construction Management section is responsible for the administration and inspection of highway, bridge, traffic signal and destination signing and freight/commuter rail construction activities throughout the State.
- The Materials Unit conducts sampling and quality assurance testing. The Research and Technology section evaluates new technologies, provides research for national, regional, and local programs, and provides training in new technology.
- The Office of Stormwater Management is responsible for the scope, plan, design, and maintenance of storm water systems.
- The Occupational Safety, Health, and Work Zone Safety section administers the Department's safety and health programs.
- The Planning Division develops and monitors the Department's Ten-Year Plan to ensure successful implementation.
- The Office of Transit, New Starts, and Operations section develops and implements planning projects by working to develop an integrated transportation system that provides convenient transitions between different modes of transportation.

	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
Infrastructure Engineering	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Federal Funds	\$373.8	\$418.5	\$426.8	\$8.3	2.0%	\$424.3	\$5.8	1.4%
Restricted Receipts	2.4	5.9	6.2	0.2	3.6%	6.2	0.3	4.4%
Other Funds	173.8	190.5	198.3	7.8	4.1%	239.9	49.3	25.9%
Total	\$550.0	\$615.0	\$631.3	\$16.3	2.6%	\$670.4	\$55.4	9.0%

\$ in millions. Totals may vary due to rounding

Infrastructure Engineering	Other Fund Changes
Highway Improvement Program (RICAP)	\$90,161,300
Federal Highway Projects (federal funds)	44,438,971
Toll Revenue (other funds)	(32,114,329)
Federal Discretionary Grants For Capital Projects (federal funds)	(30,218,185)
Motor Fuel Tax Transfers (other funds)	(6,922,045)
RIPTA: Pawtucket Bus Hub Passenger Facility (other funds)	(3,000,000)
ARPA SFRF: RIPTA R-Line Free Service (federal funds)	(2,500,000)
ARPA SFRF: RITBA Safety Barriers Study (federal funds)	(1,000,000)

Highway Improvement Program (RICAP) \$90.2 million

The Budget includes a \$145.8 million transfer from the Rhode Island Capital Plan fund (RICAP) to support the State's Highway Improvement Program. The transfer reflects an increase of \$90.2 million from the FY2023 Budget as Enacted and includes \$40.0 million to backfill lost toll revenue. The Department's plan had allocated \$130.0 million of toll revenue to highway projects from FY2023 through FY2025, including \$95.0 million to the Route 6/10 Interchange Reconstruction project. Due to the September 2022 District Court Ruling, which halted the State's tolling initiative and is currently being appealed, the Governor recommends \$40.0 million in surplus general revenue to be deposited into the RICAP fund in order to prevent any funding gaps for FY2024. The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. The Highway Improvement Program is directed towards implementing the Department's capital program and includes 398 of the 460 projects identified in the Transportation Improvement Program.

Federal Highway Projects (federal funds) \$44.4 million

The Budget includes \$270.0 million in federal funds, an increase of \$44.4 million from the FY2023 Budget as Enacted, to support Federal Highway Projects. The increase includes \$30.3 million for capital purchases and equipment and \$11.7 million for salary and benefits. Federal Highway Projects include the 6/10 Reconstruction, the I-95 Northbound Viaduct, the I-195 Washington Bridge, amongst others.

Toll Revenue (other funds) (\$32.1 million)

The Budget includes a \$32.1 million reduction in toll revenue due to the September 2022 District Court Ruling that suspended Rhode Island's ability to collect tolls. The ruling is currently being appealed and the Department remains hopeful that a decision will be reached by the end of 2023. The Governor recommends \$40.0 million in surplus general revenue be deposited into the RICAP fund in order to prevent any funding gaps and ensure the Department's project schedule remains on target.

Federal Discretionary Grants for Capital Projects (federal funds) (\$30.2 million)

The Budget includes \$42.3 million in federal funds, a reduction of \$30.2 million from the FY2023 Budget as Enacted, in federal discretionary grants for capital projects. Projects that receive funding from federal discretionary grants include the I-95 Northbound Viaduct, Route 37 Improvements, Newport Pell Ramps Realignment, Route 146 Reconstruction, Washington Bridge Repairs, and the study concerning Route 4. The Department originally requested \$72.5 million for this initiative, but have indicated after receiving additional guidance, that \$30.4 million from these expenses should be reflected as part of highway improvements.

Motor Fuel Tax Transfers (other funds) (\$6.9 million)

The Budget includes a \$63.0 million in motor fuel tax transfers within the Infrastructure- Engineering Program, reflecting a reduction of \$6.9 million in comparison to the FY2023 Budget as Enacted. The FY2024 Governor's Recommended Budget includes a \$38.2 million transfer of gas tax funds to RIPTA, which is \$4.3 million less than in the FY2023 Enacted Budget. The Budget also transfers \$2.1 million to

RIPTA from the Environmental Protection Fee associated with the State’s underground storage tank. The Budget provides \$14.5 million for the Rhode Island Turnpike and Bridge Authority (RITBA) reflecting a \$1.6 million reduction from the FY2023 Enacted Budget. An additional \$8.3 million was included for debt service related to Garvee Bonds in the FY2024 Governor’s Recommended Budget, a decrease of \$920,602 from the FY2023 Budget as Enacted.

The FY2024 Budget as Enacted decreases these transfers due to a \$460,301 decrease in the per-penny yield from the FY2023 projection in May of 2023.

RIPTA also receives additional transfers from the Highway Maintenance Account that are described in the Infrastructure Maintenance section of this analysis.

RIPTA: Pawtucket Bus Hub Passenger Facility (other funds) (\$3.0 million)

The Budget provides \$1.0 million in RICAP funds for RIPTA to support the construction of the Pawtucket Bus Hub Passenger Facility, reflecting a \$3.0 million reduction from the \$4.0 million appropriated in FY2023. The facility will have a restroom and the Authority is hopeful that it will also have a ticket counter, waiting space, and break area for employees. The Authority will begin engineering this Spring and indicate that the project is likely to be completed within two years.

ARPA SFRF- RIPTA R Line Free-Fare Pilot (federal funds) (\$2.5 million)

The Budget includes a \$2.5 million reduction of federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) that support a 12-month free-fare pilot program on the R line bus route. The pilot program began on September 1, 2022, and will run until September 1, 2023. The Rhode Island Public Transit Authority (RIPTA) is tracking ridership data and will submit a report to General Assembly Leadership and the Governor by March 1, 2024. As this is one-time appropriation of \$2.5 million in FY2023, the FY2024 Governor’s Recommended Budget does not include any funds.

Analyst Note: The Authority indicates that the R-Line Pilot Program has had a larger fiscal impact than originally projected by RIPTA. According to RIPTA, the program has increased ridership but has also led to a greater than anticipated reduction in the Authority’s Third-Party Fares revenue. Colleges and other institutions who purchase bus passes for staff and students have expended less than the Authority originally anticipated due to the free-fare program. Current projections for the project indicate a total revenue loss of \$4.4 million, which is \$1.9 million more than estimated.

ARPA SFRF- RITBA Safety Barriers Study (federal funds) (\$1.0 million)

The Budget includes a \$1.0 million reduction of federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for the Rhode Island Turnpike and Bridge Authority (RITBA) to conduct a suicide prevention study for bridges under its purview. As this is one-time appropriation of \$1.0 million in FY2023, the FY2024 Governor’s Recommended Budget does not include any funds. The Authority approved a contract with Atkins North America, LLC in November, 2022 to conduct the study on the Mt. Hope and Jamestown- Verrazano bridges, which began in January, 2023. The contract’s schedule is subject to refinement, but the study’s estimated completion time is 14 months and the feasibility report is expected to be delivered in February, 2024.

INFRASTRUCTURE - MAINTENANCE

The Infrastructure Maintenance program is comprised of multiple divisions that are responsible for keeping all state roads and bridges well-maintained and functional. In recent years, the Department has worked to bring tasks performed by the Infrastructure Maintenance program in-house rather than contracting services from outside vendors.

- The Automotive section is responsible for the up keep and repair of the program’s fleet of heavy trucks and equipment.

- The Engineering and Support office is a multi-faceted section responsible for resolution of drainage problems, inspection of work permits, coordination of requests for pavement projects, maintenance of guardrails, fences, and highway-related equipment along the state highway, highway illumination, and state-wide beautification projects.
- The Field Operations section, which is comprised of staff who operate from multiple field offices across the State, is responsible for sweeping, litter collection, and snow plowing, as well as bridge, pothole, and guardrail repairs.

	FY2022 Actual	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Infrastructure- Maintenance								
Federal Funds	\$24.1	\$21.5	\$30.1	\$8.7	40.5%	-	(\$21.5)	-100.0%
Other Funds	64.2	130.8	208.1	77.3	59.1%	128.9	(\$1.9)	-1.4%
Total	\$88.3	\$152.3	\$238.2	\$86.0	56.5%	\$128.9	(\$23.3)	-15.3%

\$ in millions. Totals may vary due to rounding

Infrastructure- Maintenance	Other Fund Changes
CAA21: Highway Improvement Program (federal funds)	(\$21,456,198)
Highway Maintenance Account Expenditures (other funds)	1,306,571
Vehicle Maintenance (other funds)	534,381
RICAP Funded Projects (other funds)	(475,000)

CAA21: Highway Improvement Program (federal funds) (\$21.5 million)

The Budget includes a \$21.5 million reduction related to the exhaustion of federal Consolidated Appropriations Act (CAA) funds in FY2024. The federal funds were used to offset Highway Maintenance Account (HMA) and gas tax funding, which allowed those funds to be used for state matching to other federal funds. The CAA funding was related to COVID-19 relief and will no longer be included in the Budget.

Highway Maintenance Account Expenditures (other funds) \$1.3 million

The Budget includes \$104.0 million in Rhode Island Highway Maintenance Account (RIHMA) expenditures, an increase of \$1.3 million from the FY2023 Budget as Enacted. The Budget recommends transferring the remaining allocation of license fee revenue (duplicate/updated information license fee) that is currently being deposited to the general fund to the Highway Maintenance Account. The Department of Revenue estimates that the initiative will divert approximately \$1.0 million from the General Fund to the Highway Maintenance Account, annually. The additional \$1.0 million is appropriated in the Budget. The following table summarizes the Department's RIHMA projected expenditures and their changes between FY2023 and FY2024.

	FY2023 Enacted	FY2024 Governor	Change from Enacted
RIHMA Expenditures			
Highway Drainage	\$6,000,000	\$6,171,268	\$171,268
Mixed Projects	500,000	4,670,284	4,170,284
RIPTA Transfer	9,875,766	9,937,829	62,063
Road And Bridge	68,408,226	71,161,775	2,753,549
State Match	17,863,719	12,013,126	(5,850,593)
Total	\$102,647,711	\$103,954,282	\$1,306,571

RIPTA Reduced Fare Bus Pass Program for Low-Income Seniors and People with Disabilities

The Budget includes \$9.9 million to be transferred from the Highway Maintenance Account (HMA) to RIPTA, an increase of \$62,063 from the FY2023 Budget as Enacted. RIPTA receives 5.0 percent of the funds deposited into the HMA. In FY2018 and FY2019, RIPTA received \$5.0 million from the HMA,

Article 8 of the FY2020 Budget as Enacted extended this transfer indefinitely. RIPTA uses these funds to perform debt service and the operating costs of the Free-Fare program.

RIPTA provides free bus rides to qualifying low-income seniors and people with disabilities through the Free-Fare Program. RIPTA estimates that nearly 15,000 individuals have free-fare bus passes, 10,607 individuals with disabilities and 4,285 seniors. These pass holders take approximately 6.4 million trips annually. Passes issued through the program are good for two years and include a \$10 processing fee to renew. To qualify as a low-income senior, applicants must be over age 65 and provide proof of income through either an SSI award letter, a Medicaid eligibility notice letter, or a Supplemental Income Verification Notice. The applicant's total household income may not be more than 200.0 percent of the Federal Poverty Level, or \$36,620 for a family of two, as of 2022. To qualify as a disabled person, the applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center. The program does not provide rides for individuals who meet the income threshold, but are neither seniors nor disabled.

RIPTA also offers half-fare boarding to seniors and people with disabilities, regardless of income, during off-peak hours. Participants must enroll in the program and will be issued a valid identification card. Participants are required to pay full fare during peak service hours (7am-9am and 3pm-6pm weekdays).

Free Fare Program Changes: The Reduced Fare program was originally scheduled to begin in July 2016. Previously, eligible low-income seniors and disabled individuals had their rides fully subsidized under RIPTA's Free Fare program; however, the program contributed significantly to RIPTA's operating deficits. The Reduced Fare model was expected to help alleviate the deficit. Due to outcry from local advocacy groups, transitioning from the Free Fare program to the Reduced Fare model was effectively delayed for seven months when the General Assembly appropriated \$900,000 to RIPTA for the program in the FY2017 Budget as Enacted. Article 4 of the FY2018 Budget as Enacted provided the Rhode Island Public Transit Authority (RIPTA) with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019: \$3.4 million to fund the free-fare program for low-income senior and disabled persons, and the remaining \$1.6 million for debt service payments that were shifted back to the Authority. Article 8 of the FY2020 Budget extended the \$5.0 million in HMA funding to RIPTA indefinitely.

At the October 2022 RIPTA Board of Directors Meeting, the Board approved a pilot program that distributed 600 bus passes to agencies that service unhoused and low-income individuals. The individuals that received the bus passes met the income threshold to qualify for the current free-fare program, but did not qualify as elderly or disabled. The bus passes are valid for 6-months post-activation and have been distributed to over 10 community agencies. The Authority will collect data concerning the total number of trips taken, the routes most frequently ridden, and any overcrowding that was experienced. Upon completion, RIPTA staff will draft a report to the Board of Director's outlining the results.

Vehicle Maintenance (other funds)

\$2.7 million

The Budget includes \$6.3 million in other funds for vehicle maintenance, a \$2.7 million increase from the FY2023 Enacted Budget. The Department uses these funds to purchase heavy trucks, street sweepers, loaders, tractors and backhoes in order to replace the Maintenance Division's existing fleet and fund recurring maintenance expenses.

RICAP Funded Projects

(\$475,000)

The Budget includes \$4.0 million in Rhode Island Capital Plan (RICAP) funds, a decrease of \$475,000 from the FY2023 Budget as Enacted. This includes a decrease of \$820,000 for salt storage facilities which is partially offset by increases of \$300,000 for the replacement of capital equipment and \$45,000 for train station maintenance and repairs.

	FY2023	FY2024	
RICAP Funded Projects	Enacted	Governor	Change
Capital Equipment Replacement	\$1,500,000	\$1,800,000	\$300,000
Maintenance Facility Improvements	500,000	500,000	0
Salt Storage Facilities	1,900,000	1,080,000	(820,000)
Train Station Maintenance and	350,000	395,000	45,000
Welcome Center	200,000	200,000	0
Total	\$4,450,000	\$3,975,000	(\$475,000)

From FY2023 through FY2027, the Department intends to build four new salt storage facilities across the State to consolidate the salt stock pile and improve operational efficiencies. The Pawtucket site has a permanent salt storage building and construction has started on the Newport site. Funding for maintenance facility improvements will be used to fund roof repairs, the repaving of parking lots, and energy efficient improvements.

MANAGEMENT AND BUDGET

Management and Budget houses the Department's Financial Management Division responsible for the oversight and management of the Department's operations and capital budget expenditures. Management and Budget also oversees the Education Advancement section, the Office of Contracts and Specifications, and the Information Technology section.

- The Education Advancement section is responsible for internal education and advancement initiatives and facilitates administrative and programming coordination.
- The Office of Contracts and Specifications establishes business arrangements between the Department and the supplies of good and services in the private sector.
- The Information Technology section maintains and operates all computer software and hardware as well as purchasing and upgrading all information technology platforms for the Department.

	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
Management and Budget	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Other Funds	\$4.0	\$3.8	\$4.0	\$0.3	7.2%	\$4.2	\$0.4	11.9%
Total	\$4.0	\$3.8	\$4.0	\$0.3	7.2%	\$4.2	\$0.4	11.9%

\$ in millions. Totals may vary due to rounding

Management and Budget	Other Fund Changes
Centralized Service Charges (other funds)	\$605,823

Centralized Service Charges (other funds)

\$605,823

The Budget includes \$627,624 in gas tax expenditures for Information Technology projected costs in FY2024. This is an increase of \$605,823 from the FY2023 Budget as Enacted amount of \$21,801. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget increases these costs for FY2024.

Rhode Island Public Transit Authority

Revenues by Source	FY2022 Actual	FY2023 Board	FY2023 Revised	Change from Enacted		FY2024 Board*	Change from Enacted	
Motor Fuel Tax**	\$41.8	\$42.7	\$44.8	\$2.1	4.8%	\$45.1	\$2.4	5.5%
Passenger Revenue	19.4	18.5	23.0	4.5	24.1%	23.6	5.1	27.8%
Other Revenue	5.7	4.4	7.2	2.8	63.4%	8.8	4.4	100.0%
Federal Funds	41.2	60.2	65.5	5.3	8.8%	64.2	4.1	6.8%
Department of Human Services	0.8	1.0	1.1	0.2	17.4%	1.2	0.2	20.0%
RI Highway Maintenance Account***	3.5	4.6	4.9	0.3	6.9%	5.0	0.4	9.2%
Special Projects	0.0	-	0.5	0.5	-	1.2	1.2	-
Contributed Capital****	6.1	-	-	-	-	-	-	-
Total	\$118.6	\$131.3	\$146.9	\$15.6	11.9%	\$149.1	\$17.8	13.5%

Expenditures By Category

Salaries, Wages and Benefits	\$87.7	\$95.9	\$102.9	\$7.0	7.3%	\$101.8	\$5.9	6.1%
Contract Services	4.9	7.7	11.1	3.4	44.2%	12.7	5.0	65.1%
Operating Costs	17.2	23.5	28.2	4.7	20.0%	29.6	6.1	25.9%
Utilities	1.7	1.6	1.7	0.2	11.5%	1.8	0.2	13.8%
Capital Match	0.0	1.5	1.2	(0.2)	-16.3%	0.9	(0.6)	-37.9%
Debt Service	0.4	1.2	1.2	-	-	1.1	(0.1)	-5.1%
Special Projects	-	-	0.5	0.5	-	1.2	1.2	-
Depreciation*****	16.8	-	-	-	-	-	-	-
Total	\$128.6	\$131.3	\$146.9	\$15.6	11.9%	\$149.1	\$17.8	13.5%
Surplus/(Deficit)	(\$10.0)	\$0.0	\$0.0	-	-	\$0	-	-

Authorized FTE Levels	813.0	865.0	873.0	8.0	0.9%	873.0	8.0	0.9%
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\$ in millions. Totals may vary due to rounding.

* The FY2024 Budget was approved by the Board at the September 28, 2022 RIPTA Board of Directors Meeting.

** Motor Fuel Tax is based on the May 2022 OMB projections.

*** RIPTA receives an additional \$5.0 million annually from the RIMHA, reflected in passenger revenue and other revenue.

**** Contributed Capital is reflected in FY022 results, but is not budgeted.

***** Depreciation expense is not budgeted, only operating funds to be used for capital expenditures are.

The Rhode Island Public Transit Authority (RIPTA) was established in 1964 and is currently governed by an eight (8) member Board of Directors. As defined under RIGL 39-18-3, RIPTA is responsible for:

- Providing public transit services to meet the mobility needs of the people of the State
- Increasing access to employment opportunities
- Connecting different modes of public transportation, including rail, air, and water services
- Promoting community design that features public transit services
- Facilitating energy conservation and efficient energy use through public transit services
- Mitigating traffic congestion and enhancing air quality

RIPTA operates and maintains two facilities in Providence and one in Newport.

MAJOR ISSUES AND TRENDS

The FY2024 RIPTA Board Approved Budget provides a balanced total of \$149.1 million in both revenue and expenditures, reflecting an increase of \$17.8 million in each, from the FY2023 Board-Approved Budget.

The Authority received a total of \$128.7 million in federal emergency relief funds, including \$92.2 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act; \$769,136 from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; and, \$35.7 million from the American Rescue Plan (ARPA) Act. The Authority plans to expend \$30.2 million of federal aid to balance the FY2023 Budget and \$29.6 million to balance the FY2024 Budget, with \$3.6 million remaining for FY2025.

RIPTA is heavily reliant on the depleting emergency relief funds and anticipates significant year end shortfalls of \$33.0 million in FY2025, \$40.3 million in FY2026, \$43.6 million in FY2027, and \$47.0 million in FY2028. The Authority has yet to identify a strategy to close these projected budget gaps, and will soon discuss future options, which may include cutting service levels.

Projected Year End Shortfall	
FY2025	\$33.0
FY2026	40.3
FY2027	43.6
FY2028	47.0
\$ in millions	

The \$6.1 million increase in operating costs from the FY2023 Enacted Budget is related to the recent increase in diesel fuel pricing. The Authority's \$1.59 per gallon price-lock contract expired in June 2022. Due to unfavorable rates, the Authority has yet to enter into a new price-lock agreement and has been paying market prices ranging from \$3.70 to over \$4.00 per gallon. The Authority projections are based on an average price of \$4.00 per gallon, and anticipates declining expenditures over time, with the electrification of the R-Line.

Analyst Note: RIPTA's Budget was approved in September 2022 and used the Office of Revenue Analysis' (ORA) May 2022 gas tax projection. The November 2022 projection indicates RIPTA will receive \$3.8 million less in gas tax revenue than expected.

Highway Maintenance Account

Article 4 of the FY2018 Enacted Budget provided RIPTA with \$5.0 million in Rhode Island Highway Maintenance Funds (RIHMA) in both FY2018 and FY2019 to

RIHMA Line Item	FY2023	FY2024
\$5.0 Million Base to RIPTA	\$5,000,000	\$5,000,000
5% Share to RIPTA	4,875,766	4,979,243
Total	\$9,875,766	\$9,979,243

Source: November 2022 RIHMA Projection

fund the free-fare program for low-income senior and disabled persons. The legislation required the creation of a Coordinating Council to develop recommendations for the sustainable funding of the program while maximizing the use of federal funds available to support the transportation needs of this population. The Council was due to present its funding recommendations to the Governor and General Assembly by November 1, 2018; however, RIPTA did not present their findings until December 31, 2018. Within the submitted report the main recommendation for sustainable funding was to divert an additional penny of the gas tax to RIPTA for this program. Article 8 of the FY2020 Budget as Enacted extended the \$5.0 million in RIHMA funding to RIPTA indefinitely to fund the Free-Fare Program.

The FY2015 Budget as Enacted included a provision that RIPTA would receive 5.0 percent of available proceeds from revenue deposited into the RIHMA beginning in FY2016. RIPTA's total share of the RIHMA is \$9.9 million in FY2023 and \$10.0 million in FY2024. RIPTA uses RIHMA funding to support the senior and disabled bus pass program, debt service, and other operating expenses.

Motor Vehicle Fuel Tax

A portion of RIPTA's funding is provided by the motor fuel tax (gas tax). RIPTA's FY2024 Budget is based on a gas tax of 35.5 cents per gallon with a per penny yield of \$4.6 million. However, November projections from ORA indicate that the per penny yield has decreased to \$4.1 million.

RIPTA's Share of Gas Tax, \$/Gallon	
RIPTA Gas Tax Transfer	\$0.0925
Underground Storage Tank to RIPTA	0.0050
OHA Transfer to RIPTA	0.0079
Total	\$0.1054

RIPTA's share of the gas tax revenue totals \$0.1054 per gallon and includes RIPTA's statutory portion of \$0.0925 per gallon, as well as two additional transfers. RIPTA receives a \$0.005 per gallon transfer from the Underground Storage Tank fund, and a \$0.0079 per gallon transfer from the Department of Human Service's Office of Healthy Aging (OHA). The Authority expends \$2.5 million from the OHA transfer to support the free fare program.

Beginning in FY2016, the tax is adjusted every other year based on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest 1.0 cent increment. The Department of Revenue's Office of Revenue Analysis (ORA) is responsible for both estimating the gas tax yield as well as determining the impact of the CPI-U. In FY2020, ORA assumed inflation would change significantly enough to warrant a 1.0 cent increase, raising the gas tax rate from 33.5 cents to 34.5 cents per gallon. Pursuant to RIGL 31-36-20, the additional penny of the gas tax is directed to the Department of Transportation (RIDOT).

The FY2024 Board Approved RIPTA Budget, that was released in October 2022, is based upon the May projections, which projected the Authority would receive a total of \$48.4 million in gas tax revenue. ORA's November estimate projects that RIPTA will receive \$44.6 million, \$3.8 million less than projected in May. The following table illustrates RIPTA's share of the motor fuel tax with both the May and November projections, as well as the corresponding per penny yield.

RIPTA's Projected Motor Fuel Tax Revenue				
	FY2023 (May*)	FY2023(Nov**)	FY2024 (Nov**)	FY2025 (Nov**)
RIPTA Gas Tax Transfer	\$42.5	\$39.2	\$38.2	\$37.4
Underground Storage Tank to RIPTA	2.3	2.1	2.1	2.0
OHA Transfer to RIPTA	3.6	3.3	3.3	3.2
Total	\$48.4	\$44.6	\$43.6	\$42.7
<i>\$ in millions.</i>				
Per Penny Yield	\$4,593,213	\$4,236,191	\$4,132,912	\$4,047,320

*Projections based upon ORA's May 2022 Estimate

**Projections based upon ORA's November 2022 Estimate

Analyst Note: The Governor's recommended suspension of the CPI-U increase to the motor fuel tax in Article 4, does not impact RIPTA's gas tax allocation, as under current law all motor fuel tax increases are appropriated to the Rhode Island Department of Transportation.

Volkswagen Funds

In January 2018, the State was awarded \$14.4 million from the national Volkswagen (VW) settlement, with \$11.9 million being allocated to RIPTA. VW illegally installed software in their vehicles that was able to sense when the car was undergoing emissions testing and activate equipment to reduce emissions: about 3,000 cars in Rhode Island were affected. The settlement established an Environmental Mitigation Trust (EMT), which will be administered by the Department of Environmental Management (DEM) and used within a 10-year period. Of the total settlement, \$10.8 million was used to purchase RIPTA buses equipped with Zero Emission

RIPTA VW Funds	
FY2019	\$2,776,338
FY2020	\$2,919,000
FY2023	\$6,158,970
Total	\$11,854,308

Vehicles (ZEV) technology and their related infrastructure and \$1.1 million was used for administrative expenses.

The Authority received \$2.8 million from the settlement in FY2019, \$2.9 million in FY2020, and the remaining balance of \$6.2 million arrived in FY2023.

In the fall of 2018, RIPTA began a pilot program to lease three ZEV buses. In the spring of 2019, RIPTA began road tests with the ZEV buses. 14 ZEV buses arrived in August of 2022, and have been deployed on the R-Line in Providence, the remaining buses are scheduled to be procured in FY2023. RIPTA has a current bid out for an action plan for electrification of their fleet including long-range buses and facilities. RIPTA anticipates the plan will be completed in Spring of 2023.

Fare Changes

No fare changes are proposed for FY2023 or FY2024. In 2015, RIPTA conducted a comprehensive study of the fare products offered to customers, as well as the rates charged. The goals of the fare study were to simplify fare products; improve reliability of fare media; introduce needed products; make boarding a bus fast, convenient, and reliable; implement new fare technologies; and, maximize revenue and ridership. RIPTA's Board adopted a new fare structure in December 2016 that eliminated the 15-ride pass and RIPTIKs (packages of 10 one-way tickets including free transfers that did not expire), created a 10-ride pass, increased the price of a 7-day pass and bus transfers, and recommended charging seniors and people with disabilities \$0.50 per trips.

RIPTA Fares	FY2021	FY2022	FY2023	FY2024
1- Day Pass	\$6.00	\$6.00	\$6.00	\$6.00
7- Day Pass	25.00	25.00	25.00	25.00
10- Ride Pass	20.00	20.00	20.00	20.00
15- Ride Pass (discontinued in FY2016)	-	-	-	-
RIPTIKs (discontinued in FY2016)	-	-	-	-
Monthly Pass	70.00	70.00	70.00	70.00
Ride/Paratransit	4.00	4.00	4.00	4.00
Transfers	1.00	1.00	1.00	1.00
Cash Fare for buses & trolleys	2.00	2.00	2.00	2.00
Reduced Fare for Seniors and Disabled*	10.00	10.00	10.00	10.00

* Cost to renew pass, must be done every 2 years

While other changes were implemented, the charge to seniors and people with disabilities caused concern among advocacy groups and was never executed. Since FY2017, the General Assembly has included additional funds to continue the free fare program.

In September 2020, RIPTA launched the WAVE program, a smart fare collection system. The WAVE program operates on an earn-as-you-go model. The system tracks individual's trips allowing them to pay for individual rides or days while never exceeding the price of a day pass or month pass. Once a user spends the equivalent to a day or month pass they are not charged for any additional rides that day or month.

The WAVE program is fully implemented allowing RIPTA to move away from paper products. As of January 2022, RIPTA is no longer accepting paper fare products and bus drivers no longer make change for cash payments. Passengers must pay via the WAVE smart card or app, exact change, photo ID pass, or a U-Pass ID. The Authority has stopped accepting the paper monthly passes as of June 2022.

Free Fare Program

RIPTA provides free bus rides to qualifying low-income seniors and people with disabilities through the Free-Fare Program. RIPTA estimates that nearly 15,000 individuals have free-fare bus passes, 10,607 individuals with disabilities and 4,285 seniors. These pass holders take approximately 6.4 million trips annually. Passes issued through the program are good for two years and include a \$10 processing fee to renew. To qualify as a low-income senior, applicants must be over age 65 and provide proof of income through either an SSI award letter, a Medicaid eligibility notice letter, or a Supplemental Income Verification Notice. The applicant's total household income may not be more than 200.0 percent of the Federal Poverty Level, or \$36,620 for a family of two, as of 2022. To qualify as a disabled person, the

applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center. The program does not provide rides for individuals who meet the income threshold, but are neither seniors nor disabled.

RIPTA also offers half-fare boarding to seniors and people with disabilities, regardless of income, during off-peak hours. Participants must enroll in the program and will be issued a valid identification card. Participants are required to pay full fare during peak service hours (7am-9am and 3pm-6pm weekdays).

Free Fare Program Changes: The Reduced Fare program was originally scheduled to begin in July 2016. Previously, eligible low-income seniors and disabled individuals had their rides fully subsidized under RIPTA's Free Fare program; however, the program contributed significantly to RIPTA's operating deficits. The Reduced Fare model was expected to help alleviate the deficit. Due to outcry from local advocacy groups, transitioning from the Free Fare program to the Reduced Fare model was effectively delayed for seven months when the General Assembly appropriated \$900,000 to RIPTA for the program in the FY2017 Budget as Enacted. Article 4 of the FY2018 Budget as Enacted provided the Rhode Island Public Transit Authority (RIPTA) with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019: \$3.4 million to fund the free-fare program for low-income senior and disabled persons, and the remaining \$1.6 million for debt service payments that were shifted back to the Authority. Article 8 of the FY2020 Budget extended the \$5.0 million in HMA funding to RIPTA indefinitely.

At the October 2022 RIPTA Board of Directors Meeting, the Board approved a pilot program that distributed 600 bus passes to agencies that service unhoused and low-income individuals. The individuals that received the bus passes met the income threshold to qualify for the current free-fare program, but did not qualify as elderly or disabled. The bus passes are valid for 6-months post-activation and have been distributed to over 10 community agencies. The Authority will collect data concerning the total number of trips taken, the routes most frequently ridden, and any overcrowding that was experienced. Upon completion, RIPTA staff will draft a report to the Board of Director's outlining the results.

R-Line Free-Fare Pilot Program: In the 2022 session, the General Assembly enacted a pilot program to offer free fares on the R-Line, RIPTA's most frequent and highest-ridership route, which connects Providence and Pawtucket. The program began on September 1, 2022, and will have a 1-year duration.

The program is funded with \$2.5 million of ARPA SFRF funds in FY2023. This funding will be used to replace lost fare revenue, purchase automatic passenger counters, perform a required Federal Transit Administration Title VI Analysis, and prepare an evaluation report to the General Assembly.

This pilot program presents a unique opportunity to study the benefits and potential drawbacks of fare free transit service in Rhode Island. RIPTA will analyze a variety of factors, including: ridership impacts on the R-Line, other RIPTA routes, and paratransit service; service reliability; financial impacts to RIPTA and transit riders; and environmental impacts.

Analyst Note: The Authority indicates that the R-Line Pilot Program will cost more than originally intended. The program has increased ridership but has also led to the unintended consequence of a reduction in the Authority's Third-Party Fares revenue. Colleges and other institutions who purchase bus passes for staff and students have expended less than the Authority originally anticipated due to the free-fare program.

Transportation Coordinating Council: Pursuant to Article 4 of the FY2018 Enacted Budget, RIPTA established a coordinating council to develop recommendations for the sustainable funding of the Free Fare Bus Pass Program while maximizing the use of federal funds available to support the transportation needs of the State's elderly and disabled populations. The Council was due to report their recommendations to the Governor, Speaker of the House and Senate President by November 1, 2018; however, RIPTA did not present their findings until December 31, 2018.

The Council consisted of members from multiple State agencies including RIPTA; the Department of Human Services; the Executive Office of Human Services; the Department of Behavioral Healthcare,

Developmental Disabilities, and Hospitals; the Office of Veteran's Affairs; and, the Division of Elderly Affairs. The Council broke into two "working groups", the Communications working group and the Bus Pass Program Funding working group. Although the legislation was passed in June 2017 the Council did not begin meeting until January 2018. The entire Council met a total of six times from January through December of 2018.

RIPTA estimated that the total funding gap within the Free-Fare Program will be about \$4.4 million in FY2020. Within the submitted report the main recommendation for sustainable funding was to divert an additional penny of the gas tax, or an equal amount of funding from another source, to RIPTA.

The No-Fare Bus Pass Coalition, an advocacy group that was also a member of the Council, made the following recommendations:

- A dedicated stream of state lottery or gambling revenues, such as a scratch ticket to promote public transit or earmarking a percentage of anticipated gaming revenues for RIPTA.
- Establishing a tax on ride-sharing companies, such as Uber and Lyft, with funds collected allocated to RIPTA.
- Establishing a tax on parking lots, or increasing the cost of parking, and allocating additional funds collected to RIPTA.

Although the Council was aware of these recommendations, there was no follow-up with relative Departments such as the Lottery or the Department of Revenue. The Free-Fare Program continues to be funded through the \$5.0 million appropriation to RIPTA from the HMA.

Paratransit Study: The Authority expended \$75,000 of gas tax revenue conducting a study of their current operations and paratransit bus services, which resulted in the design of a statewide program that addresses the transportation needs of seniors and individuals with disabilities. The Authority currently offers the RIdE program, which is a paratransit service for individuals whose disabilities prevent either the independent use of the fixed route system, or travel to and from bus stops. The study specifically focused on the needs of elderly and disabled individuals who use the fixed route system but do not live within three quarters of a mile from a fixed route, as required by ADA paratransit services.

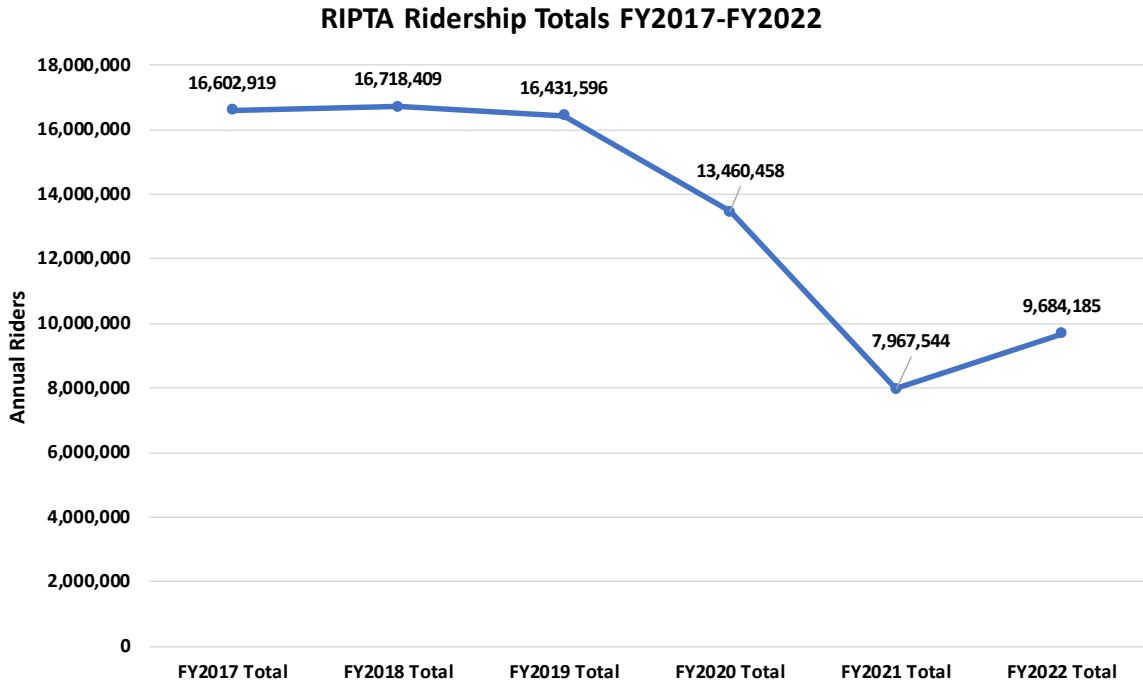
The study began in June 2022 and the completed analysis was delivered to the General Assembly in January 2023. The analysis detailed two options for statewide paratransit service, both a base and extended service, and concluded that operating costs would range from \$5.4 million for the base service to \$6.4 million for the extended service. Additionally, the study estimates that startup and capital costs range from \$3.9 million for the base service to \$4.2 million for the extended service.

Ridership

RIPTA offers four types of transit service: fixed route, flex service, the RIdE Program, and van pool services. Fixed route service consists primarily of regular bus service on established routes. Flex service provides van transportation within a limited geographic area. The RIdE program provides transportation to eligible senior citizens and individuals with disabilities. Van pool services, which started in FY2018, allows a group of commuters to lease a shared vehicle through Enterprise and use the vehicle daily while commuting to work. The van pool program is mainly used by Electric Boat in Quonset Park; however, RIPTA hopes to expand this program into other areas of the State in the next few years.

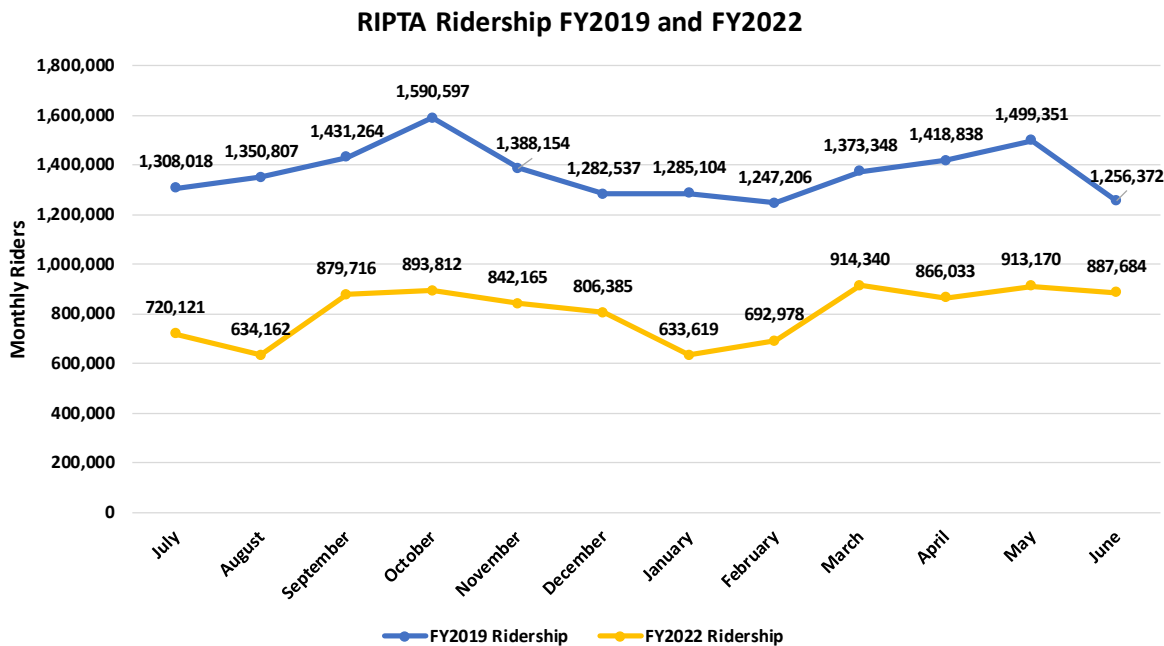
In FY2021, RIPTA's total ridership was 8.0 million passengers, a decrease of 40.7 percent from FY2020. RIPTA attributes this sharp decrease to the COVID-19 pandemic and the lack of transportation services needed. In FY2022, RIPTA's total ridership was 9.6 million passengers, an increase of 20.3 percent from

FY2021, but 28.1 percent lower than the recent peak of 16.7 million passengers in FY2018. The following graph shows total ridership for RIPTA for FY2017 through FY2022.



Source: RIPTA

The following graph compares ridership data from FY2019, the fiscal year prior to the pandemic, and FY2022. While ridership has yet to return to pre-pandemic levels, the passengers who previously rode RIPTA are beginning to return and the figures are trending in a positive direction.



Source: RIPTA

SELECTED CAPITAL PROJECTS

RIPTA's Budget includes capital expenditures of \$85.5 million in FY2023. 73.0% of the funding is provided by the Federal Transit Administration (FTA), the remaining funding is provided by other sources including Rhode Island Capital Plan (RICAP) funds. The graph displays the Authority's funding sources for their Capital Budget. Major projects include the following:

Fixed Route: The Budget includes \$32.2 million in FY2023 for the purchase of 54 fixed-route buses, including 40 diesel and 14 electric buses. RIPTA will expend \$6.4 million of gas tax revenue as a match to federal funds for the diesel bus order and use Volkswagen Settlement funds as a match for the electric buses. The Authority has three Proterra electric buses currently in use and half of the New Flyer electric bus order has arrived, with the remainder scheduled to arrive in Spring 2023. RIPTA maintains a fixed-route fleet of about 245 vehicles. Federal Transit Administration (FTA) guidelines recommend that fixed route vehicles are replaced at the end of their 12-year useful life. RIPTA often uses buses past their 12-year recommended lifespan due to funding constraints.

Paratransit Vehicles: RIPTA maintains a fleet of about 100 vehicles for the paratransit program, also known as RIde. Federal Transit Administration (FTA) guidelines recommend that Paratransit vehicles be retired at the end of their 5-year useful life. In spite of uncertainties within the paratransit program, the age of the Paratransit fleet requires the continued replacement of vehicles.

Paratransit vehicles are funded via a fee charged for all trips provided through the paratransit program. The proceeds from this fee are put into the Paratransit Revolving Loan Fund, an internal RIPTA mechanism which funds the match for paratransit vehicles. Proceeds from this fee have fallen as the trip volume under the program has reduced. RIPTA continues to review this funding mechanism to determine the long-term impact on paratransit fleet replacement.

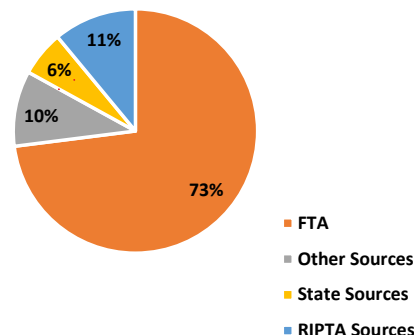
The Budget includes \$7.4 million in FY2023 for the purchase of 50 Paratransit buses at a cost of \$148,243 per vehicle. The Authority had previously purchased 25 vehicles in FY2016. The FTA pays 80.0 percent of each vehicle replacement cost and RIPTA pays a 20.0 percent local match from its revolving loan fund.

East Side Tunnel: The Budget includes a total of \$1.9 million in FY2023 and \$8.1 million in both FY2024 and FY2025, for the East Side Tunnel project. The East Side Tunnel, also known as the College Hill Tunnel, requires passenger

amenity improvements, structural repairs, and safety improvements. A preliminary needs analysis and engineering design is complete and a bid for construction is projected to occur in the Summer of 2023.

The College Hill tunnel is designated as "fixed guideway". This designation increases the amount of funding that the State receives from the Federal Transit Administration. If repairs are not made to the tunnel, the Authority may have to discontinue its use. This would not only have a severe impact on the Authority's Section 5307 funds, but would also increase RIPTA's operating costs, as routes would have to be reconfigured. Improving the safety of the tunnel is a major priority of the Authority.

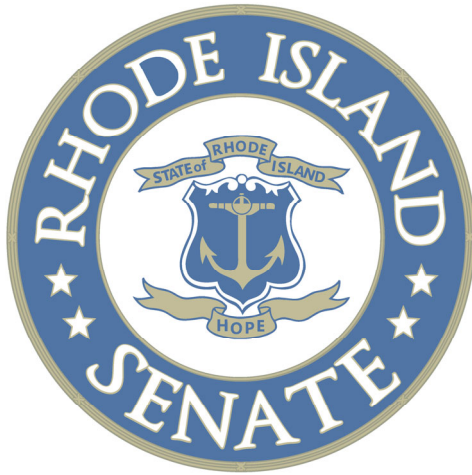
**FY2023 Capital Budget
Funding Sources**



	East Side Tunnel Project		
	FY2023	FY2024	FY2025
East Side Tunnel	\$1,500,000	\$6,000,000	\$6,000,000
East Side Tunnel Exterior Planning	154,675	2,000,000	2,000,000
East Side Tunnel Security	200,000	100,000	100,000
Total	\$1,854,675	\$8,100,000	\$8,100,000

In addition to structural concerns, the tunnel is narrow and poorly lit, which may present safety concerns. The existing bus stops at either end of the tunnel are inconveniently located and are in poor condition resulting in an unsatisfactory passenger experience. Better lighting, security cameras, and relocated bus stops will all be implemented to improve passenger safety.

Dorrance Street Transit Center: The Budget includes \$6.6 million in both FY2024 and FY2025 for the creation of the Dorraance Street Transit Center, an intermodal facility in Providence that will allow all passengers to transfer in a streamlined location. The project will be funded with the balance of the 2014 Transit Bond, which is approximately \$22.0 million. An RFP was issued on January 17, 2023, and is intended to be a Public Private Partnership (P3). The Transit Center will be located on the blocks bounded by Dorraance Street, Friendship Street, Clifford Street, and Dyer Street and provide a single location for bus service. Additionally, the Transit Center is expected to be a mixed-use development area with the expansion of nearby retail and housing locations.



SPECIAL REPORTS

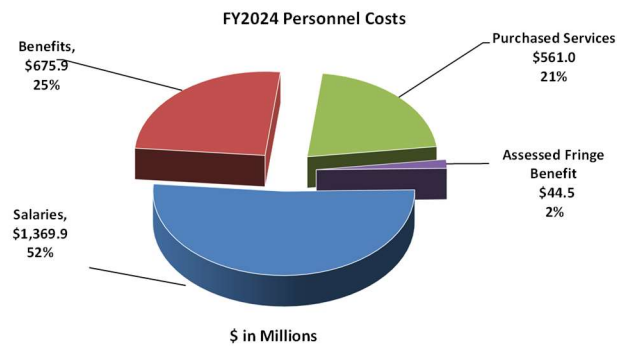
Personnel

The FY2024 Budget includes a total of \$2,651.2 million for personnel expenditures, an increase of \$3.9 million compared to the FY2023 Budget as Enacted, and \$7.0 million more than the Governor's FY2023 Supplemental Budget recommendation. Salaries and benefits total \$2,045.8 million and comprise 77.2 percent of FY2024 personnel expenditures (54.8 percent of the salaries and benefits costs are supported by general revenue).

The Governor's FY2023 Supplemental Budget includes \$2,644.2 million for personnel expenditures, a decrease of \$3.1 million compared to the FY2023 Budget as Enacted. Salaries and benefits total \$1,997.5 million and comprise 75.5 percent of FY2023 revised personnel expenditures (54.7 percent of the salaries and benefits costs are supported by general revenue). Purchased services decrease by \$13.3 million (an increase of \$7.5 million in general revenue), largely due to federal COVID-19 funding for pandemic-related services not required in FY2024.

PERSONNEL EXPENDITURE TRENDS

Expenditures for salaries in FY2024 total \$1,369.9 million, comprising 52.0 percent of total personnel costs, an increase of \$28.8 million (2.1 percent) from the FY2023 Budget as Enacted, primarily reflecting the statewide COLA adjustments. Total benefit costs, excluding assessed fringe benefits costs, amount to \$675.9 million and comprise 25.0 percent of total personnel costs. Benefits increase \$31.0 million, 4.8 percent, from the FY2023 Budget as Enacted, primarily due to increased retirement, payroll accrual, health costs, and FICA social security costs. Purchased services costs are \$561.0 million, 21.0 percent, of the total personnel costs. Purchased services decrease by \$55.9 million, 9.1 percent, from the FY2023 Budget as Enacted.



Expenses by Description	FY2021		FY2022		FY2023		FY2023		FY2024	
	Actual	% of Total	Actual	% of Total	Enacted	% of Total	Governor	% of Total	Governor	% of Total
Salaries	\$1,161.1	48.5%	\$1,224.9	49.9%	\$1,341.1	50.7%	\$1,369.1	51.8%	\$1,369.9	51.7%
Benefits	549.0	22.9%	570.5	23.2%	644.9	24.4%	628.5	23.8%	675.9	25.5%
Purchased Services	641.6	26.8%	622.5	25.4%	616.9	23.3%	603.6	22.8%	561.0	21.2%
Assessed Fringe Benefits	42.7	1.8%	37.5	1.5%	44.4	1.7%	43.1	1.6%	44.5	1.7%
Total	\$2,394.4	100.0%	\$2,455.4	100.0%	\$2,647.3	100.0%	\$2,644.2	100.0%	\$2,651.2	100.0%

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

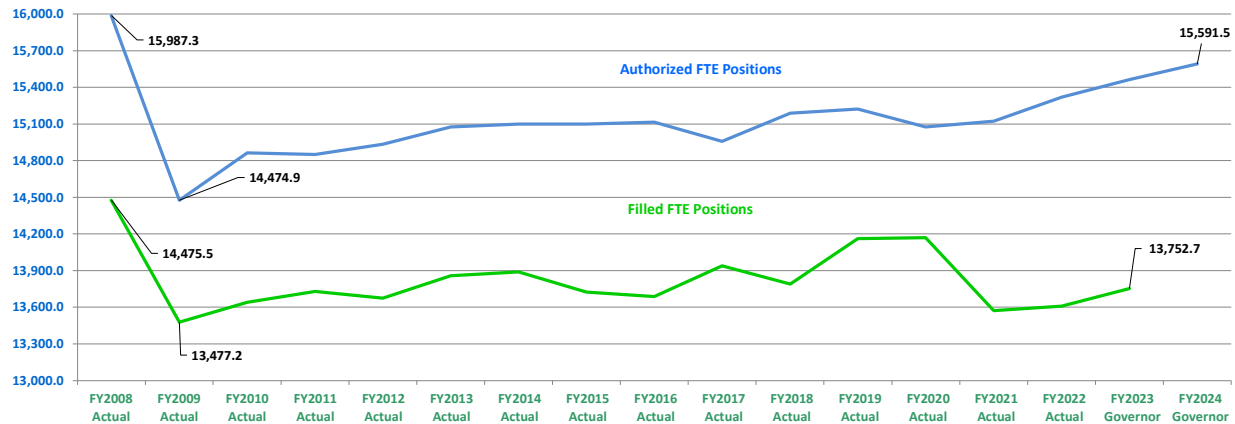
	FY2021	FY2022	FY2023	FY2023	FY2024	% of Pers.	FY2024	
Expenses by Function	Actual	Actual	Enacted	Governor	Governor	Budget	General Revenue	FY2024 General Revenue %
General Government	\$321.0	\$306.6	\$327.6	\$318.0	\$334.9	12.6%	\$187.1	14.9%
Human Services	760.0	770.2	793.0	759.0	738.3	27.8%	314.2	25.0%
Education	664.9	696.9	771.7	784.5	797.4	30.1%	228.3	18.2%
Natural Resources	61.6	67.9	75.6	75.4	76.4	2.9%	44.0	3.5%
Public Safety	457.3	478.2	515.9	541.9	534.3	20.2%	480.8	38.3%
Transportation	129.6	135.5	163.5	165.4	170.0	6.4%	-	-
Total	\$2,394.4	\$2,455.4	\$2,647.3	\$2,644.2	\$2,651.3	100.0%	\$1,254.4	100.0%

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

FTE POSITIONS

The FY2023 Budget authorizes 15,455.5 FTE positions. At the start of the fiscal year, 13,612.8 FTE positions (88.1 percent of the enacted authorized amount) were filled, leaving 1,842.7 FTE positions vacant, a rate of 11.9 percent. As of February 25, 2023, the State has a net increase of 129.1 filled FTE positions. Over the past decade, the vacancy rate has averaged 8.5 percent, or 1,287.7 FTE positions.

The Governor recommends 15,591.5 FTE positions in FY2024, 136.0 FTE positions more than the previous fiscal year.



The following table illustrates the number of FTE positions by government function.

Government Function	FY2023 Enacted	FY2023 Governor	Change to Enacted	FY2024 Governor	% of Total	Change to Enacted
General Government	2,494.4	2,494.4	-	2,529.4	16.2%	35.0
Human Services	3,734.3	3,742.3	8.0	3,782.3	24.3%	48.0
Education	4,223.4	4,223.4	-	4,238.4	27.2%	15.0
Public Safety	3,275.6	3,275.6	-	3,309.6	21.2%	34.0
Natural Resources	449.0	449.0	-	457.0	2.9%	8.0
Transportation	755.0	755.0	-	755.0	4.8%	-
Subtotal	14,931.7	14,939.7	8.0	15,071.7	96.7%	140.0
Sponsored Research	523.8	523.8	-	519.8	3.3%	(4.0)
Total FTE Positions	15,455.5	15,463.5	8.0	15,591.5	100.0%	136.0

FY2023: The FY2023 Supplemental Budget proposes 15,463.5 FTE positions, a net increase of 8.0 FTE positions from the FY2023 Budget as Enacted.

- **An increase of 8.0 positions in the Department of Health:** The Revised Budget adds 8.0 FTE positions in the Division of Environmental Health.

Analyst Note: On February 24, 2023, the Governor, the Speaker of the House, and the President of the Senate signed a letter, in accordance with Article 1, Section 11 of the FY2023 Appropriations Act (H-7123Aaa), that increases the Department of Health's FTE cap by the 8.0 FTEs noted above effective immediately.

FY2024: The FY2024 Budget proposes 15,591.5 FTE positions, a net increase of 136.0 FTE positions from the FY2023 Budget as Enacted and an increase of 128.0 FTE positions from the Governor's recommendation for the FY2023 Revised Budget. Following are changes in the Governor's proposal:

- **An increase of 38.0 FTE positions in the Department of Housing:** The Governor recommends a total of 38.0 FTE positions for the new Department of Housing, including 17.0 FTE positions being transferred from the Executive Office of Commerce. The additional 21.0 FTE, include 9.0 Analyst positions, 5.0 Programming Officer positions, 2.0 legal positions, 2.0 Compliance Officer positions, 2.0 public affairs positions, and 1.0 Chief of Staff position.

- **An increase of 32.0 FTE positions in the Department of Corrections:** The Budget adds 32.0 FTE positions to the Department's new Behavioral Management Unit including 28.0 Correctional Officers, 1.0 Administrative Officer, 1.0 Programming Services Officer, 1.0 Adult Counselor, and 1.0 Clinical Social Worker. All 32.0 FTE positions will be funded by general revenue.
- **An increase of 21.0 FTE positions in the Executive Office of Health and Human Services:** The increase includes 7.0 FTE positions for core structure staffing; 7.0 FTEs for the transfer of Health Equity Zones from the Department of Health; 3.0 FTEs for the Public Health Emergency Unwinding, 3.0 Medicaid Eligibility Quality Control FTE positions transferred from the Department of Human Services; and, 1.0 FTE position for the Certified Community Behavioral Health Clinics.
- **An increase of 21.0 positions in the Department of Health:** The Budget adds 13.0 FTE positions to the Department, including 7.0 FTE positions in the Division of Community Health and Equity, 1.0 in Customer Services, 1.0 in Policy, Information, and Communications, and 4.0 positions in the Division of Preparedness, Response, Infectious Disease, and Emergency Medical Services and 8.0 positions in the Division of Environmental Health.
- **A decrease of 15.0 FTE positions in the Executive Office of Commerce:** The Governor recommends a total of 5.0 FTE positions within the Executive Office of Commerce, a net decrease of 15.0 positions. The Budget adds 1.0 Administrative Secretary position and 1.0 Fiscal Officer position while transferring 17.0 FTE positions from the Office of Housing and Community Development to the new Department of Housing.
- **An increase of 12.0 FTE positions in the Department of Administration:** The Budget adds 12.0 FTE positions to the Department, including 2.0 FTE positions in the Office of Management and Budget, 2.0 FTE positions in Central Management, 2.0 FTE positions in Planning, 2.0 FTE positions in Purchasing, 2.0 FTE positions in Human Resources, 1.0 FTE position in the Division of Equity, Diversity, and Inclusion, and 1.0 FTE in HealthSource Rhode Island. 9.0 new FTE positions will be funded by general revenue, 1.0 FTE positions by restricted receipts, and 2.0 FTE positions from internal service funds.
- **An increase of 11.0 FTE positions in Public Higher Education:** The increase is due to the addition of 7.0 FTE positions for the Rhode Island Longitudinal Data System (RILDS) and the shift of 4.0 FTE positions from the "third-party pay" University of Rhode Island sponsored research status to higher education positions. The shift reflects 3.0 FTE positions for the Rhode Island Reconnect program; and 1.0 Director of P-20 Readiness and Transition position.
- **An increase of 8.0 FTE positions in the Department of Environmental Management:** The 8.0 new FTE positions are federally funded and will support new initiatives to address environmental protection, wildlife conservation, environmental justice, and climate change.
- **An increase of 4.0 positions in the Department of Elementary and Secondary Education:** The new positions are all within the Department, including an Assessment Specialist, an Education Specialist, a Transformation Specialist, and a Multi-Lingual Learner Specialist.
- **A decrease of 4.0 FTE University of Rhode Island sponsored research positions:** The decrease reflects the shift of 4.0 FTE positions from the "third-party pay" University of Rhode Island sponsored research status to higher education positions. The shift reflects 3.0 FTE positions for the Rhode Island Reconnect program; and 1.0 Director of P-20 Readiness and Transition position.
- **An increase of 3.0 FTE positions in the Department of Children, Youth, and Families:** The Budget adds 3.0 FTE Juvenile Program Worker positions for the Rhode Island Training School (RITS) within the Youth Development Services program.

- **An increase of 2.0 FTE positions in the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals:** The Budget adds 2.0 FTE positions to the Department for positions related to the Consent Decree and the rate remodel process.
- **An increase of 2.0 FTE positions in the Office of the Public Defender:** The Budget adds 2.0 FTE Public Defender IV positions to the Office. Both will be funded by general revenue.
- **An increase of 1.0 positions in the Department of Human Services:** The Budget includes a net increase of 1.0 FTE positions to the Department, including 4.0 FTE positions in the Office of Veterans Services, a decrease of 3.0 FTE positions in the Division of Health Care Eligibility,

STATE EMPLOYEE CONTRACT AGREEMENT

The current state employee collective bargaining agreements (CBAs) between the State and the state employee bargaining units included a 4-year contract that concluded June 30, 2020. Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023.

The contract with the State Police was ratified on March 12, 2022. The current agreement is projected to increase general revenue expenditures by \$199.8 million (\$323.9 million all funds) over the contract period.

Effective Date	Percentage Increase
30-Jun-02	4.5%
27-Jun-04	1.5%
25-Jun-05	2.5%*
26-Jun-05	4.0%
25-Jun-06	3.0%
24-Jun-07	3.0%
21-Jun-09	2.5%
2-Jan-11	3.0%
19-Jun-11	3.0%
6-Apr-14	2.0%
5-Oct-14	2.0%
4-Oct-15	2.0%
1-Jan-18	2.0%**
1-Jan-19	2.5%
1-Jul-19	2.0%
1-Jan-20	1.0%
1-Jul-20	2.5%***
2-Jul-21	2.5%***
1-Jul-22	2.5%
1-Jul-23	2.5%

*Not compounded on 1.5%

** Retroactive payment to January 1, 2018

*** Retroactive payments paid April 1 and April 29, 2022

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

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

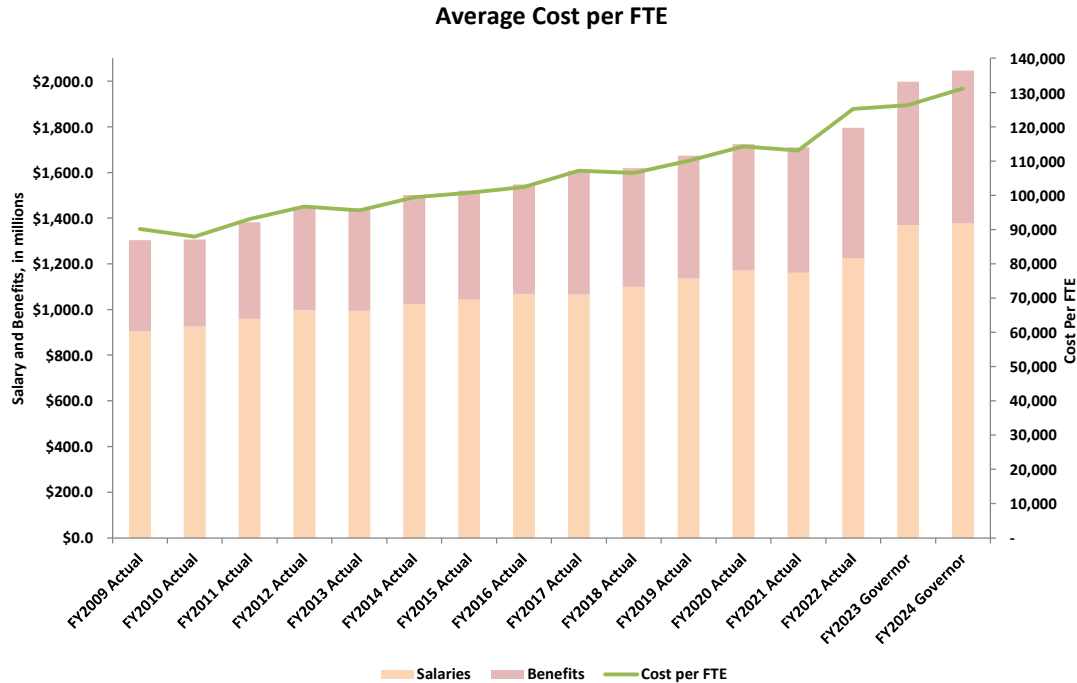
\$ in millions

\$199.8 \$323.9

Subsequent to the introduction of the budget, the Rhode Island Brotherhood of Correctional Officers (RIBCO) contract was finalized in February of 2023, and has an estimated contract total of \$52.0 million. It includes \$3,000 bonuses to be paid to any union member who was employed between July 1, 2020, and the date of the contract's ratification. Additionally, it grants 2.5 percent retroactive pay increases for years 2020, 2021, and 2022, as well as a scheduled pay increase of 2.5 percent in July 2023.

AVERAGE COST PER FTE

The projected average cost per FTE position is \$131,213 in FY2024, reflecting an increase of 3.9 percent over the FY2023 Supplemental Budget. Statewide, total salary costs increased annually on average by 3.0 percent and benefit costs increased 3.6 percent since 2009. The cost per FTE position increased slightly in FY2024 as a result of the Statewide Cost of Living Adjustment.



TURNOVER

The FY2024 Budget lists turnover as a natural account under the personnel category. This practice started with Governor's recommendation for the FY2020 Budget. As illustrated in the table, the FY2023 Budget as Enacted contained \$38.5 million in turnover savings, of which \$29.2 million or 75.7 percent consisted of general revenue funds. The FY2023 Supplemental Budget increases total turnover to \$52.9 million, reflecting increased savings of \$14.4 million in the supplemental budget. For FY2024, the Budget recommends turnover savings of \$46.3 million, of which \$35.2 million, or 76.0 percent, reflects general revenue.

Turnover by Funding Source

Funding Source	FY2023 Enacted	FY2023 Governor	Change	FY2024 Governor	Change
General Revenue	(\$29,161,466)	(\$35,331,234)	(\$6,169,768)	(\$35,182,774)	(\$6,021,308)
Federal Funds	(6,387,938)	(10,076,538)	(3,688,600)	(4,213,543)	2,174,395
Restricted Receipts	(477,620)	(1,205,759)	(728,139)	(648,977)	(171,357)
Other Funds	(2,489,447)	(6,325,273)	(3,835,826)	(6,258,346)	(3,768,899)
Total	(\$38,516,471)	(\$52,938,804)	(\$14,422,333)	(\$46,303,640)	(\$7,787,169)

In FY2024, turnover is stated in 26 agency budgets. The following table illustrates the top agencies with all fund turnover savings exceeding \$1.0 million.

Turnover by Agency					
Turnover by Agency	FY2023	FY2023	Change	FY2024	Change
	Enacted	Governor		Governor	
Department of Corrections	(8,177,805)	(9,280,036)	(1,102,231)	(9,173,770)	(995,965)
BHDDH	(5,367,735)	(7,882,692)	(2,514,957)	(6,379,514)	(1,011,779)
Community College of Rhode Island	(2,138,020)	(4,240,772)	(2,102,752)	(4,355,380)	(2,217,360)
Department of Revenue	(3,217,453)	(4,281,257)	(1,063,804)	(3,916,379)	(698,926)
DCYF	(2,337,527)	(3,706,270)	(1,368,743)	(3,706,270)	(1,368,743)
Department of Human Services	(4,668,559)	(3,369,440)	1,299,119	(2,698,339)	1,970,220
Judiciary	(1,938,198)	(2,471,072)	(532,874)	(2,692,397)	(754,199)
Rhode Island College	-	(2,230,560)	(2,230,560)	(2,617,701)	(2,617,701)
Department of Public Safety	(1,139,739)	(4,083,079)	(2,943,340)	(2,197,827)	(1,058,088)
Department of Transportation	(1,750,183)	(1,737,851)	12,332	(1,544,259)	205,924
EOHHS	(1,481,647)	(1,535,203)	(53,556)	(1,381,994)	99,653
Elementary and Secondary Education	(1,419,841)	(1,710,050)	(290,209)	(1,369,454)	50,387
All Other Agencies	(4,879,764)	(6,410,522)	(1,530,758)	(4,270,356)	609,408
Total	(38,516,471)	(52,938,804)	(14,422,333)	(46,303,640)	(7,787,169)

PURCHASED SERVICES

Purchased services expenditures provide for contractors (non-state employees) who deliver special expertise to the State or where the work is temporary or project-specific. There are 10 categories of purchased services: seven of the 10 categories: Management and Consultant Services, Training and Educational Services, Information Technology, Design and Engineering, Other Contracts, Medical Services, and University and College Services, comprise 94.0 percent of the total FY2024 purchased service expenditure recommendation in the Budget.

Purchased Services	FY2021	FY2022	FY2023	FY2023	FY2024	Change
	Actual	Actual	Enacted	Governor	Governor	
Management & Consultant Services	\$154.7	\$128.2	\$175.8	\$131.3	\$168.0	(\$7.8)
Training and Educational Services	79.4	81.0	115.8	121.7	107.5	(8.3)
Information Technology	72.4	123.7	113.3	134.2	105.2	(8.1)
Design and Engineering Services	58.3	60.0	66.1	71.3	70.1	4.0
Other Contracts	53.3	40.5	40.7	33.9	28.9	(11.8)
Medical Services	151.7	111.0	35.7	34.2	25.8	(9.9)
University and College Services	21.0	24.0	23.0	23.2	21.7	(1.3)
Clerical and Temporary Services	29.6	31.5	26.8	32.1	12.1	(14.7)
Legal Services	8.6	9.9	10.1	9.8	11.0	0.9
Buildings and Ground Maintenance	12.6	12.7	9.6	11.9	10.6	1.0
Total	\$641.6	\$622.5	\$616.9	\$603.6	\$560.9	(\$56.0)

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

The FY2024 Budget includes \$560.9 million for purchased service expenses, of which \$295.5 million is federal funds (52.7 percent) and \$109.4 million (19.5 percent) is general revenue. Approximately \$116.4 million in the FY2023 Supplemental Budget and \$54.2 million in the FY2024 Budget reflect COVID-19 response federal funds. The FY2024 Budget reflects a decrease of \$56.0 million from the FY2023 Budget as Enacted and a decrease of \$42.7 million from the FY2023 Supplemental Budget. Eleven state departments account for \$499.0 million (89.0 percent) of the appropriation for purchased services, of which two departments have significant changes; Department of Health with a decrease of \$55.4 million (65.8 percent decrease); and, Elementary and Secondary Education with a decrease of \$14.0 million (14.1 percent decrease).

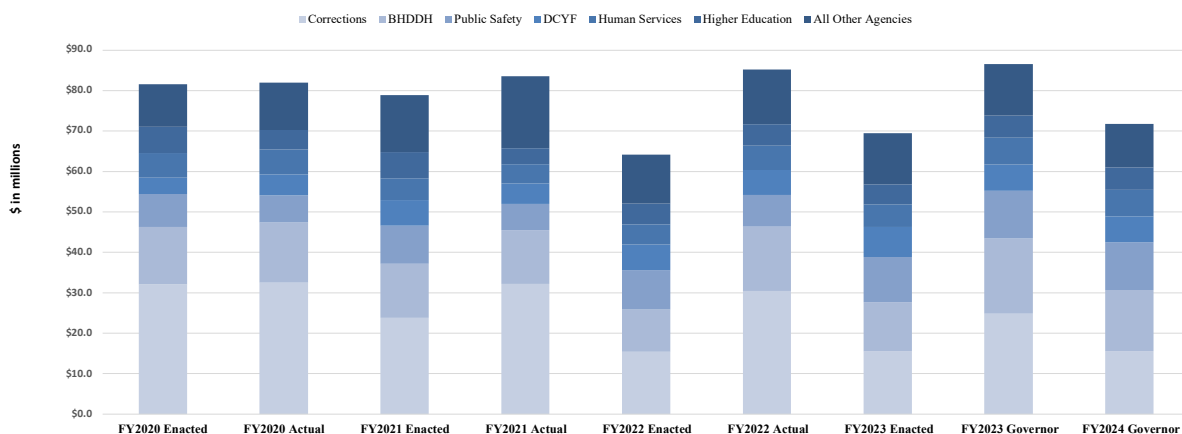
Purchased Services	FY2023 Enacted	FY2023 Governor	FY2024 Governor	Change
EOHHS	\$173.1	\$148.0	\$179.9	\$6.8
Elementary and Secondary Education	99.4	99.4	85.4	(14.0)
Department of Transportation	64.8	66.9	67.6	2.8
Department of Human Services	40.2	41.7	37.0	(3.2)
University of Rhode Island	25.6	27.8	29.1	3.5
Department of Health	84.2	91.1	28.8	(55.4)
Department of Administration	19.5	21.3	21.2	1.7
Department of Corrections	15.2	18.1	17.7	2.5
Office of the Postsecondary Commissioner	2.0	2.1	11.7	9.7
Department of Revenue	10.3	10.5	10.5	0.2
BHDDH	11.7	6.4	10.1	(1.6)
Department of Environmental Management	10.2	11.2	9.6	(0.6)
Department of Labor and Training	9.2	8.1	8.9	(0.3)
Department of Children, Youth, and Families	6.7	8.7	7.1	0.4
Office of the General Treasurer	6.0	6.0	6.1	0.1
Department of Business Regulation	5.1	5.1	4.1	(1.0)
Community College of Rhode Island	3.9	4.8	3.8	(0.1)
Rhode Island College	3.3	3.8	3.7	0.4
Public Utilities Commission	3.5	3.6	3.6	0.1
All Other Agencies	23.0	19.0	15.0	(8.0)
Total	\$616.9	\$603.6	\$560.9	(\$56.0)

OVERTIME

The adjusted overtime costs in the Governor's FY2024 Budget are projected to total \$71.8 million, \$2.3 million more than the FY2023 Budget as Enacted and \$14.8 million less than proposed in the FY2023 Supplemental Budget. The Governor's Budget contains errors from the Department of Behavioral Health, Developmental Disabilities, and Hospitals (BHDDH), which lowered the projected overtime for BHDDH. These figures are adjusted by the Governor's Budget Amendments dated March 17, 2022, that replaces the overtime amounts.

General revenue supports 60.4 percent of overtime expenses in FY2024 and comprises 66.0 percent of the expenses in the FY2023 Supplemental Budget. 28.6 percent of the total FY2023 projected overtime expenditures for the State occur with the Department of Corrections, which is projected to decrease to 21.72 percent in FY2024. As shown in the following chart, actual overtime expenses often exceed budgeted amounts.

Overtime Costs

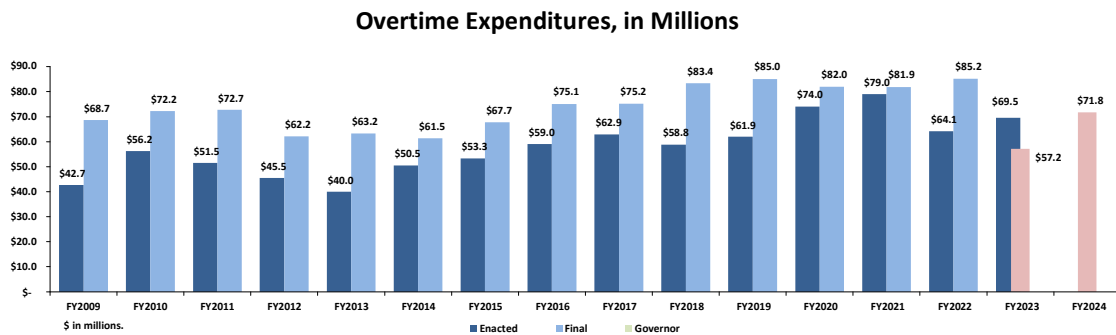


Overtime costs often result from staffing shortages, due either to high turnover rates or insufficient FTE authorizations in the enacted budget. Where there are state or federally mandated minimum staffing levels (such as at Eleanor Slater Hospital in BHDDH), or caseload-driven personnel requirements (such as inmate

population levels at the Department of Corrections) agencies must use overtime or contract personnel to provide adequate coverage.

- **Department of Corrections:** The FY2024 Budget includes a net increase of \$111,650 in overtime expenditures within the Department, reflecting a total of \$15.6 million in overtime expenditures. The Central Management program exhibits the largest variance, increasing \$337,676 when compared to the FY2023 Enacted Budget. The increase is related to the two additional classes of correctional officers and the overtime reflects time in the Department's Training Academy.
- **BHDDH:** The FY2024 Budget for BHDDH has undergone several revisions both internally by the Department and through the Department of Administration's Office of Management and Budget (OMB). The initial Departmental request was rescinded shortly after submission and resubmitted one month later. The resubmitted version retained some technical issues which OMB continues to work on correcting. Additional revisions are expected in the form of Governor's Budget Amendments.
- **Department of Public Safety:** The FY2024 Budget includes a net increase of \$692,710 in overtime expenditures within the Department, reflecting a total amount of \$11.8 million. Contractual overtime, which is provided to detectives, specialty unit members and adjudication members regardless of the hours worked, realized the most significant increase, rising by \$844,008 when compared to the FY2023 Budget as Enacted. The increase is due to improper accounting in the FY2023 Budget, which has since been rectified. Additionally, the Department indicates that the contract values of positions within the newly executed agreement account for the increase as well.

The following chart illustrates the variances between the enacted and actual expenditures for overtime costs. The average variance is \$16.2 million over the FY2009 to FY2022 term of the chart.



STATE EMPLOYEE HEALTH INSURANCE RATES

The State has three different medical plan coverage to state employees (Anchor, Anchor Plus, and Anchor Choice) as well as three different dental plans and two vision plans.

Health Insurance Rates Annual Employer Cost per Employee

	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual*	FY2022 Actual*	FY2023 Governor*	FY2024 Governor*	% Change FY23/FY22
Individual											
Medical	\$7,525	\$7,358	\$7,601	\$8,363	\$8,432	\$7,503	\$7,576	\$8,163	\$8,368	\$8,787	5.0%
Dental	405	393	405	373	369	384	425	466	421	442	5.0%
Vision	60	57	79	57	57	57	62	81	65	68	4.6%
Total	\$7,990	\$7,808	\$8,085	\$8,793	\$8,858	\$7,944	\$8,063	\$8,710	\$8,854	\$9,297	5.0%
Family											
Medical	\$21,093	\$20,626	\$21,307	\$23,445	\$23,637	\$21,035	\$21,182	\$22,885	\$23,458	\$24,631	5.0%
Dental	1,132	1,100	1,133	963	955	994	1,101	1,208	1,088	1,142	5.0%
Vision	165	157	162	157	157	158	173	223	179	188	5.0%
Total	\$22,390	\$21,883	\$22,602	\$24,565	\$24,749	\$22,187	\$22,456	\$24,316	\$24,725	\$25,961	5.0%

Source: State Budget Office

*Average of the 3 Anchor Plans

State Employee Health Plan Costs

The FY2024 proposed total employer expenditure for state employee health plan costs is \$219.6 million, of which \$117.9 million is general revenue. This is \$12.5 million more than the FY2023 Budget as Enacted, and \$13.8 million more than the proposed FY2023 Supplemental Budget.

State Employee Health Plan Total Costs

Health Plan	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Enacted	FY2023 Governor	FY2024 Governor	FY24 to FY23 Change	% Change FY24/FY23
Medical	\$157.5	\$162.3	\$174.7	\$170.1	\$164.9	\$158.9	\$162.9	\$165.1	\$195.7	\$195.1	\$208.6	\$12.8	6.5%
Dental	9.7	9.6	8.4	7.9	8.0	8.5	8.9	8.5	9.9	9.3	9.6	(0.3)	-3.1%
Vision	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.6	1.5	1.5	1.5	(0.0)	-0.7%
Total	\$168.6	\$173.3	\$184.4	\$179.3	\$174.1	\$168.7	\$173.1	\$175.2	\$207.1	\$205.8	\$219.6	\$12.5	6.0%

\$ in millions

State Employee Health Co-shares

Since 2005, state employees are required to pay a co-share for health insurance. The rate charged to each employee is based on a percent of premium cost and assessed by salary range. These rates increased between FY2010 and FY2012, and remained constant through 2018. As of January 1, 2019, the State now has three different medical plan coverage to state employees (Anchor, Anchor Plus, and Anchor Choice) as well as three different dental plans and two vision plans. New collective bargaining agreements were ratified in early 2022, with a scheduled salary increase effective June 18, 2023. While the co-share rates remain static throughout 2023, there will be two different sets of salary ranges used for determining each employee's co-share percentage responsibility during the year. Along with the new medical plans and health cost rates, there are new employee health insurance co-share rates that are illustrated in the following tables.

Family Plan Co-share per Pay Period - Salary Ranges

June 13, 2023	Percent of Anchor Working	Anchor		Anchor		Anchor		Anchor	
	Rates	Anchor	Anchor Plus	Choice	Anchor Dental	Dental Plus	Anchor Dental Plus	Anchor Vision	Anchor Vision Plus
Below \$59,051	15%	\$137.17	\$146.77	\$136.18	\$6.00	\$10.88	\$17.75	\$0.99	\$3.84
\$59,051 - \$113,516	20%	182.90	195.69	181.58	8.00	12.88	19.75	1.33	4.38
Over \$113,516	25%	228.62	244.61	226.97	10.00	14.88	21.75	1.66	4.51

Individual Plan Co-share per Pay Period- Salary Ranges

June 13, 2023	Percent of Anchor Working	Anchor		Anchor		Anchor		Anchor	
	Rates	Anchor	Anchor Plus	Choice	Anchor Dental	Dental Plus	Anchor Dental Plus	Anchor Vision	Anchor Vision Plus
Less than \$113,516	20%	\$65.24	\$69.80	\$64.77	\$3.09	\$4.96	\$7.63	\$0.48	\$1.52
Over \$113,516	25%	81.55	87.25	80.96	3.86	5.73	8.40	0.60	1.64

Deductibles

The medical deductibles are: Anchor \$1,000/\$2,000, Anchor Plus \$500/\$1,000, and Anchor Choice \$1,500/\$3,000 for an in-network individual/ family plan. The out-of-network deductibles are: Anchor \$2,000/\$4,000, Anchor Plus \$1,000/\$2,000, and Anchor Choice \$2,250/\$4,500 for an individual/ family plan. In addition, the new point of service co-payments are as follows:

Point of Service	5/1/2005	10/1/2008	7/1/2014	Anchor 1/1/2023	Anchor Plus 1/1/2023	Anchor Choice 1/1/2023	
Primary Care	\$10	\$10	\$15	\$15	\$15	coinsurance after deductible	
Specialist Visit	10	20	25	25 / 50	25 / 50	10% referred/30% without referral	
Urgent Care	10	35	50	50	50	coinsurance after deductible	
Emergency Co-payment (waived if admitted)	25	100	125	150	125	coinsurance after deductible	
Pharmacy	Tier 1 generic	5	5	7	\$10	\$10	\$10 co-pay after deductible
	Tier 2 preferred brand	12	20	25	35	35	\$35 co-pay after deductible
	Tier 3 non-preferred brand	30	40	45	60	60	\$60 co-pay after deductible
	Tier 4 specialty				100	100	\$100 co-pay after deductible

STATE EMPLOYEES AND TEACHERS ACTUARIAL VALUATION

Gabriel Roeder Smith and Company (GRS Retirement Consulting) performed the June 30, 2022, actuarial valuation analysis of the retirement system covering state employees and teachers, municipal employees, state police, and judges.

The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2025. There is no impact to the FY2023 or FY2024 certified employer contribution rates. The GRS analysis reflects no changes in the assumptions for investment rate assumptions, inflation, and payroll growth. The assumed investment return remains 7.0 percent; assumed inflation is 2.5 percent, and payroll growth is 3.0 percent for state employees and 2.5 percent for teachers. The Board approved the employer contribution rates for ERSRI as presented by GRS.

Employer Contribution Rates	FY2023 Certified	FY2024 Certified	FY2025 Certified	Change
State Employees	28.00%	28.97%	28.54%	-0.43%
Teachers - State Share	11.12%	11.13%	10.68%	-0.45%
Teachers - Local Share	15.04%	15.03%	14.44%	-0.59%
Total Teachers	26.16%	26.16%	25.12%	(0.01)

Source: GRS June 30, 2022, Actuarial Valuation

Projected Employer Contribution	FY2023	FY2024	FY2025	Change
State Employees	\$231.1	\$234.3	\$238.0	\$3.7
Teachers - State	129.4	130.8	128.7	(2.1)
Total State Cost	\$360.5	\$365.1	\$366.7	\$1.6
Teachers - Local	\$175.1	\$176.7	\$173.9	(\$2.8)
Total State and Local Cost	\$535.6	\$541.8	\$540.6	(\$1.2)

Source: GRS June 30, 2022, Actuarial Valuation
\$ in millions

Active Employee to Retiree Ratio

According to GRS, the ratio of active employees to retirees remains flat but the number of retired state employees exceeded active employees in 2022. This trend translates into less available payroll to spread out the impacts of volatile markets, leading to increased employer contribution rates. The number of active state employees is at its lowest level since the 2008 pension reforms.

Membership		1999	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Change
State Employees	Active	13,369	12,572	11,970	11,023	11,122	11,233	11,166	11,280	11,301	11,194	11,083	11,152	10,988	11,318	11,198	10,803	10,820	17
	Retired	9,067	10,163	10,396	11,142	11,421	11,271	11,200	11,139	11,103	11,041	11,058	11,078	11,250	11,224	11,215	11,373	11,365	-8
	Active to Retiree Ratio	1.5	1.2	1.2	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.0	
Teachers	Active	13,282	14,146	13,999	13,689	13,530	13,381	13,212	13,193	13,266	13,272	13,206	13,310	13,473	13,511	13,474	13,372	13,537	165
	Retired	6,043	9,118	9,337	9,749	10,213	10,347	10,622	10,776	10,838	10,902	11,087	11,211	11,144	11,196	11,274	11,398	11,521	123
	Active to Retiree Ratio	2.2	1.6	1.5	1.4	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	

Source: GRS June 30, 2022, Actuarial Valuation

FUND VALUE

In 1999, the funded ratio of the system was over 80.0 percent. By 2010, the pre-RIRSA funded ratio was 48.4 percent for state employees and teachers. After passage of the pension reforms in 2011, the post-RIRSA funded ratio became 59.8 percent for state employees and 61.8 percent for teachers. It was projected that there would be a continued decrease in the funded rate after passage of RIRSA and then begin to increase. Passage of the pension settlement act in 2015 precipitated an increase in the Unfunded Actuarial Accrued Liability (UAAL).

According to GRS, the June 30, 2022, funded ratio is 58.8 percent for state employees and 61.5 percent for teachers. For state employees, the unfunded actuarial accrued liability (UAAL) decreased from \$2,100.4 million to \$2,031.9 million and for teachers the UAAL decreased from \$2,909.3 million to \$2,735.2 million. The decrease in the UAAL for state employees is attributable to the fund exceeding the 7.0 percent assumed rate of return, based on 5-year smoothing (actual market ROR was negative 2.7 percent, but the smoothed ROR was 8.4 percent), and the \$61.8 million one-time contribution into the retirement trust fund.

ERSRI Funded Value History	State Employees	Teachers
1999	84.5%	82.1%
2000	81.6%	80.6%
2001	77.9%	77.4%
2002	71.7%	73.2%
2003	64.5%	64.2%
2004	59.6%	59.3%
2005	56.3%	55.4%
2006	54.6%	52.7%
2007	57.5%	55.4%
2008	61.8%	60.3%
2009	59.0%	58.1%
2010	48.4%	48.4%
2010*	59.8%	61.8%
2011	57.4%	59.7%
2012	56.3%	58.8%
2013	56.5%	59.0%
2014	56.1%	58.2%
2015	56.6%	58.8%
2016	56.0%	58.3%
2017	52.9%	54.8%
2018	52.9%	54.9%
2019**	53.3%	55.3%
2020	54.2%	56.2%
2021	56.7%	58.7%
2022	58.8%	61.5%
2023	60.3%	62.9%
2024	62.1%	64.5%
2025	64.0%	66.1%
2026	66.1%	67.9%
2027	69.3%	70.3%
2028	72.8%	73.0%
2029	75.9%	75.4%
2030	80.1%	78.5%
2031	83.7%	81.8%
2032	87.6%	84.8%

Projected June 30, 2022 Valuation

Source: GRS

* Reflects post-RIRSA values

** After change of actuarial assumptions

SUMMARY OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

The Unfunded Actuarial Accrued Liability (UAAL) liability for state employees is \$2,032.0 million, reflecting a decrease of \$68.4 million from last year. The amortization payment for FY2023 is \$196.0 million and \$201.2 million in FY2024. The amortization payment for FY2025 is \$207.6 million. The following table illustrates the components of the UAAL payment over three fiscal years.

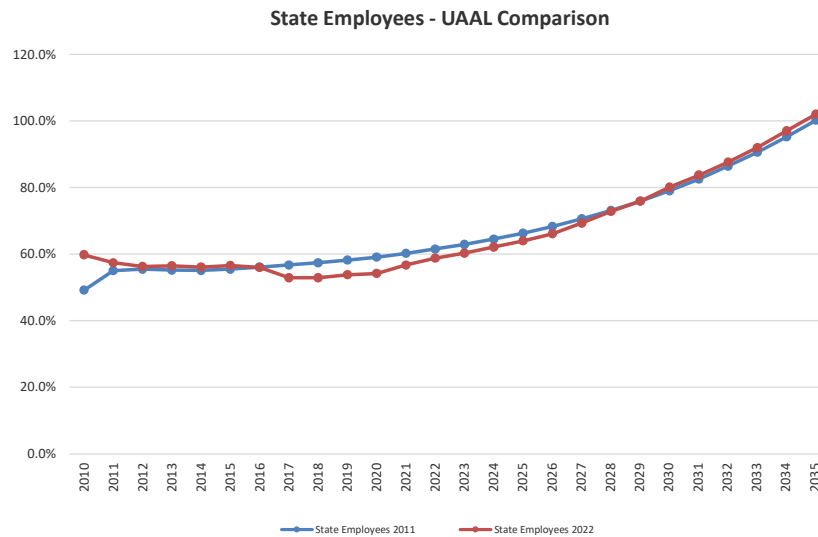
State Employees					
Purpose	Remaining Balance as of June 30, 2022	FY2023 Amortization Payment	FY2024 Amortization Payment	FY2025 Amortization Payment	Amortization Years Remaining
Original 2011 RIRSA Base	1,656.0	163.9	168.9	173.9	11
2014 Experience Study	(45.9)	(4.3)	(4.4)	(4.6)	12
2014 Mediation Settlement	109.9	10.3	10.6	10.9	12
2015 Experience Base	(33.0)	(2.9)	(3.0)	(3.1)	13
2016 Experience Base	45.5	3.9	4.0	4.1	14
2017 Experience Base	17.2	1.4	1.4	1.5	15
2018 Experience Base	26.1	2.0	2.1	2.2	16
2019 Experience Base	7.8	0.6	0.6	0.6	17
2016 Assumption Change - FY20 Stagger	32.2	2.6	2.7	2.8	15
2016 Assumption Change - FY21 Stagger	74.2	6.0	6.2	6.4	15
2016 Assumption Change - FY22 Stagger	80.0	6.5	6.7	6.9	15
2016 Assumption Change - FY23 Stagger	86.5	7.0	7.2	7.4	15
2016 Assumption Change - FY24 Stagger	86.5	-	7.8	8.1	15
2020 New Assumptions - FY23 Stagger	(31.1)	(2.5)	(2.6)	(2.7)	15
2020 New Assumptions - FY24 Stagger	(31.1)	-	(2.8)	(2.9)	15
2020 Experience Base	20.4	1.5	1.5	1.6	18
2021 Experience Base	(73.2)	-	(5.7)	(5.8)	19
New Experience Base - This Fiscal Year	4.0	-	-	0.3	20
UAAL	\$2,032.0	\$196.0	\$201.2	\$207.6	

Source: GRS 2022 Actuarial Valuation

\$s in millions

Totals may vary due to rounding.

The following charts compare the current June 30, 2022, actuarial valuation report for state employees and teachers produced by GRS to the valuation report issued by GRS on November 14, 2011, for the Rhode Island Retirement System Act (RIRSA of 2011).



The Unfunded Actuarial Accrued Liability (UAAL) liability for teachers is \$2,735.3 million, reflecting a decrease of \$174.1 million from last year. The amortization payment for FY2023 is \$256.7 million and is \$260.7 million in FY2024. The amortization payment for FY2025 is \$259.9 million. The following table illustrates the components of the UAAL payment over the next three fiscal years.

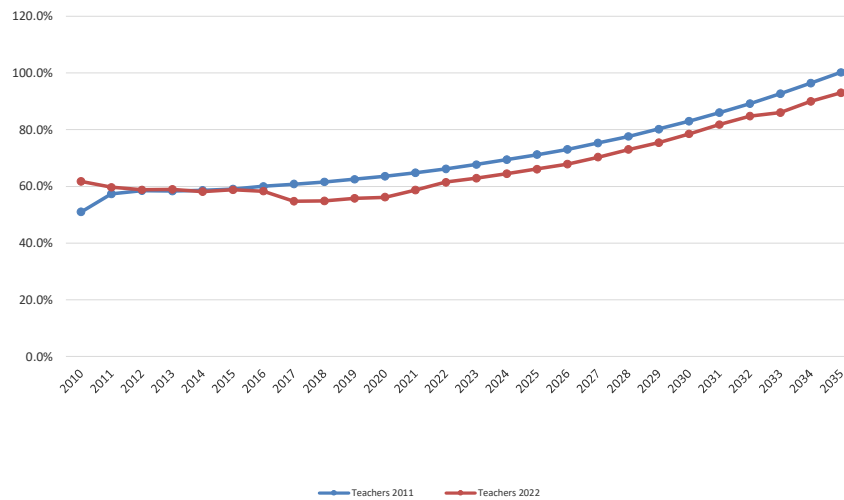
Purpose	Teachers				
	Remaining Balance as of June 30, 2022	FY2023 Amortization Payment	FY2024 Amortization Payment	FY2025 Amortization Payment	Amortization Years Remaining
Original 2011 RIRSA Base - State	897.2	91.2	93.5	95.8	11
Original 2011 RIRSA Base - Local	1,471.4	123.5	126.6	129.8	15
2014 Experience Base - State	(15.2)	(1.5)	(1.5)	(1.5)	12
2014 Experience Base - Local	(24.0)	(2.0)	(2.1)	(2.1)	15
2014 Mediation Settlement - State	62.2	6.0	6.1	6.3	12
2014 Mediation Settlement - Local	98.3	8.2	8.5	8.7	15
2015 Experience Base	(47.8)	(4.4)	(4.5)	(4.6)	13
2016 Experience Base	32.0	2.8	2.9	2.9	14
2016 Assumption Change - FY20 Stagger	62.8	5.3	5.4	5.5	15
2016 Assumption Change - FY21 Stagger	95.9	8.0	8.3	8.5	15
2016 Assumption Change - FY22 Stagger	103.7	8.7	8.9	9.1	15
2016 Assumption Change - FY23 Stagger	112.5	9.4	9.7	9.9	15
2016 Assumption Change - FY24 Stagger	112.5	-	10.5	10.8	15
2017 Experience Base	66.3	5.6	5.7	5.9	15
2018 Experience Base	7.9	0.6	0.7	0.7	16
2019 Experience Base	(16.4)	(1.3)	(1.3)	(1.3)	17
2020 New Assumptions - FY23 Stagger	(40.9)	(3.4)	(3.5)	(3.6)	15
2020 New Assumptions - FY24 Stagger	(40.9)	-	(3.8)	(3.9)	15
2020 Experience Base	(0.1)	(0.0)	(0.0)	(0.0)	18
2021 Experience Base	(114.9)	-	(9.3)	(9.5)	19
New Experience Base - This Fiscal Year	(87.3)	-	-	(7.5)	20
UAAL	\$2,735.3	\$256.7	\$260.7	\$259.9	

Source: GRS 2022 Actuarial Valuation

\$s in millions

Totals may vary due to rounding

Teachers - UAAL Comparison



10-YEAR PROJECTIONS

The following tables illustrate the 10-year projection of State Employee and Teacher fund value and contribution rates, providing all factors remain steady as projected in the June 30, 2022, valuation. At present, the fund value for state employees will reach 80.0 percent in FY2031, a year earlier than projected last year.

The amounts and ratios will change when alterations occur regarding actual investment returns and actual payroll costs are re-examined in the actuarial valuation each year.

State Employees

Fiscal Year	UAAL	Funded Ratio	Contribution Rate	Actuarial Value of Fund	Payroll	Employer Contribution	Employee Contribution	Benefit Payments	Net Cash Flow
2023	2,031.9	58.8%	28.01%	2,896.7	786.1	220.2	39.0	358.4	(99.2)
2024	1,975.1	60.3%	28.97%	2,996.9	809.7	234.6	39.2	363.4	(89.6)
2025	1,901.3	62.1%	28.54%	3,114.0	834.0	238.0	39.5	367.8	(87.6)
2026	1,819.7	64.0%	28.46%	3,238.6	859.0	244.5	39.8	375.9	(91.6)
2027	1,725.6	66.1%	28.33%	3,370.5	884.8	250.7	40.3	380.9	(84.9)
2028	1,556.7	69.3%	28.25%	3,513.4	911.3	257.4	40.8	381.3	(77.3)
2029	1,369.3	72.8%	28.18%	3,673.6	938.7	264.5	41.5	381.8	(69.4)
2030	1,223.6	75.9%	27.58%	3,852.2	966.8	266.6	42.3	388.9	(80.0)
2031	1,003.5	80.1%	27.00%	4,039.2	995.8	268.9	43.2	388.5	(68.9)
2032	828.2	83.7%	26.94%	4,242.8	1,025.7	276.4	44.1	394.8	(74.3)
2033	633.3	87.6%	26.40%	4,463.0	1,056.5	278.9	45.2	399.8	(75.7)

Source: GRS 2022 Actuarial Valuation

\$'s in millions

Totals may vary due to rounding.

Teachers

Fiscal Year	UAAL	Funded Ratio	Contribution Rate	Actuarial Value of Fund	Payroll	Employer Contribution	Employee Contribution	Benefit Payments	Net Cash Flow
2023	2,735.2	61.5%	26.16%	4,362.1	1,146.6	299.9	49.5	500.0	(150.5)
2024	2,658.6	62.9%	26.16%	4,511.7	1,175.2	307.4	49.8	502.6	(145.4)
2025	2,569.9	64.5%	25.12%	4,677.2	1,204.6	302.6	50.1	505.5	(155.7)
2026	2,481.2	66.1%	24.99%	4,846.5	1,234.7	308.5	50.5	514.8	(155.9)
2027	2,379.8	67.9%	24.85%	5,024.5	1,265.6	314.5	50.9	517.9	(152.6)
2028	2,202.2	70.3%	24.75%	5,218.4	1,297.2	321.1	51.3	519.4	(146.9)
2029	2,005.5	73.0%	24.66%	5,431.7	1,329.7	328.0	52.0	520.7	(140.8)
2030	1,850.1	75.4%	24.18%	5,666.3	1,362.9	329.6	52.7	529.1	(146.8)
2031	1,619.2	78.5%	23.72%	5,911.1	1,397.0	331.4	53.6	529.9	(144.9)
2032	1,370.5	81.8%	23.65%	6,175.0	1,431.9	338.6	54.6	531.0	(137.8)
2033	1,159.5	84.8%	23.21%	6,464.7	1,467.7	340.7	55.7	540.0	(143.7)

Source: GRS 2022 Actuarial Valuation

\$'s in millions

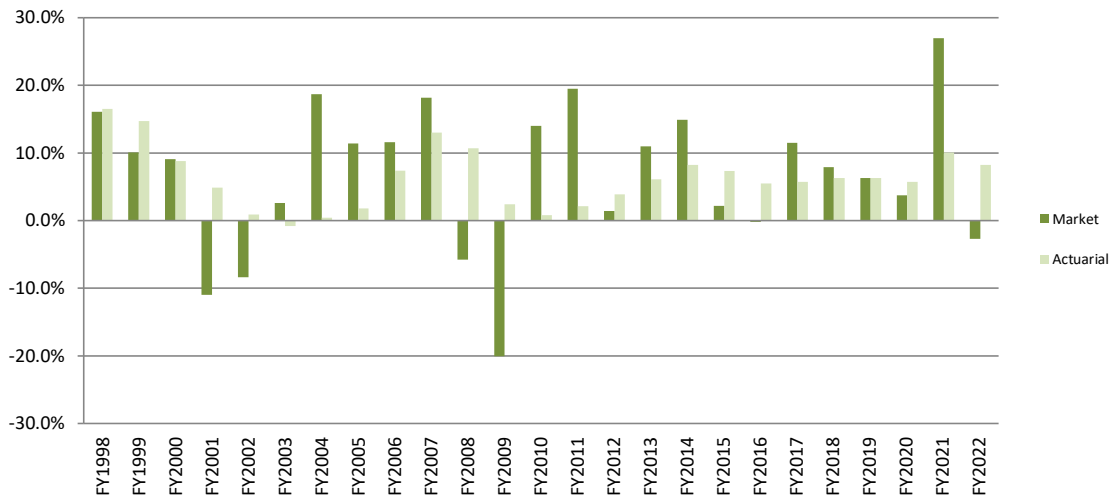
Totals may vary due to rounding.

The projected UAAL continues to decrease after FY2023. In addition, as the fund amount increases each year, the net cash flow, i.e. funds removed from investments, decrease.

RETURN ON INVESTMENTS

The market rate on the return on investments was negative 2.7 percent in FY2022. However, the actuarial rate of return was 8.4 percent based on a 5-year average smoothing rate.

25-year Return on Investments



- The FY2024 employer contribution costs are lower but the contribution rate for the State is higher due to salary increases and the continued contraction in active employees.
- The 2022 actuarial investment performance was negative 2.7 percent.
- The cost of living adjustments (COLA) limit still increases. For 2023, the COLA is limited to the first \$28,878 and increases by 3.11 percent to the first \$29,776 in 2024. In 2022, the limit was the first \$27,901. COLAs are suspended for all state employees, teachers, BHDDH nurses, correctional officers, judges, and state police until the aggregate funding level of the plans reaches 80.0 percent funded. However, an interim COLA is granted in four-year intervals while the COLA is suspended. The first interim COLA was issued in CY2017. The last interim COLA occurred in CY2021 and the next one is scheduled for CY2025.
- As of June 30, 2031, the state employee plan is projected to be 80.1 percent funded and the teacher plan is expected to be 81.8 percent funded in 2032. An interim COLA of 3.11 percent is scheduled to occur in CY2025. Interim COLAs will be granted to all units and plans every fourth year following the fourth consecutive year of the UAAL average being below 80.0 percent.
- There is an Experience Study scheduled in CY2023.
- The Retirement Board and State may want to review how to handle the contribution “cliff” when the employer costs significantly decrease in 2034.

MUNICIPAL EMPLOYEES’ RETIREMENT SYSTEM ACTUARIAL VALUATION

GRS presented the June 30, 2022, actuarial valuation analysis of the retirement system covering municipal employees. The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2025. The GRS analysis indicates that over the past year, there were five new units created and that there will be five more new units joining MERS in 2023. There were no closed units, and there were two merged unit changes. Also, there were no new COLA elections in the units participating under the Municipal Employees’ Retirement System (MERS). For MERS, the 2022 UAAL for all units combined

is \$322.0 million, compared to last year's figure of \$346.0 million, a decrease of \$24.0 million. The funded ratio for all MERS continued to improve and is 85.9 percent, as compared to 84.3 percent last year.

The average employer contribution rate for general employees is 11.24 percent and for police and fire personnel, the average employer contribution rate is 18.64.

JUDICIAL RETIREMENT BENEFITS TRUST

GRS presented the June 30, 2022, actuarial valuation analysis of the retirement system covering judges. The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2025. There is no impact to the previously certified FY2024 employer contribution rate. The analysis does not include benefits for state judges hired before January 1, 1990, as they are funded on a pay-as-you-go basis from the State's general assets. A separate valuation is performed for these active and retired judges.

Certified Employer Contribution Rates	FY2024		FY2025
	Certified	Certified	Certified
Judges	22.12%		18.20%
Membership	30-Jun-21	30-Jun-22	Change
Active	56	60	4
Retiree and Beneficiaries	31	31	0
Inactive	1	1	0
Total	88	92	4
Projected Payroll for Contributions	\$10.7	\$12.0	\$1.4
Unfunded Liability	\$1.2	(\$3.8)	(\$4.9)
GASB Funded Ratio	98.7%	104.0%	5.3%

Source: GRS June 30, 2022, Actuarial Valuation

STATE POLICE RETIREMENT BENEFIT TRUST

GRS presented the June 30, 2022, actuarial valuation summary regarding the retirement systems covering the State Police. The actuarial valuation impacts the employer contribution rates certified by the Board for FY2025. The analysis reflects all recent pension changes enacted since 2008, but does not include benefits for State Police hired before July 1, 1987, as they are funded on a pay-as-you-go basis from annual general revenue appropriations. The GRS analysis decreased the employer contribution rates reflecting market gains.

Certified Employer Contribution Rates	FY2024		FY2025
	Certified	Certified	Certified
State Police	20.66%		19.65%
Membership	30-Jun-21	30-Jun-22	Change
Active	242	267	25
Retiree and Beneficiaries	88	102	14
Inactive	56	62	6
Total	386	431	45
Projected Payroll for Contributions	\$26.1	\$26.4	\$0.3
Unfunded Liability	\$23.8	\$20.9	(\$2.9)
GASB Funded Ratio	88.0%	90.0%	2.0%

Source: GRS June 30, 2022, Actuarial Valuation

Revenue Changes

The Governor's FY2024 Budget increases net general revenue collections by an estimated \$170.6 million over the November 2022 revenue estimate. New revenue initiatives include a CMS recommended hospital licensing fee structure, sales tax changes including an overall reduction in the rate and an exemption on the trade-in value of trucks, and a reduction in the minimum business corporation tax. T

Governor's Recommended Revenue Initiatives	FY2024
EOHHS Revenue Initiatives	\$217.6
Tax Changes	(29.7)
Lottery Accounting Adjustment	(12.8)
Pawtucket Economic Activity Taxes Transfer	(2.9)
License Fees to Highway Maintenance Account	(1.0)
Miscellaneous Revenue Changes	(0.6)
Total	\$170.6
<i>\$ in millions</i>	

EOHHS Revenue Initiatives

\$217.6 million

The Budget includes a net \$217.6 million increase related to revenue changes associated with the following EOHHS initiatives:

- **Hospital License Fee:** Article 9 authorizes the collection of a hospital license fee in FY2024. The fee is equal to a percentage of net patient revenues for hospitals that varies based on a new multi-tiered hospital classification. According to the Office of Management and Budget this structure is considered best practice and is being required by the Centers for Medicare and Medicaid Services. The tiers and their associated rates are summarized in the following table.

Tier	Hospital Classification	Inpatient Fee	Outpatient Fee
1	Non Tier 2 or 3 Organizations	13.54%	13.73%
2	High Medicaid/Uninsured	2.71%	2.75%
3	Medicare-Designated Low Volume	1.35%	1.37%
4	State-Government Owned	5.42%	5.42%

The Governor's Budget includes \$217.2 million in new fee revenues that were not included in the November 2022 adopted revenue estimate. In FY2023 the hospital license fee generated \$x million.

- **Medicaid Revenue Changes:** The Budget increases revenue collections by \$400,130 to reflect the impact of a number of Medicaid expenditure changes which affect collections from the 2.0 percent insurance premium tax and 5.5 percent nursing home tax. These initiatives are summarized in the table below and are described within the Executive Office of Health and Human Services section of this analysis.

Initiative	FY2024
Certified Community Behavioral Health Clinics	\$371,831
Conflict Free Case Management	25,834
Cedar Family Center Rates	2,465
Total	\$400,130

Tax Changes

(\$29.7 million)

The Budget includes several tax initiatives that reduce revenue by a total of \$29.7 million.

Initiative	FY2024
Sales Tax Rate Reduction to 6.85 Percent	(\$24,962,789)
Trade-In Value Exemption for Trucks	(3,714,850)
Reduction of Corporate Minimum Tax	(1,017,600)
Food Donation Tax Credit	(17,790)
Total	(\$29,713,029)

- Sales Tax Rate Reduction to 6.85 Percent:** Article 4 of the Budget reduces the State's sales and use tax rate from 7.00 percent to 6.85 percent starting on October 1, 2023. The partial year revenue loss is \$25.0 million in FY2024, increasing to \$34.7 million for a full year.
 - Background:** Historically, sales and use tax collections represent the second largest source of revenue for Rhode Island, trailing only personal income tax, and just ahead of lottery receipts. Collections averaged \$1,071.2 million over the ten-year period from 2012 and 2022. The November 2022 consensus revenue estimates for the FY2023 and FY2024 sales and use tax collections are \$1,575.0 million and \$1,580.0 million, respectively. These estimates also represent 37.0 and 31.0 percent of total general revenue for each respective fiscal year.
 - Estimate:** The Office of Revenue Analysis (ORA) used these estimates and the Office of Management and Budget's (OMB) most recent five-year forecast to calculate the fiscal impact of the changes in Article 4. ORA divided each fiscal year's estimate by the current 7.0 percent rate to get an estimate of total taxable sales for each fiscal year. These sales are then multiplied by the proposed rate of 6.85 percent to establish a revised revenue collection figure. When these amounts are subtracted from the original base revenue estimates the full-year revenue losses are \$33.9 million for FY2024 and \$34.7 million in FY2025. ORA then adjusts the FY2024 to \$25.0 million to account for the October 1, 2023, start date, reflecting the 26.3 percent average proportion of revenue that August through October collections represent.
 - Comparative Data:** The following table shows 2022 comparative data for New England and the U.S. from the Tax Foundation.

State				State and Local Combined				Sales Tax Base			
State	Rate	Per Capita		Avg. Rate	Combined Rate	Per Capita		Base	U.S. Rank		U.S. Rank
		U.S. Rank	Collections			U.S. Rank	Collections*				
Rhode Island	7.00%	2	\$1,055	-	7.00%	24	\$1,097	26%	36		
Massachusetts	6.25%	13	970	-	6.25%	35	992	20%	45		
Connecticut	6.35%	12	1,271	-	6.35%	33	1,287	26%	35		
New Hampshire	-	46	-	-	-	47	-	-	-		
Vermont	6.00%	17	671	0.24%	6.24%	36	687	23%	42		
Maine	5.50%	29	1,223	-	5.50%	42	1,200	41%	9		
Lowest	2.90%/CO	45	\$575/GA		1.76%/AK	46	\$359/AK	20%/MA	45		
Highest	7.25%/CA	1	\$2,541/HI		9.55%/LA	1	\$2,888/HI	111%/HI	1		
US Average	-	-	1,031	-	-	-	1,322	-	-		

Source: Tax Foundation 2022 data

*2019 data

- Trade-In Value Exemption for Trucks:** Article 6 exempts the trade-in value of a truck with a gross weight of 14,000 lbs. or less from the State sales and use tax when a subsequent vehicle is purchased. The article also clarifies that the exemption applies when purchasing either a truck, car, or a motorcycle. The change is estimated to reduce general revenue by \$3.7 million in FY2024, based on an October 1 2023, start date. This increases to \$5.0 million in FY2025, reflecting a full-year implementation.
 - Background:** Many states provide a sales tax exemption for the trade-in value of vehicles. To determine how much sales tax is owed when purchasing a vehicle, the state sales tax rate is simply applied to a vehicle's purchase price. However, if an exemption exists for the value of the

purchaser's current vehicle that is "traded-in" to a licensed seller, then the sales tax rate is applied to the difference between the purchase price and the value of the trade-in.

This type of exemption is common among states for automobile sales. How trucks are treated, however, varies greatly from state to state. Rhode Island law provides a sales tax exemption for the trade-in value of automobiles and motorcycles, but not for pickup trucks.

- **Estimate:** The ORA used data from the Division of Motor Vehicles related to Rhode Island registered trucks that were purchased in Massachusetts, where the trade-in value is tax exempt. When registering the car, the purchaser must add-back the value of the trade-in when determining the use tax owed in Rhode Island. Based on its analysis, ORA determined that a trade-in exemption would have reduced collections by 15.7 percent. ORA then adjusted for the difference in sales tax rates and applied the percentage to the FY2024 November Revenue Estimates to get a revenue loss of \$25.0 million
- **Reduction of the Corporate Minimum Tax:** Article 6 reduces the minimum business corporation tax from \$400 to \$375 for tax years beginning on or after January 1, 2024. This tax was last reduced by the General Assembly in 2016. According to the Office of Management and Budget, this change is estimated to impact 71,000 total filers and reduces FY2024 revenue by \$1.0 million.

In Rhode Island, corporations are required to remit taxes on 7.0 percent of net income or the \$400 minimum business corporation tax, whichever is greater. The November 2022 estimates for this tax are \$252.0 million and \$261.3 million in FY2023 and FY2024, respectively.

Rhode Island currently has the lowest corporate income tax rate in New England and the second highest minimum tax of those states that collect one. The General Assembly most recently reduced the minimum tax in 2016 (by \$50). According to the Division of Taxation, there were 71,252 taxpayers that paid the current \$400 minimum tax in tax year 2021 (the most recent audited data).

Business Class	TY2021 Min. Filers
C-Corporation	7,159
L.L.C.	20,356
S-Corporation	26,272
L.L.P.	540
L.P.	3,509
S.M.L.L.C.	11,700
Undeclared	1,716
Total	71,252

Source: Taxation, November 2022 REC

- **Food Donation Tax Credit (FPDTC):** Article 6 provides for a new nonrefundable income tax credit equal to 15.0 percent of the value of Rhode Island-produced food donated by food producers to qualified food banks in the State. The credit is effective for tax years beginning on or after January 1, 2023, resulting in an anticipated revenue loss of \$8,895 in FY2023 and \$17,790 in FY2024.
- **Estimate:** The ORA derived this impact by using Oregon's total revenue impact and scaling it back to Rhode Island based on the number of farms in each state. Oregon has the same 15.0 percent tax credit but does not limit the amount of the credit.

Lottery Accounting Adjustment

(\$12.8 million)

The Budget reflects net negative accounting adjustments made to the November 2022 revenue estimates of \$13.5 million for FY2023 and \$12.8 million for FY2024. These adjustments are made in response to an accounting determination made subsequent to the estimating conferences by the State Controller and Auditor General. The two offices reviewed the timeline for recognizing two payments that the State received from the Rhode Island's lottery contract provider, IGT. They, in consultation with the Government Accounting Standards Board (GASB), concluded that the payments must be amortized over the life of the 20-year contract as opposed to two lump sum payments in FY2023 and FY2024, respectively.

Pawtucket Economic Activity Taxes Transfer

(\$2.9 million)

Article 1 includes the appropriation mechanism necessary for tax revenue collected from State economic activity taxes generated in Pawtucket's Downtown Redevelopment district to be made available to the City.

Legislation enacted in 2019 established several geographical districts within downtown Pawtucket that constitutes the City of Pawtucket's Downtown Redevelopment project. Any incremental tax revenues (and in some instances baseline revenue) generated in these districts and related to new economic development are to be made available to the City once an agreement is made between City and the State. This agreement was entered into in December 2020. Rhode Island Commerce Corporation (CommerceRI) certifies these revenues and the Division of Taxation segregates them into their own account and disburses them in accordance the economic development agreements and budget appropriation.

The largest project supported by this financing in Pawtucket is Tidewater Landing, a \$400.0 million mixed-use development anchored by a soccer stadium. The stadium alone is currently expected to cost \$124.0 million to build. Commerce RI has awarded the project \$14.0 million in Rebuild RI tax credits and has pledged \$36.0 million in baseline and incremental revenue-backed financing for the stadium beginning in FY2024 and continuing through FY2041. For 2024, CommerceRI has approved the following baseline revenues for the project in FY2024.

Economic Activity Taxes	FY2024 Transfer
Sales and Use Taxes	(\$1,565,650)
Personal Income Taxes (Withholding)	(1,226,426)
Business Corporation Taxes	(107,276)
Total	(\$2,899,352)

License Fees to Highway Maintenance Account ***(\$950,000)***

The Budget reduces duplicate license fee revenue by \$950,000 in Division of Motor Vehicles (DMV) by shifting it to the State's Highway Maintenance Account (HMA) in FY2024. The Transportation Investment and Debt Reduction Act of 2011 (TIDRA) created the HMA within the Intermodal Surface Transportation Fund (ISTF). The account is funded via surcharges associated with licenses, vehicle registrations, inspection stickers, titles, and other related DMV fees. The HMA is used for projects that appear in the State's transportation improvement program. The FY2019 Budget as Enacted consolidated the DMV's duplicate license fee with its updated information fee, effectively increasing the latter's fee revenue by \$20 per license. The additional revenue was diverted to general revenue rather than deposited in the HMA in order to fund increased personnel costs associated with an anticipated surge in licensing activity related to the implementation of the RealID program. This surge never materialized and the Governor recommends shifting these fees from general revenue to the HMA, consistent with the original intent of the TIDRA.

Miscellaneous Revenue Changes ***(\$570,489)***

The Budget includes a net \$570,489 reduction in revenue related to the following initiatives.

Initiative	FY2024
Litter Control Permit Repeal	(\$815,564)
Central Falls School Debt Service Reimbursement	333,875
Repeal of Trooper Trainee Meal Reimbursement	(88,800)
Total	(\$570,489)

- **Litter Control Permit Repeal:** Article 4 of the Budget repeals portions of the Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act (RIGL 44-44) enacted in 1984 originally enacted to provide funding for a litter reduction and recycling program. Under the act establishments that sell food and/or beverages on a takeout or to go basis must obtain a litter control participation permit and to pay a fee based on prior year gross receipts. The Governor recommends eliminating the permit requirement and the fee. Based on a January 1, 2024, effective date, this initiative is expected to produce a revenue loss of \$815,564 in FY2024.

- **Central Falls School Debt Service Reimbursement:** In 2021, the General Assembly enacted the Rhode Island Health and Education Building Corporation Act which required the City of Central Falls to enter into agreement with the State to provide a 2.5 percent local share debt service payment to the State in turn for State issuing school construction bonds on behalf of the City at a more beneficial interest rate. The FY2024 obligation represents a \$333,875 increase in other miscellaneous revenues.
- **Repeal of Trooper Trainee Meal Reimbursement:** The State currently requires individuals enrolled in the State Police and Municipal Training Academies to reimburse the State for the cost of meals consumed while at the Academies. Rhode Island is the only state in New England that requires this reimbursement and the Department believes rescinding it will allow for the recruitment of a stronger candidate pool. The Budget accounts for this change in Article 3, which would result in an \$88,800 loss in general revenue and applies to State Trooper Trainees only.

FY2023 SUPPLEMENTAL CHANGES

The Budget includes a \$49.1 million decrease in revenues below the November 2022 revenue estimate. The primary initiatives impacting the FY2023 revenue totals include a temporary credit/rebate program related to the public utilities gross income tax meant to provide inflationary relief on electric and gas bills to consumers.

Governor's Recommended Revenue Initiatives	FY2023 Revised
Public Utilities Gross Income Tax Change	(\$35.6)
Lottery Accounting Adjustment	(13.5)
Food Donation Tax Credit	(0.0)
Total	(\$49.1)
<i>\$ in millions</i>	

Public Utilities Gross Income Tax Change **(\$35.6 million)**

Article 2 of the Governor's FY2023 Revised Budget includes a proposal to provide a rebate on the collection of the public utilities gross receipts tax for electric and gas utilities for the period of December 2022 through March 2023. Public utilities would continue to collect and remit taxes but will be required to provide a credit to commercial and residential customers for the stated period, effectively reducing their bills. The initiative will result in a \$35.6 million revenue reduction in FY2023.

Lottery Accounting Adjustment **(\$13.5 million)**

The Budget reflects net negative accounting adjustments made to the November 2022 revenue estimates of \$13.5 million for FY2023 and \$12.8 million for FY2024. These adjustments are made in response to an accounting determination made subsequent to the estimating conferences by the State Controller and Auditor General. The two offices reviewed the timeline for recognizing two payments that the State received from the Rhode Island's lottery contract provider, IGT. They, in consultation with the Government Accounting Standards Board (GASB), concluded that the payments must be amortized over the life of the 20-year contract as opposed to two lump sum payments in FY2023 and FY2024, respectively.

Food Donation Tax Credit **(\$8,895)**

Article 6 provides for a new nonrefundable income tax credit equal to 15.0 percent of the value of Rhode Island produced food donated by food producers to qualified food banks in the State. The credit is effective for tax years beginning on or after January 1, 2023, resulting in an anticipated revenue loss of \$8,895 in FY2023 and \$17,790 in FY2024.

	FY 2023 Nov 2022 REC	FY 2023 Gov Revised	Change	FY 2024 Nov 2022 REC	FY 2024 Gov Rec	Change
Personal Income Tax	\$1,910.3	\$1,910.3	(\$0.0)	\$1,979.6	\$1,978.4	(\$1.2)
General Business Taxes						
Business Corporations	252.0	252.0	-	261.3	260.2	(1.1)
Public Utilities Gross Earnings	101.0	65.4	(35.6)	95.0	95.0	-
Financial Institutions	38.9	38.9	-	34.5	34.5	-
Insurance Companies	166.7	166.7	-	165.0	165.4	0.4
Bank Deposits	4.5	4.5	-	4.5	4.5	-
Health Care Provider Assessment	39.5	39.5	-	41.2	41.2	-
Sales and Use Taxes	-	-	-	-	-	-
Sales and Use	1,575.0	1,575.0	-	1,580.0	1,549.8	(30.2)
Motor Vehicle	1.0	1.0	-	1.0	-	(1.0)
Cigarettes	133.9	133.9	-	117.2	117.2	-
Alcohol	23.3	23.3	-	23.3	23.3	-
	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-
Inheritance and Gift	58.8	58.8	-	47.0	47.0	-
Racing and Athletics	0.5	0.5	-	0.5	0.5	-
Realty Transfer	21.0	21.0	-	21.0	21.0	-
	-	-	-	-	-	-
Total Taxes	\$4,326.4	\$4,290.8	(\$35.6)	\$4,371.1	\$4,337.9	(\$33.2)
	-	-	-	-	-	-
Departmental Receipts	\$464.0	\$464.0	-	\$280.0	\$496.3	\$216.3
	-	-	-	-	-	-
Taxes and Departmentals	\$4,790.4	\$4,754.8	(\$35.6)	\$4,651.1	\$4,834.2	\$183.1
	-	-	-	-	-	-
Other Sources	-	-	-	-	-	-
Other Miscellaneous	37.3	23.8	(13.5)	30.4	17.3	(13.1)
Lottery	418.7	418.7	-	410.7	411.4	0.7
Unclaimed Property	14.0	14.0	-	12.6	12.6	-
Other Sources	470.0	456.5	(13.5)	453.7	441.3	(12.4)
	-	-	-	-	-	-
Total General Revenues	\$5,260.4	\$5,211.3	(\$49.1)	\$5,104.8	\$5,275.4	\$170.6
	-	-	-	-	-	-
Personal Income Tax	-	-	-	-	-	-
Estimated	306.3	306.3	-	309.1	309.1	-
Finals	520.9	520.9	(0.0)	524.1	524.1	(0.0)
Refunds	(455.0)	(455.0)	-	(435.0)	(435.0)	-
Withholding	1,548.0	1,548.0	-	1,584.0	1,582.8	(1.2)
Net Accrual	(9.9)	(9.9)	-	(2.6)	(2.6)	-
Total Personal Income Tax	\$1,910.3	\$1,910.3	(\$0.0)	\$1,979.6	\$1,978.4	(\$1.2)
	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-
Personal and Casualty	98.5	98.5	-	96.5	96.5	-
Medical/HMO	68.2	68.2	-	68.5	68.9	0.4
Total Insurance Companies	\$166.7	\$166.7	\$0.0	\$165.0	\$165.4	\$0.4
	-	-	-	-	-	-
Cigarettes	-	-	-	-	-	-
Cigarettes	123.0	123.0	-	108.0	108.0	-
Smokeless	10.9	10.9	-	9.2	9.2	-
Total Cigarettes	\$133.9	\$133.9	\$0.0	\$117.2	\$117.2	\$0.0
	-	-	-	-	-	-
Lottery	-	-	-	-	-	-
All Games	72.5	72.5	-	72.0	72.7	0.7
VLT	309.6	309.6	-	307.4	307.4	-
Table Games	13.6	13.6	-	13.7	13.7	-
On-Site Sports Betting	9.1	9.1	-	6.3	6.3	-
Remote Sports Betting	13.9	13.9	-	11.3	11.3	-
Total Lottery	\$418.7	\$418.7	\$0.0	\$410.7	\$411.4	\$0.7

\$ in millions

Municipal Aid

The Governor's FY2024 Budget proposal increases direct state aid for municipalities by \$7.1 million. For FY2024, the Distressed Community Relief program is level funded at \$12.4 million. The Payment in Lieu of Taxes program is funded at \$49.2 million, and is fully-funded at the 27.0 percent reimbursement rate. Meal and Beverage Tax revenue is projected to increase by a total of \$4.6 million for FY2024 and the Hotel Tax is projected to increase by \$2.4 million. Tables showing impacts by community are included at the end of this analysis.

Program	FY2023 Enacted	FY2023 Governor	Change from Enacted		FY2024 Governor	Change from Enacted	
Payment in Lieu of Taxes	\$48.4	\$48.4	0.0	0.0	\$49.2	0.8	0.0
Distressed Communities	12.4	12.4	-	-	12.4	-	-
Motor Vehicle Excise Tax	231.0	230.6	(0.4)	-0.2%	234.7	3.7	1.6%
State Aid to Libraries							
Grant-in-Aid	11.0	11.0	(0.0)	-0.1%	11.5	0.5	0.0
Library Construction	1.9	1.9	(0.0)	-2.1%	2.1	0.2	11.5%
Total Direct Aid	\$304.7	\$304.3	(\$0.4)	-0.1%	\$309.9	\$5.2	1.7%
Public Service Corporations Tax	\$13.1	\$13.1	0.0	0.0	\$13.1	0.0	0.0
Meals & Beverage Tax	33.1	35.7	2.6	7.9%	37.7	4.6	13.8%
Hotel Tax	11.6	13.8	2.2	18.6%	14.0	2.4	20.7%
Airport Impact Aid	1.0	1.0	-	0.0%	1.0	-	0.0%
Total Indirect Aid*	\$58.9	\$63.7	\$4.8	8.1%	\$65.9	\$7.0	11.8%
Total Aid	\$363.6	\$367.9	\$4.4	1.2%	\$375.8	\$12.2	3.4%

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

*Values are based on estimates made at the time of the Governor's Budget submission and are subject to revision.

DIRECT AID TO LOCAL GOVERNMENT

Payment in Lieu of Taxes (PILOT)

The Payment in Lieu of Taxes (PILOT) program was established in 1986 to reimburse cities and towns for property taxes that would have been due on real property owned by entities that are statutorily exempt from paying taxes. These entities include private nonprofit institution of higher education, nonprofit hospitals, or any state-owned property such as hospitals, veterans' residential facilities, or correctional facilities. The objective is to offset the costs to the community for providing public safety or other municipal services to these properties.

The Governor proposes \$49.2 million in general revenue for the State's PILOT program in FY2024, an increase of \$767,821 from the enacted level.

Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The Governor's

Fiscal Year	PILOT Funding Trends		
	Total Funding	% Change	% Reimbursed
2008	\$27.8	0.0%	27.0%
2009	27.6	-0.7%	25.2%
2010	27.6	-	23.9%
2011	27.6	-	21.1%
2012	33.1	20.0%	23.4%
2013	35.1	6.0%	22.7%
2014	35.1	-	22.0%
2015	40.1	14.2%	25.4%
2016	40.1	-	23.7%
2017	42.0	4.7%	27.0%
2018	45.2	7.7%	27.0%
2019	46.1	2.0%	27.0%
2020	46.1	0.0%	26.7%
2021*	50.7	0.0%	28.8%
2022	46.1	-9.1%	26.0%
2023	48.4	5.0%	27.0%
2024	49.2	1.7%	27.0%

\$ in millions.

* includes additional federal pandemic relief funds

recommendation for FY2024 fully funds the program for FY2024.

Distressed Community Relief

The Distressed Community Relief program was established in 1990 to provide State assistance to communities with the highest property tax burdens relative to the wealth of taxpayers. The Governor recommends \$12.4 million in general revenue for the Distressed Community Relief Fund in FY2024, level with the FY2023 enacted level.

Six communities are eligible to receive funds under the program in FY2024; a reduction of one community from FY2023. Distribution is based upon annually updated data related to the local tax levy and is certified by the Division of Municipal Finance.

When a community is determined to no longer be eligible for the program, it is permitted to receive a transitional amount that is 50.0 percent of its proportional share.

	FY2023	FY2024	
Municipality	Enacted	Governor	Change
Central Falls	\$235,462	\$263,947	\$28,485
Cranston	1,342,778	-	(1,342,778)
North Providence	1,075,446	1,168,448	93,002
Pawtucket	1,651,225	1,799,105	147,880
Providence	6,171,331	7,069,428	898,097
West Warwick	1,063,602	1,167,490	103,888
Woonsocket	844,614	916,041	71,427
Total	\$12,384,458	\$12,384,458	-

The Budget requires that any community classified as “distressed” be mandated to participate in the Division of Taxation’s income tax refund offset program, allowing the Division to recover unpaid State and local taxes and/or fines through an intercept of an individual’s income tax refund. The program assists communities with maximizing their collection of revenue thereby reducing or eliminating their distressed condition. All six communities are currently participating.

Motor Vehicle Excise Tax

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

Article 11 of the FY2018 Budget as Enacted decreased the motor vehicle excise tax each year from FY2018 through FY2023, fully eliminating the tax in FY2024. The tax is reduced over a seven-year period by decreasing tax rate caps and assessment ratios, while raising exemption floors and exempting vehicles that are more than 15 years old. Additionally, to ensure taxpayer relief, the article removed the motor vehicle excise tax from the levy calculation related to the 4.0 percent cap on municipal property tax levy increases.

Additionally, the sales tax escalator calculation, which was in place from the 1998 motor vehicle excise tax phase-out language, was changed. The language previously rounded the changes so that it could significantly and negatively impact the levy reimbursements to cities and towns. Article 11 also changed the rounding of the sales tax received from the nearest tenth of one cent to the nearest thousandth of one cent, reducing the impact of the rounding. The authority to make this calculation shifted from the Director of Administration to the Director of Revenue.

Article 6 of the FY2023 Budget as Enacted advanced the motor vehicle excise tax phase-out by one year in FY2023. All municipalities that began the phase-out in the first year would now have completed the phase-out and would not issue tax bills in FY2023. The article provided a mechanism for East Providence to receive its complete reimbursement based on the city’s unique assessment and taxation timeframe, and provides a method to resolve municipalities’ final levies in FY2023. The Budget includes \$231.0 million in general revenue expenditures in FY2023 to pay for the increased reimbursements.

The following table shows the updated phase-out schedule, estimated aid amounts, and the changes in State aid under the program.

Motor Vehicle Tax Phase-out and Forecast Based on Current Law							
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Current Law							
State Assessment Ratio	95.0%	90.0%	85.0%	80.0%	75.0%		
Rate Cap	\$60.0	\$50.0	\$35.0	\$35.0	\$30.0		
Exemption Amount	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000		
FY2011 Base Phase-out	\$10,000,000	\$10,000,000	\$10,000,000	\$9,912,491	\$10,000,000	\$10,000,000	\$10,000,000
FY2018 Additional Phase-out	\$24,543,927	\$46,281,611	\$80,265,446	\$113,619,337	\$116,520,346	\$220,954,881	\$224,712,307
Total Statewide Aid	\$34,543,927	\$56,281,611	\$90,265,446	\$123,531,828	\$126,520,346	\$230,954,881	\$234,712,307
<i>Additional Aid from Previous FY</i>	<i>\$24,543,927</i>	<i>\$21,737,684</i>	<i>\$33,983,835</i>	<i>\$33,266,382</i>	<i>\$2,988,518</i>	<i>\$104,434,535</i>	<i>\$3,757,426</i>
<i>The total statewide aid for FY2021 is comprised of \$37.7 million in general revenue, \$74.8 million in federal Coronavirus Relief Funds (CRF), and an undistributed adjustment of \$88,443, for a statutorily-prescribed (formula) \$112.5 million. The total does not include the \$11.3 million in additional CRF funds, also distributed by the phase-out formula to municipalities as an enhancement.</i>							

Source: ORA and Division of Municipal Finance

For FY2024, the Budget includes \$234.7 million in total general revenue reimbursement funding for cities and towns, consistent with the current law, \$3.3 million more than the FY2023 enacted level.

State Aid to Libraries

Grant-in-Aid: State aid to libraries is distributed based on the city or town's expenditure level as a percentage of the total expenditures by all communities statewide. In order to be eligible for these funds, cities and towns must maintain their level of support for public library services at 100.0 percent of the previous year's funding from the local tax base. The Budget provides cities and towns with \$11.5 million in total direct library aid in FY2023. This includes a \$1.1 million in funding for the Statewide Reference Library Resource Grant that supports interlibrary services for all municipal libraries. Distribution of direct library aid is based on qualifying data from the statutory reference year. Current law requires reimbursement of 25.0 percent of second prior year expenses, but allows for a ratable reduction if the appropriation is less than this amount. The FY2024 appropriation is funded at 25.0 percent.

Fiscal Year	Library Aid		Total Aid	% Change
	Grant in Aid*	Construction		
2008	\$8.7	\$2.7	\$11.4	-0.4%
2009	8.7	2.6	11.3	-1.0%
2010	8.8	2.7	11.5	1.9%
2011	8.7	2.5	11.2	-2.4%
2012	8.7	2.8	11.5	2.6%
2013	8.7	2.5	11.2	-3.0%
2014	8.7	2.5	11.2	0.3%
2015	8.7	2.3	11.0	-1.8%
2016	8.8	2.7	11.5	4.5%
2017	9.4	2.2	11.6	0.7%
2018	9.4	2.2	11.5	-0.5%
2019	9.3	2.2	11.5	-
2020	9.3	1.9	11.2	-2.4%
2021	9.6	2.7	12.3	9.8%
2022	9.6	2.1	11.7	-4.9%
2023	11.0	1.9	12.9	9.8%
2024	11.5	2.1	13.6	5.8%

\$ in millions

*Inclusive of the Statewide Reference Library Resources Grant

Construction Reimbursement: Rhode Island law grants authority to the Office of Library and Information Services (OLIS) to award grants to a municipality or a free public library for construction or capital improvements. Grants are limited to a maximum of 50.0 percent of the total eligible costs as determined by the Office of Library and Information Services and are paid on an installment basis, based on a community's debt service requirement, for a period of up to 20 years.

For FY2024, the Budget includes \$2.1 million for Library Construction Aid, \$258,881 more than the FY2023 Enacted level. According to OLIS, the increase reflects planned reimbursement costs.

INDIRECT AID TO LOCAL GOVERNMENT**Public Service Corporation Tax**

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations is exempt from local taxation. It is, however, subject to taxation by the State. The State Tax Administrator applies the average assessment ratio and the average tax rate to the value of tangible personal property of each company to calculate the amount of tax due. The “average assessment ratio” is the total assessed valuation divided by the full market value of the valuation. The “average property rate” is the total statewide property levy divided by the total statewide assessed valuation.

The revenue from this tax flows through the State; it is not appropriated. The State is allowed to keep 0.75 percent of the tax for administrative fees. The remainder of the revenue is deposited into a restricted receipt account and apportioned to the cities and towns based on the ratio of each municipality’s population relative to the total population of the State.

Collections from this tax decreased from \$18.0 million in FY2003 to \$9.2 million in FY2009. In 2009, the General Assembly passed legislation freezing the tax rate on telecommunications tangible personal property at a rate equal to or greater than the rate that applied in FY2008. For each year thereafter, the tax rate applied to telecommunications tangible property can be no less than the rate that applied in FY2008.

The FY2024 Budget provides \$13.1 million to be distributed to municipalities on July 30, 2024.

Public Service Corporation		
Fiscal Year	Total Funding	% Change
2008	\$10.3	0.0%
2009	9.2	-11.1%
2010	10.2	10.9%
2011	11.4	11.8%
2012	11.8	3.5%
2013	12.7	7.6%
2014	13.2	3.9%
2015	14.3	8.3%
2016	13.0	-9.0%
2017	13.6	4.2%
2018	13.2	-2.9%
2019	13.3	1.0%
2020	13.3	0.0%
2021	13.2	-0.8%
2022	12.6	-4.5%
2023	13.1	4.0%
2024	13.1	0.0%

\$ in millions

Meals and Beverage Tax

During the 2003 session, the General Assembly enacted a 1.0 percent gross receipt tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The revenue from this tax flows through the State; it is not appropriated. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered.

For FY2023, the Office of Revenue Analysis anticipates \$35.7 million in collections, increasing to \$37.7 million in FY2024.

Meals & Beverage Tax		
Fiscal Year	Total Funding	% Change
2015	\$23.9	7.0%
2016	25.7	7.5%
2017	26.3	2.5%
2018	28.9	9.7%
2019	28.3	-2.1%
2020	26.2	-7.6%
2021	24.2	-7.3%
2022	32.4	33.8%
2023	35.7	10.1%
2024	37.7	5.5%

\$ in millions

Hotel Tax

The State levies a 5.0 percent gross receipts tax on charges for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised, or held out to the public to be a space where living quarters are supplied for pay for transient use (30 days or less). This tax is collected by the hotel and remitted to the Division of Taxation on a monthly basis.

This tax is in addition to all other taxes and fees currently imposed. The Division of Taxation collects the tax and is responsible for distribution, except for the City of Newport, which is authorized to collect and disburse taxes from all hotels physically located in the City. 25.0 percent of the revenue from the 5.0 percent hotel tax is distributed to the city or town where the hotel which generated the tax is physically located.

Hotel Tax Distribution		
Fiscal Year	Total Distribution	Change
2015	\$17.2	9.7%
2016	19.4	12.5%
2017	19.6	1.2%
2018	21.5	-0.7%
2019	21.7	0.7%
2020	17.7	-18.4%
2021	5.4	-69.6%
2022	11.8	119.5%
2023	13.8	16.6%
2024	14.0	1.8%
\$ in millions		

The FY2016 Budget as Enacted expanded the hotel tax to include vacation home rentals, small bed and breakfasts, hotel room resellers, and unlicensed lodging rentals (such as those listed on the Airbnb.com website).

The Budget includes \$13.8 million in hotel tax distribution in FY 2023 and \$14.0 million in FY2024. The significant decrease in hotel tax collections from FY2020 to FY2021 (69.6 percent) is related to the impact of pandemic restrictions on travel.

OTHER AID TO LOCAL GOVERNMENT

Warwick Rental Car Tax Revenue

The RI Airport Corporation levies a customer service charge (CSC) of \$5.00 per day for all vehicle rentals from companies operating at T.F. Green Airport in Warwick. Revenues from the CSC are to be used to pay for the construction, expansion, reconfiguration, operation and maintenance of the Warwick Intermodal Transit Station. The CSC is applied prior to the application of the sales tax and rental vehicle surcharge. Since 2003, per RIGL 1-2-17.1, all sales taxes (7.0 percent) and rental vehicle surcharges (6.0 percent) collected from the application of the CSC have been deposited into a restricted receipt account for the City of Warwick. The Budget includes \$950,807 in CSC payments to the City in FY2023 and \$967,786 in FY2024.

Airport Impact Aid

The Budget provides \$1.0 million in funding for the Airport Impact Aid program in FY2024. The Airport Impact Aid program provides State aid funds to municipalities which host airports. Under current law, the aid is distributed according to a statutory formula that provides 60.0 percent of the first \$1.0 million, or \$600,000, for communities with airports serving more than 1.0 million passengers per year. T.F. Green in Warwick is the only airport in the State that meets this threshold. The remaining 40.0 percent is distributed to communities based on each airport's share of total landings in a calendar year, including T.F. Green. Under current law, no community that hosts an airport can receive less than \$25,000.

The following table shows the distribution of Airport Impact Aid for FY2024:

Airport	FY2023	FY2024	Change
Warwick T.F. Green	\$742,618	\$742,618	-
Block Island	47,267	47,267	-
Middletown - Newport Airport	35,601	35,601	-
North Central - Smithfield	25,000	25,000	-
North Central - Lincoln	25,000	25,000	-
North Kingstown - Quonset	64,642	64,642	-
Westerly	59,974	59,974	-
Total	\$1,000,102	\$1,000,102	-

** Airport Impact Aid is based on Calendar Year 2021 landing data that was made available in May 2022. Final FY2023 distribution amounts will be adjusted based upon updated data in May 2023.*

Property Revaluation Reimbursement

In 1997, the General Assembly enacted legislation requiring municipalities to conduct full property revaluations every nine years and statistical updates at year 3 and year 6. Communities are responsible for appropriating funds to cover the costs of full property revaluations; however, the State reimbursed municipalities for 100.0 percent of the first statistical update. Reimbursements for subsequent updates were set at 80.0 percent (up to \$16 per parcel) for the second statistical update and 60.0 percent (up to \$12 per parcel) for the third and subsequent statistical revaluations. The Governor recommends \$906,329 in general revenue for the Property Revaluation program in FY2024, reflecting an increase of \$491,382 relative to the FY2023 enacted level. The change is based on an increase in anticipated reimbursements, which are required by law. The following communities will be reimbursed for statistical updates in FY2024:

Property Revaluation Program

Fiscal Year	Total Distribution	Change
2015	\$0.6	-96.2%
2016	1.4	133.3%
2017	0.6	-57.1%
2018	0.9	-43.8%
2019	1.6	77.8%
2020	0.5	-68.8%
2021	1.1	120.0%
2022	1.5	36.4%
2023	0.4	-72.3%
2024	0.9	118.4%

\$ in millions

Bristol, Burrillville, Jamestown, Lincoln, Little Compton, North Kingstown, North Smithfield, Providence, Scituate, Smithfield, South Kingstown, Westerly, and West Warwick. Full revaluations will occur in East Providence and Warwick.

Municipal Road and Bridge Fund

The FY2014 Budget as Enacted transferred \$7.0 million of bond premium proceeds derived from the sale of 2013 general obligation bonds from Rhode Island Capital Plan (RICAP) funds to capitalize a Municipal Road and Bridge Revolving Fund. The FY2014 Revised Budget increased this amount by \$3.3 million, for a total of \$10.3 million. The FY2015 Budget included an additional \$5.0 million in funding made available from the sale of Tobacco Settlement Bonds, and the Clean Water Finance Agency (now the Rhode Island Infrastructure Bank) contributed \$3.5 million to the program from its board-designated administrative fund in FY2015. The Budget does not include any additional funding for the Municipal Road and Bridge Fund in FY2024.

These funds are available for municipalities to borrow for road and bridge projects. Loans began in FY2014, and future capitalizations, combined with the revolved funds, allow State-sponsored financing on an ongoing basis. This fund is administered by the Rhode Island Infrastructure Bank (RIIB). Applications are submitted to the Rhode Island Department of Transportation (RIDOT), based on regulations developed by RIDOT. RIDOT developed a project priority list based on 6 criteria:

- The extent to which the project generates economic benefits.
- The extent to which the project would be able to proceed at an earlier date.

- The likelihood the project will provide mobility benefits.
- The cost effectiveness of the project.
- The likelihood that the project will increase safety.
- The readiness of the project to proceed during the next calendar year.

Municipal Road and Bridge Fund					
Borrower	Program Year	Amount Requested	Amount Borrowed	Loan Outstanding	Credit Limit Remaining
East Providence	2014	\$1,215,000	\$1,215,000	\$520,000	-
Newport	2014	4,000,000	1,500,000	627,000	-
Warwick	2014	1,600,000	1,600,000	1,065,541	131,459
Burrillville	2014	680,000	680,000	335,452	4,548
New Shoreham	2014	255,000	255,000	131,802	29,198
Westerly *	2014	625,000	225,000	-	-
Pawtucket	2014	7,000,000	3,500,000	2,638,000	-
Cumberland	2014	560,000	560,000	373,550	45,450
Coventry	2014	340,000	340,000	144,000	-
West Warwick	2015	150,515	150,515	69,515	-
Bristol	2015	500,000	500,000	364,000	-
Hopkinton	2015	253,000	253,000	48,104	-
Pawtucket	2015	5,000,000	5,000,000	3,912,000	-
East Greenwich	2015	2,000,000	2,000,000	925,000	-
Coventry	2015	900,000	900,000	607,000	-
Bristol	2016	1,175,000	1,175,000	927,000	-
Cranston	2016	1,755,000	1,755,000	1,436,000	-
New Shoreham	2016	296,000	296,000	241,000	-
Pawtucket	2016	3,000,000	3,000,000	2,467,000	-
East Greenwich	2017	5,000,000	5,000,000	4,111,407	214,593
Pawtucket	2017	3,000,000	3,000,000	2,603,000	-
New Shoreham	2018	449,000	449,000	392,000	-
Providence Public Building Authority	2018	10,000,000	10,000,000	8,767,000	-
Pawtucket	2018	2,000,000	2,000,000	1,830,000	-
Middletown	2018	5,000,000	5,000,000	3,957,307	609,693
Barrington	2019	3,500,000	3,500,000	1,247,452	1,902,548
Warren	2019	2,500,000	2,000,000	(11,000)	2,000,000
Westerly	2019	15,000,000	15,000,000	6,598,422	7,894,578
Central Falls	2019	1,500,000	1,500,000	1,100,025	335,975
Pawtucket	2019	2,000,000	2,000,000	1,835,000	-
Providence Public Building Authority	2020	20,000,000	20,000,000	1,441,658	18,558,342
Cumberland	2020	2,500,000	2,500,000	1,456,356	934,644
Warwick	2020	3,000,000	3,000,000	(246,000)	2,963,000
Warwick	2020	7,000,000	7,000,000	3,841,489	2,501,511
Total		\$113,753,515	\$106,853,515	\$55,756,080	\$38,125,539

*\$400,000 turned back by Westerly

OTHER MUNICIPAL ISSUES

Tax Stabilization Incentive

Article 19 of the FY2016 Budget as Enacted created the Tax Stabilization Incentive program whereby municipalities can apply to the Rhode Island Commerce Corporation for partial reimbursement of personal

and/or real estate tax revenue forgone due to the granting of a tax stabilization agreement by that community for a qualified construction or rehabilitation project. The Corporation provides a partial reimbursement of no more than 10.0 percent of the property tax revenue that would have otherwise been collected.

Under this program, a community can grant a stabilization agreement for the rehabilitation of an existing structure where the total cost of the development budget exceeds 50.0 percent of the adjusted basis of the property (original cost of the property reduced by depreciation deductions and increased by capital expenditures), or for a new construction project that begins within twelve months of the approval of the tax stabilization agreement and is completed within 36 months. The qualifying property must be used or intended to be used for offices, commercial enterprises, or residential purposes. The terms of the stabilization agreements must be for a minimum of twelve years and reimbursements cease upon termination of the underlying tax stabilization agreement or upon exhaustion of funds appropriated to the reimbursement fund.

Article 17 of the FY2017 Budget modified the Tax Stabilization Agreement incentive program to allow the Commerce Corporation to reimburse municipalities up to 50.0 percent of foregone revenue for up to five projects statewide in any given year. The current reimbursement rate is 10.0 percent. The city or town council of any qualifying community must pass a resolution designating a qualifying project as the most important project to the municipality's economic development for that fiscal year. Designated "Hope Communities" may select two projects for potential qualification annually. The total amount of funding to be awarded is subject to general revenue appropriation.

Since FY2016, the Commerce Corporation has provided \$2.1 million in tax stabilization incentives in support of four projects:

Project	Municipality	Board Approval	Board Approval
		Date	Amount
Residence Inn	Providence	2/22/2016	\$246,597
Immunex RI	West Greenwich	4/10/2018	179,829
Rubius Therapeutics	Smithfield	6/28/2018	180,000
Blue Water Property, LLC	Johnston	9/27/2021	1,538,927
Total			\$2,145,353

Source: RI Commerce Corporation

FY2024- Direct Municipal Aid to Cities and Towns

Municipality	FY2023 Enacted	Distressed			Library Grant-in-Aid ⁴	Governor's FY2024	Change from
		Payment in Lieu of Taxes	Communities Relief Fund	Motor Vehicle Excise Tax			FY2023 Enacted
Barrington	\$6,240,700	\$18,606	-	\$5,894,822	\$379,347	\$6,292,775	\$52,075
Bristol	4,534,938	1,305,958	-	2,905,818	206,100	4,417,875	(117,064)
Burrillville	5,361,277	59,483	-	5,053,933	224,266	5,337,682	(23,596)
Central Falls	2,350,082	-	263,947	2,077,974	36,917	2,378,839	28,757
Charlestown	1,085,273	-	-	1,020,877	64,266	1,085,143	(130)
Coventry	6,096,797	-	-	5,872,396	251,550	6,123,945	27,148
Cranston	29,440,805	4,029,628	-	22,312,247	797,557	27,139,431	(2,301,374)
Cumberland	6,411,068	-	-	6,073,469	353,926	6,427,395	16,328
East Greenwich	3,326,928	804,431	-	2,417,332	149,839	3,371,602	44,674
East Providence	7,997,414	286,708	-	11,433,479	445,181	12,165,367	4,167,953
Exeter	2,298,694	-	-	2,241,381	56,782	2,298,163	(531)
Foster	1,691,712	-	-	1,652,251	41,835	1,694,087	2,375
Glocester	2,477,279	-	-	2,381,941	95,338	2,477,279	-
Hopkinton	1,671,398	-	-	1,629,259	44,300	1,673,559	2,161
Jamestown	751,594	-	-	622,793	120,781	743,574	(8,019)
Johnston	10,514,625	-	-	10,382,785	133,453	10,516,238	1,613
Lincoln	5,917,375	-	-	5,683,015	259,616	5,942,631	25,256
Little Compton	410,492	-	-	366,775	42,594	409,369	(1,123)
Middletown	2,144,665	-	-	1,976,448	180,903	2,157,351	12,686
Narragansett	1,807,362	-	-	1,831,251	210,276	2,041,527	234,165
Newport	4,398,912	1,739,666	-	2,223,671	486,394	4,449,731	50,819
New Shoreham	260,580	-	-	163,298	108,269	271,567	10,987
North Kingstown	5,725,344	50	-	5,378,818	353,799	5,732,666	7,322
North Providence	10,935,636	-	1,168,448	9,619,286	246,714	11,034,448	98,812
North Smithfield	4,493,854	-	-	4,398,531	95,325	4,493,856	2
Pawtucket	18,535,211	3,061	1,799,105	16,495,506	474,735	18,772,406	237,195
Portsmouth	2,546,430	-	-	2,414,242	134,841	2,549,083	2,652
Providence	77,591,924	37,514,510	7,069,428	34,131,596	1,551,521	80,267,055	2,675,130
Richmond	1,479,884	-	-	1,448,455	32,206	1,480,661	777
Scituate	2,107,036	-	-	1,977,127	133,807	2,110,934	3,898
Smithfield	8,373,559	1,170,041	-	7,098,694	363,925	8,632,660	259,101
South Kingstown	4,409,542	187,050	-	3,930,455	258,400	4,375,906	(33,636)
Tiverton	1,856,745	-	-	1,748,175	147,750	1,895,925	39,180
Warren	2,167,590	-	-	2,090,911	73,963	2,164,873	(2,717)
Warwick	27,559,761	1,578,435	-	25,246,254	778,781	27,603,470	43,709
Westerly	6,374,157	152,031	-	5,765,523	441,250	6,358,803	(15,354)
West Greenwich	1,388,010	-	-	1,331,725	61,668	1,393,393	5,383
West Warwick	6,940,792	-	1,167,490	5,673,744	201,979	7,043,212	102,420
Woonsocket	10,868,198	351,755	916,041	9,324,776	240,870	10,833,442	(34,755)
SRL ¹	1,101,101	-	-	-	1,123,123	1,123,123	22,022
ILG ²	62,609	-	-	-	71,172	71,172	8,563
MVET Adjustment ³	421,271	-	-	-	-	-	-
Fire Districts	635,357	-	-	421,271	-	421,271	(214,086)
Total	\$304,623,653	\$49,201,412	\$12,384,458	\$234,712,302	\$13,593,868	\$309,892,039	\$5,268,387

¹SRL: Statewide Reference Library Resources Grant²ILG: Grant-in-Aid to Institutional Libraries³Up to \$500,000 in total to be provided as a supplemental payment per proposed RIGL 44-34.1-5 for municipalities and fire districts that would have had a motor vehicle levy above their FY 2018 Baseline in FY 23 and that also budgeted for this additional revenue, subject to review and certification by the Department of Revenue.⁴Total Library Grant-in-Aid includes \$2.1 million in Library Construction Aid

FY2023 Direct Municipal Aid to Cities and Towns

Municipality	FY2023 Enacted	Payment in Lieu of Taxes	Distressed Communities		Motor Vehicle Excise Tax ³	Library Grant-in-Aid	FY2023 Governor	Change from FY2023 Enacted
			Relief Fund					
Barrington	\$6,240,700	\$18,133			5,894,822	\$327,745	\$6,240,700	\$0
Bristol	4,534,938	1,408,285			2,905,818	220,836	4,534,938	-
Burrillville	5,361,277	105,242			5,053,933	202,102	5,361,277	-
Central Falls	2,350,082		235,462		2,077,974	36,645	2,350,082	-
Charlestown	1,085,273				1,020,877	64,396	1,085,273	-
Coventry	6,096,797				5,872,396	224,402	6,096,797	-
Cranston	29,440,805	5,004,163	1,342,778		22,312,247	781,617	29,440,805	-
Cumberland	6,411,068				6,073,469	337,599	6,411,068	-
East Greenwich	3,326,928	774,131			2,417,332	135,464	3,326,928	-
East Providence	7,997,414	282,016			7,203,608	513,132	7,998,755	1,342
Exeter	2,298,694				2,241,381	57,313	2,298,694	-
Foster	1,691,712				1,652,251	39,461	1,691,712	-
Glocester	2,477,279				2,381,941	95,338	2,477,279	-
Hopkinton	1,671,398				1,629,259	42,139	1,671,398	-
Jamestown	751,594				622,793	128,801	751,594	-
Johnston	10,514,625				10,382,785	131,840	10,514,625	-
Lincoln	5,917,375				5,683,015	234,360	5,917,375	-
Little Compton	410,492				366,775	43,716	410,492	-
Middletown	2,144,665				1,976,448	168,217	2,144,665	-
Narragansett	1,807,362				1,831,251	100,000	1,931,251	123,889
Newport	4,398,912	1,688,961			2,223,671	486,280	4,398,912	-
New Shoreham	260,580				163,298	97,282	260,580	-
North Kingstown	5,725,344	1,149			5,378,818	345,378	5,725,344	-
North Providence	10,935,636		1,075,446		9,619,286	240,904	10,935,636	-
North Smithfield	4,493,854				4,398,531	95,323	4,493,854	-
Pawtucket	18,535,211	3,061	1,651,225		16,495,506	385,419	18,535,211	-
Portsmouth	2,546,430				2,414,242	132,188	2,546,430	-
Providence	77,591,924	35,772,362	6,171,331		34,131,596	1,516,635	77,591,924	-
Richmond	1,479,884				1,448,455	31,429	1,479,884	-
Scituate	2,107,036				1,977,127	129,909	2,107,036	-
Smithfield	8,373,559	910,957			7,098,694	363,908	8,373,559	-
South Kingstown	4,409,542	217,065			3,930,455	262,022	4,409,542	-
Tiverton	1,856,745				1,748,175	146,250	1,894,425	37,680
Warren	2,167,590				2,090,911	76,680	2,167,590	-
Warwick	27,559,761	1,578,435			25,246,254	735,072	27,559,761	-
Westerly	6,374,157	197,328			5,765,523	411,306	6,374,156	-
West Greenwich	1,388,010				1,331,725	56,285	1,388,010	-
West Warwick	6,940,792		1,063,602		5,673,744	203,446	6,940,792	-
Woonsocket	10,868,198	472,304	844,614		9,324,776	226,504	10,868,197	-
SRL ¹	1,101,101	-	-		-	1,101,101	1,101,101	-
ILG ²	1,922,282	-	-		-	1,922,282	1,922,282	-
MVET Adjustment ⁴	421,271	-	-		135,357	-	135,357	(285,914)
Fire Districts	635,357	-	-		421,271	-	421,271	(214,086)
Total	\$304,623,653	\$48,433,591	\$12,384,458		\$230,617,792	\$12,850,722	\$304,286,563	(\$337,090)

¹ SRL: Statewide Reference Library Resources Grant² ILG: Grant-in-Aid to Institutional Libraries. Includes \$1.9 million in Library Construction Aid
Total Library Construction Aid FY2023 is \$1.9 million³ Combines MVET Phase-Out Reimbursement and Original Base Reimbursement⁴ Up to \$500,000 in total to be provided as a supplemental payment per proposed R.I. Gen. Laws § 44-34.1-5 for municipalities and fire districts that would have had a motor vehicle levy above their FY 2018 Baseline in FY 23 and that also budgeted for this additional revenue, subject to review and certification by the Department of Revenue.

FY2024- Indirect Municipal Aid to Cities and Towns

Municipality	FY2023 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	Governor's FY2024	Change from FY2023 Enacted
Barrington	\$411,247	\$199,439	\$5,161	\$191,552	-	396,153	(\$15,094)
Bristol	923,004	273,410	98,866	646,702	-	1,018,978	95,974
Burrillville	448,604	206,687	278	270,157	-	477,122	28,518
Central Falls	407,725	240,792	508	205,268	-	446,567	38,842
Charlestown	376,425	97,025	91,961	225,535	-	414,521	38,096
Coventry	1,084,207	430,457	127,526	612,878	-	1,170,861	86,654
Cranston	3,410,325	1,006,575	53,344	2,676,606	-	3,736,525	326,200
Cumberland	1,049,801	433,343	1,068	706,596	-	1,141,007	91,206
East Greenwich	1,017,849	162,262	3,830	941,538	-	1,107,631	89,782
East Providence	1,925,658	587,726	90,672	1,398,079	-	2,076,477	150,819
Exeter	218,865	83,138	479	154,616	-	238,233	19,368
Foster	83,569	58,498	2,086	26,624	-	87,208	3,639
Glocester	225,001	126,386	4,826	107,452	-	238,663	13,662
Hopkinton	165,699	100,469	3,127	70,685	-	174,281	8,582
Jamestown	209,067	68,061	54,506	102,829	-	225,397	16,330
Johnston	1,221,048	363,300	14,257	991,132	-	1,368,689	147,641
Lincoln	1,328,131	269,979	173,927	979,564	25,000	1,448,469	120,338
Little Compton	143,404	43,310	38,763	69,776	-	151,848	8,444
Middletown	2,410,544	197,990	1,545,749	1,041,251	35,601	2,820,590	410,046
Narragansett	1,330,835	191,412	400,791	919,239	-	1,511,442	180,607
Newport	6,173,869	305,954	3,781,685	3,285,057	-	7,372,696	1,198,827
New Shoreham	1,214,466	10,790	855,114	537,747	47,267	1,450,918	236,452
North Kingstown	1,253,898	325,676	166,894	849,110	64,642	1,406,322	152,424
North Providence	908,767	403,017	4,963	591,602	-	999,581	90,814
North Smithfield	542,956	154,581	5,313	441,066	-	600,960	58,004
Pawtucket	2,139,574	889,741	127,036	1,319,962	-	2,336,739	197,165
Portsmouth	575,442	214,714	36,613	391,133	-	642,461	67,019
Providence	11,158,331	2,223,355	2,503,041	7,609,925	-	12,336,322	1,177,991
Richmond	285,480	95,675	23,963	200,029	-	319,667	34,187
Scituate	219,892	132,171	10,222	92,626	-	235,019	15,127
Smithfield	1,471,923	269,260	233,246	1,136,445	25,000	1,663,951	192,028
South Kingstown	1,719,047	379,714	314,814	1,228,189	-	1,922,717	203,670
Tiverton	547,377	194,868	22,497	401,895	-	619,259	71,882
Warren	520,680	129,780	2,802	458,360	-	590,942	70,262
Warwick	6,625,637	1,003,986	1,506,307	4,005,004	742,618	7,257,915	632,278
Westerly	2,435,166	278,749	1,267,553	1,269,701	59,974	2,875,978	440,812
West Greenwich	372,159	78,009	167,939	169,681	-	415,629	43,470
West Warwick	1,002,051	358,481	183,496	552,204	-	1,094,181	92,130
Woonsocket	1,268,489	515,552	77,883	787,809	-	1,381,245	112,756
Total	\$58,826,212	\$13,104,333	\$14,003,106	\$37,665,625	\$1,000,102	\$65,773,166	\$6,946,954

¹ Airport Impact Aid is based on Calendar Year 2021 landing data that was made available in May 2022. Final FY2024 distribution amounts will be adjusted based upon updated data in May 2023.

FY2023 - Indirect Municipal Aid to Cities and Towns

Municipality	FY2023 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	FY2023 Governor	Change to Enacted
Barrington	\$411,247	\$199,439	\$4,768	\$181,559	-	385,766	(\$25,481)
Bristol	923,004	273,410	96,880	612,963	-	983,253	60,249
Burrillville	448,604	206,687	257	256,063	-	463,007	14,403
Central Falls	407,725	240,792	469	194,559	-	435,820	28,095
Charlestown	376,425	97,025	86,232	213,768	-	397,025	20,600
Coventry	1,084,207	430,457	126,066	580,904	-	1,137,427	53,220
Cranston	3,410,325	1,006,575	52,302	2,536,967	-	3,595,845	185,520
Cumberland	1,049,801	433,343	987	669,733	-	1,104,063	54,262
East Greenwich	1,017,849	162,262	3,594	892,418	-	1,058,274	40,425
East Providence	1,925,658	587,726	89,205	1,325,140	-	2,002,072	76,414
Exeter	218,865	83,138	442	146,550	-	230,130	11,265
Foster	83,569	58,498	2,053	25,235	-	85,786	2,217
Glocester	225,001	126,386	4,732	101,846	-	232,964	7,963
Hopkinton	165,699	100,469	2,973	66,997	-	170,440	4,741
Jamestown	209,067	68,061	50,996	97,464	-	216,521	7,454
Johnston	1,221,048	363,300	14,068	939,424	-	1,316,792	95,744
Lincoln	1,328,131	269,979	172,131	928,460	25,000	1,395,570	67,439
Little Compton	143,404	43,310	36,714	66,136	-	146,159	2,755
Middletown	2,410,544	197,990	1,522,511	986,928	35,601	2,743,031	332,487
Narragansett	1,330,835	191,412	383,109	871,282	-	1,445,803	114,968
Newport	6,173,869	305,954	3,724,083	3,113,674	-	7,143,712	969,843
New Shoreham	1,214,466	10,790	825,105	509,693	47,267	1,392,855	178,389
North Kingstown	1,253,898	325,676	162,516	804,811	64,642	1,357,646	103,748
North Providence	908,767	403,017	4,584	560,737	-	968,339	59,572
North Smithfield	542,956	154,581	5,229	418,056	-	577,866	34,910
Pawtucket	2,139,574	889,741	125,349	1,251,099	-	2,266,189	126,615
Portsmouth	575,442	214,714	34,725	370,728	-	620,167	44,725
Providence	11,158,331	2,223,355	2,466,498	7,212,914	-	11,902,767	744,436
Richmond	285,480	95,675	23,059	189,594	-	308,327	22,847
Scituate	219,892	132,171	10,079	87,794	-	230,044	10,152
Smithfield	1,471,923	269,260	230,731	1,077,156	25,000	1,602,147	130,224
South Kingstown	1,719,047	379,714	307,426	1,164,114	-	1,851,254	132,207
Tiverton	547,377	194,868	21,438	380,928	-	597,234	49,857
Warren	520,680	129,780	2,589	434,447	-	566,816	46,136
Warwick	6,625,637	1,003,986	1,488,066	3,796,062	742,618	7,030,731	405,094
Westerly	2,435,166	278,749	1,246,976	1,203,461	59,974	2,789,160	353,994
West Greenwich	372,159	78,009	166,157	160,829	-	404,995	32,836
West Warwick	1,002,051	358,481	181,490	523,396	-	1,063,366	61,315
Woonsocket	1,268,489	515,552	76,923	746,709	-	1,339,184	70,695
Total	\$58,826,212	\$13,104,334	\$13,753,515	\$35,700,599	\$1,000,102	\$63,558,546	\$4,732,334

¹ Airport Impact Aid is based on Calendar Year 2021 landing data that was made available in May 2022. Final FY2023 distribution amounts will be adjusted based upon updated data in May 2023.

Education Aid

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, the distribution of state funds changes annually based on shifts in enrollment. This formula applies to all public schools, charter schools, the Davies Career and Technical School, and the Metropolitan Career and Technical Center. The Act does not change the funding methodology for the School for the Deaf, since it is an education program that already has a state, federal, and local share.

Beginning in FY2012, the formula established a per-pupil spending amount and allocated this funding based on student enrollment, adjusting for poverty (as measured by the number of families whose income is below 185.0 percent of the federal poverty guidelines). The formula also adjusts for local revenue generating capacity and overall poverty level, as well as the concentration of children living in poverty.

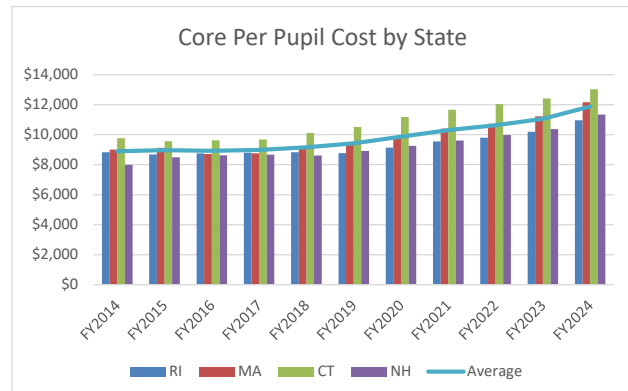
The Act included a multi-year transition plan to ease districts into the new formula, allowing time for school districts and municipal governments to adjust for gains or losses in education aid. The plan provided a transition period of ten years from the formula implementation in FY2012 for those districts projected to receive less school aid than they did in the previous year, and seven years for those districts projected to receive more. FY2021 was the final year of the transition plan.

In FY2024, the formula aid to the districts, charter schools, and state schools increases by \$24.9 million to fully fund the formula. An additional increase of \$33.2 million is provided through categorical aid, including support for homeless students, as well as districts experiencing enrollment decline through charter school migration or other shifts.

HOW THE FORMULA WORKS

Step 1 - Student Enrollment: Student enrollment is based on resident average daily membership (RADM), which refers to the average number of students who are residents of the community and were enrolled in the school district during the prior school year. The Budget is based on enrollment data as of March 2022, adjusted for projected charter school enrollments, and will be adjusted once the March 2023 data is available.

Step 2 - Core Instruction Amount: The core instruction amount provides a base level of funding per pupil (\$11,876 in FY2024, a 7.5 percent increase from the FY2023 Budget as Enacted). It is derived from the average of northeast regional expenditure data from Rhode Island, Massachusetts, Connecticut and New Hampshire, as published by the National Center for Education Statistics (NCES).



Step 3 - High Need Student Weight (42.0 percent):

The Act includes a single factor to adjust the core instruction amount to address the effects of poverty and other factors influencing educational need. Through Article 8, the student success factor, also referred to as the high need student weight, increases from 40.0 percent to 42.0 percent. The weight provides an additional \$4,988 ($\$11,876 \times 0.42 = \$4,988$) for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines. The increase to 42.0 percent provides an additional \$238 per high-need student.

The statute requires that the weight be applied to each child whose family income is at or below 185.0 percent of the federal poverty guidelines. Traditionally, these students were tracked primarily through

eligibility for the federal free and reduced lunch program (FRLP); however, Article 10 of the FY2023 Budget as Enacted required the Department of Elementary and Secondary Education (Department) to submit, as part of its FY2024 budget request, a poverty measure that does not rely on the administration of the school lunch programs. The Governor recommends using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP). The counts from this data source are then multiplied by a factor of 1.6, as recommended by the United State Department of Agriculture (USDA) and the US Department of Education for the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010.

According to the Office of Management and Budget (OMB), “extensive research was conducted” to determine the new poverty measure, including the experiences of other states. Several criteria were considered including “comparable eligibility requirement to the FRLP, timeliness, and data quality. Furthermore, data sharing agreements with DHS [Department of Human Services] related to the use of direct certification were already in existence.” Based on the review, it was determined that “direct certification would result in a reliable calculation of education aid while minimizing administrative burden.”

According to the US Department of Education, the “function of the 1.6 multiplier is to provide an estimate of the percentage of students eligible for free and reduced-price meals in participating CEP schools, groups of schools, or LEAs that is comparable to the poverty percentage that would be obtained in a non-CEP school. The number of students directly certified is a subset of the total number of students eligible for free and reduced-price meals. Using only the number of identified students would result in lower poverty percentages for CEP schools or LEAs.” (see page 4 of Guidance for The Community Eligibility Provision). Communities participating in the CEP agree not to collect FRLP forms.

Step 4 - Total Foundation Budget: The total foundation budget for each school district is calculated by adding the product of the total core instruction amount and the total student success factor weight.

$$\text{Total Foundation Budget} = (\$11,876 \times \text{RADM}) + (0.42 \times \$11,876 \times \text{students in poverty})$$

Step 5 - State Share Ratio: The Education Adequacy Act creates a share ratio by adding a wealth measure, based on the concentration of children living in poverty, to the single equalized weighted assessed valuation (EWAV) previously used to determine a district’s ability to pay for the cost of education. In FY2024, the Governor uses the direct certification data discussed under the SSF above to measure the percentage of Pre-Kindergarten through sixth grade students living in poverty, instead of the free and reduced-lunch data used traditionally.

The total foundation budget equals the student enrollment and the high-need student weight of the district multiplied by the core instruction amount. The State’s share of the total foundation budget is the state share ratio calculated as follows:

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{SSRC^2 + \%PK - 6\text{poverty}^2}{2}}$$

By squaring each factor, the formula amplifies the greater of the two variables. Consequently, school districts with less capacity to raise revenue than the State as a whole and a higher concentration of child poverty look relatively poorer, while districts with a higher capacity to raise revenue and lower concentrations of poverty look relatively wealthier. Those poorer districts with the higher SSR will receive a greater portion of the calculated education costs as state aid than the wealthier districts.

The EWAV share ratio is based on each community’s total assessed property value and median family income, relative to districts across the State. The total community property value includes motor vehicles,

personal property and State payments in lieu of taxes. These values are brought to full market value based on market experience and then adjusted by the median family income. The higher the EWAV share ratio, the less capacity the community has relative to the rest of the state for generating locally derived revenue to support schools and the more state aid the community will receive. While similar to the share ratio used in the school construction formula to determine the state’s share of debt service obligations, the Education Adequacy Act adjusted the EWAV calculation to increase the State share of total education budget.

The distribution includes an update to the median family income (MFI) component of the EWAV based on the socio-economic data from the American Community Survey (ACS) provided by the United States Census Bureau. The index used to adjust for MFI is the ratio of the median family income of the municipality relative to the median family income statewide as reported in the American Community Survey (ACS) provided by the United States Census Bureau.

Step 6 - State Share of Foundation Budget: The State’s share of the total foundation budget equals the state share ratio, discussed above, times the total foundation budget. Unlike many foundation formulas, the statute neither requires a minimum nor sets a maximum local spending level beyond the limits in the maintenance of effort requirements found in RIGL 16-7-23 and 16-7-23.1. Nonetheless, a municipality is responsible, to some degree, for the difference between the state share and the total foundation amount.

TABLE

The table on the following page provides a step-by-step calculation of each district’s recommended formula distribution for FY2024.

FY2024 Education Aid Calculator - Governor¹

Districts	A	Direct Cert x Factor (1.6) RADM		B	Core Instruction Funding (C = \$11,876)		Student Success Factor Funding (F = 0.42*\$11,876 = \$4,988)		D=G+H	% Direct Cert (1.6 factor; CF=91%)		State Share Ratio	State Share of Foundation Budget	FY2023 Enacted (excludes group home and categories)	Change in State Funding
		Direct Cert	March 2022 adjusted for 2022-23 and 2023-24 PSOC		A*C=D	B*F=G	PK6	EWAV		I	H*I=J				
Barrington	3,352	114	182		\$39,808,352		\$909,797		\$40,718,149	6.7%	35.0%	25.2%	\$10,260,206	\$8,549,881	\$1,710,325
Burrillville	2,098	343	517		24,915,848		2,737,370		27,653,218	32.5%	59.7%	48.1%	13,291,306	14,202,416	(911,110)
Charlestown	732	73	117		8,693,232		582,589		9,275,821	21.4%	-	15.1%	1,403,625	1,341,690	61,935
Coventry	4,330	606	970		51,423,080		4,836,287		56,259,367	24.2%	60.3%	45.9%	25,847,889	24,970,883	877,006
Cranston	9,948	2,082	3,331		118,142,448		16,615,759		134,758,207	39.3%	64.7%	53.5%	72,133,917	70,899,984	1,233,933
Cumberland	4,619	484	774		54,855,244		3,862,645		58,717,889	20.6%	53.5%	40.5%	23,802,881	22,111,359	1,691,522
East Greenwich	2,546	103	165		30,236,296		822,009		31,058,305	7.9%	23.2%	17.3%	5,382,369	4,603,416	778,953
East Providence	4,949	1,278	2,045		58,774,324		10,199,299		68,973,623	42.8%	58.7%	51.4%	35,430,999	37,474,787	(2,043,788)
Foster	214	42	67		2,541,464		335,188		2,876,652	30.0%	48.5%	40.3%	1,160,017	1,114,963	45,054
Glocester	556	41	66		6,603,056		327,208		6,930,264	12.2%	54.7%	39.6%	2,746,401	2,525,892	220,509
Hopkinton	1,114	153	245		13,229,864		1,221,043		14,450,907	25.7%	56.9%	44.1%	6,379,793	5,826,031	553,762
Jamestown	617	26	42		7,327,492		207,497		7,534,989	6.4%	-	4.5%	340,995	303,378	37,617
Johnston	3,199	709	1,134		37,991,324		5,658,296		43,649,620	41.2%	55.2%	48.7%	21,259,830	20,222,498	1,037,332
Lincoln	3,238	470	752		38,454,488		3,750,916		42,205,404	25.9%	49.1%	39.3%	16,566,952	16,848,216	(281,264)
Little Compton	281	20	32		3,337,156		159,613		3,496,769	11.2%	-	7.9%	276,930	448,877	(171,947)
Middletown	2,087	292	467		24,785,212		2,330,356		27,115,568	24.4%	28.2%	26.4%	7,149,980	8,437,018	(1,287,038)
Narragansett	1,118	110	176		13,277,368		877,874		14,155,242	21.4%	-	15.1%	2,141,983	2,263,400	(121,417)
Newport	1,926	767	1,227		22,873,176		6,121,175		28,994,351	72.3%	-	51.1%	14,823,020	15,485,382	(662,362)
New Shoreham	129	6	10		1,532,004		47,884		1,579,888	8.8%	-	6.2%	98,309	219,323	(121,014)
North Kingstown	3,620	524	838		42,991,120		4,181,872		47,172,992	27.1%	20.7%	24.1%	11,374,953	11,488,078	(113,125)
North Providence	3,393	725	1,160		40,295,268		5,785,987		46,081,255	40.5%	70.3%	57.4%	26,436,226	27,396,780	(960,554)
North Smithfield	1,584	152	243		18,811,584		1,213,062		20,024,646	20.7%	46.8%	36.2%	7,245,948	6,430,600	815,348
Pawtucket	8,002	3,343	5,349		95,031,752		26,679,386		121,711,138	68.2%	84.9%	77.0%	93,722,516	98,315,617	(4,593,101)
Portsmouth	2,134	163	261		25,343,384		1,300,850		26,644,234	14.2%	-	10.0%	2,675,325	3,182,031	(506,706)
Providence	19,403	9,658	15,453		230,430,028		77,077,330		307,507,358	86.4%	84.8%	85.6%	263,237,794	273,476,554	(10,238,760)
Richmond	1,141	136	218		13,550,516		1,085,371		14,635,887	22.5%	52.9%	40.6%	5,949,322	5,414,854	534,468
Schuette	1,212	93	149		14,393,712		742,202		15,135,914	15.9%	28.8%	23.3%	3,520,931	2,447,265	1,073,666
Smithfield	2,393	204	326		28,419,268		1,628,057		30,047,325	14.8%	37.5%	28.5%	8,565,570	7,203,808	1,361,762
South Kingstown	2,679	306	490		31,815,804		2,442,086		34,257,890	21.7%	-	15.3%	5,256,605	4,756,321	500,284
Thiverton	1,678	204	326		19,927,928		1,628,057		21,555,985	22.4%	28.6%	25.7%	5,537,245	7,026,480	(1,489,235)
Warwick	8,239	1,521	2,434		97,846,364		12,138,602		109,984,966	33.8%	45.1%	39.9%	43,831,803	40,874,590	2,957,213
Westerly	2,438	442	707		28,953,688		3,527,457		32,481,145	35.7%	-	25.2%	8,199,447	8,313,966	(114,519)
West Warwick	3,519	1,136	1,818		41,791,644		9,066,043		50,857,687	58.4%	74.2%	66.8%	33,957,172	32,061,919	1,895,253
Woonsocket	5,558	2,924	4,678		66,006,808		23,335,485		89,342,293	89.7%	88.9%	89.3%	79,783,468	72,118,992	7,664,476
Bristol-Warren ²	2,937	460	736		34,879,812		3,671,109		38,550,921	-	-	-	11,182,749	11,768,674	(585,925)
Exeter-West Greenwich ²	1,548	117	187		18,384,048		933,739		19,317,787	-	-	-	4,876,063	4,498,794	377,269
Charlton	-	-	-		-		-		-	-	-	-	-	-	-
Foster-Glocester ²	1,133	85	136		13,455,508		678,357		14,133,865	-	-	-	5,634,319	5,307,321	326,998
Central Falls ³	2,565	1,132	2,334		30,461,940		11,641,805		42,103,745	91.0%	97.2%	94.2%	39,641,118	38,815,845	825,273
District Total	122,229	31,044	50,193		\$1,451,591,604		\$250,359,666		\$1,701,951,270	-	-	-	\$921,125,974	\$918,747,883	\$2,378,091
Charter School Total	13,312	5,021	8,536		158,093,312		42,678,838		200,772,150	-	-	-	158,382,163	137,747,584	20,634,579
Davies	881	217	406		10,462,756		2,025,096		12,487,852	-	-	-	9,418,161	8,930,775	487,386
Met School	815	306	520		9,678,940		2,593,718		12,272,658	-	-	-	9,091,766	8,708,054	383,712
Urban Collaborative	119	81	133		1,413,244		662,396		2,075,640	-	-	-	1,769,015	1,693,976	75,039
Youth Build Academy	200	99	158		2,375,200		790,087		3,165,287	-	-	-	2,709,604	1,727,458	982,146
Total	137,556	36,768	59,967		\$1,633,615,056		\$299,109,801		\$1,932,724,857	-	-	-	\$1,102,496,682	\$1,077,555,730	\$24,940,952

¹ based on March 2022 enrollment updated for projected charter school growth. Expected to be updated when March 2023 data is available.² Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et al.³ The Direct Certification factor for Central Falls is 91.0 percent, including PSOC students.

Source: Rhode Island Department of Education

CHARTER AND STATE SCHOOLS

The education funding formula calculation for charter and state schools funds students as if they were still in the sending district, with the same core instruction amount, high-need student weight, and state share ratio. The aid, however, is distributed directly to the charter or state school. In FY2023, the Budget provides \$158.4 million in funding formula aid to charter schools, an increase of \$20.6 million. This increase is primarily driven by enrollment. In FY2024, charter school enrollment increases by 862 students, or 6.9 percent, relative to the FY2023 Budget as Enacted.

Sending District Tuition: Under the formula, the funding mechanism for charter and state schools changed significantly. Previously sending district tuition per-student was based on the per-pupil expenditure of the sending district, without deductions, the formula allowed sending districts to retain 5.0 percent of the per-pupil expenditure as indirect aid. The indirect aid was intended to cover residual costs from the transfer of the student from the district to the charter school. Today, the sending district tuition is calculated by dividing the local appropriation to education from property taxes, net debt service and capital projects, by the district resident average daily membership (RADM), or enrollment: there is no indirect aid retained by the sending district.

$$\text{Tuition} = (\text{local appropriation to education} - \text{debt service} - \text{capital projects} / \text{District RADM}) - \text{local tuition reduction}$$

Local Charter and State School Tuition Reduction: Article 11 of the FY2017 Budget changed the above calculation to subtract a district-specific amount from the tuition paid for each student attending a charter or state school. The amount of the reduction is calculated based on differences in expenses between each district and charter schools. The expenditure data used for the calculation is the prior previous fiscal year; consequently, the calculation of unique costs for FY2023 is based on FY2021 data from the Uniform Chart of Accounts (UCOA). The reduction will be the greater of 7.0 percent of the district's per-pupil funding or the per-pupil value of each district's costs in the delineated expenditure categories. The categories include each district's costs for non-public textbooks, transportation for non-public students, retiree health benefits, out-of-district special education tuition and transportation, services for students age eighteen to twenty-one, pre-school screening and intervention, career and technical education tuition and transportation costs, debt service, and rental costs minus the average charter school expenses for the same categories. For districts using the reduction for costs categories, there is an additional reduction for tuition payments to mayoral academies, where teachers do not participate in the state's teacher retirement system, equivalent to the per-pupil, unfunded liability cost. The local tuition rate reductions pursuant to RIGL 16-7.2-5(c) were not available in time for the publication of this report.

In FY2011, the State paid the total tuition costs of students attending the Davies and Met Schools, while the local districts provided transportation. Pursuant to the new funding formula, however, the State payment to these state schools is calculated by the same method used to calculate school district and charter school payments. The formula requires local districts to pay state school tuition, but allows the districts to charge the state and charter schools for transportation costs. Local payments are made to the charter or state school on a quarterly basis. Failure to make a payment could result in the withholding of state education aid to the district of residence.

In FY2011, prior to the implementation of the current funding formula, charter school funding was based on the per-pupil expenditure of the sending district; however, the State paid 5.0 percent of the per-pupil expenditure as indirect aid to the sending district, and a portion of the remaining 95.0 percent based on the share ratio of the sending district. The expenditure was based on the reference year as defined in RIGL 16-7-16(11) providing a two-year lag. Each quarter, the charter school billed the sending district for the portion of the per-pupil expenditure not paid by the State.

Please see the following examples for further clarification of the charter school formula used in FY2011.

Calculation	District A	District B
Per Pupil Expenditure:	\$8,000	\$8,000
Share Ratio:	70.0%	30.0%
Indirect Aid to Sending District:	\$400 (5.0% of \$8,000)	\$400 (5.0% of \$8,000)
State Share to Charter School:	\$5,320 (70.0% of (\$8,000 minus 5.0%))	\$2,280 (30.0% of (\$8,000 minus 5.0%))
District Share to Charter School:	\$2,280 (30.0% of (\$8,000 minus 5.0%))	\$5,320 (70.0% of (\$8,000 minus 5.0%))

NON-FORMULA PROVISIONS

Group Homes: The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount. The Group Home aid category provides \$17,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$26,000 per bed. The FY2024 Budget includes \$1.8 million to fund group home beds. This is \$446,611 less than the FY2023 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district and the decrease required pursuant to RIGL 16-7-22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation.

Based on the final December 31, 2022, report from the Department of Children, Youth, and Families, the FY2023 Revised Budget increases by 7 beds and \$119,000.

FY2023 Enacted			Group Home Aid ¹ FY2024 Change from Enacted					FY2023	
District	Total Aid	Number of Beds	FY2024 Number of Beds	Change in Number of Beds	Aid change due to bed count	Aid change due to RIGL 16-7-22(1)(ii)	Total Change	FY2024 Total Aid	Revised Total Aid
Burrillville	\$0	0	-	-	\$0	\$0	\$0	\$0	\$0
Coventry	79,629	8	8	-	-	(4,740)	(4,740)	74,889	79,629
East Providence	463,329	34	35	1	17,000	(22,257)	(5,257)	458,072	480,329
Lincoln	85,944	8	8	-	-	(2,155)	(2,155)	83,789	85,944
Newport	133,708	14	9	(5)	(85,000)	27,792	(57,208)	76,500	133,708
North Providence	127,813	16	16	-	-	(8,427)	(8,427)	119,386	127,813
North Smithfield	-	-	-	-	-	-	-	-	-
Pawtucket	92,961	20	19	(1)	(17,000)	3,782	(13,218)	79,743	92,961
Portsmouth	473,573	30	18	(12)	(204,000)	6,377	(197,623)	275,950	473,573
Providence	217,663	57	50	(7)	(119,000)	39,696	(79,304)	138,359	217,663
Smithfield	-	-	6	6	102,000	(28,438)	73,562	73,562	102,000
South Kingstown	121,823	8	-	(8)	(136,000)	14,177	(121,823)	-	121,823
Warwick	271,232	24	24	-	-	(22,257)	(22,257)	248,975	271,232
Woonsocket	-	-	-	-	-	-	-	-	-
Bristol-Warren	106,028	10	10	-	-	(5,107)	(5,107)	100,921	106,028
Exeter-West Greenwich	113,304	9	9	-	-	(3,054)	(3,054)	110,250	113,304
Total	\$2,287,007	238	212	(26)	(\$442,000)	(\$4,611)	(\$446,611)	\$1,840,396	\$2,406,007

¹ Based on final 12/31/2022 report from the Department of Children, Youth and Families. In the FY2023 Revised Budget, a total of 7 beds were added relative to the enacted level, including 1 in East Providence and 6 in Smithfield.

Categorical Programs: When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. The Density Fund support ended in FY2019 but was reestablished in FY2022. Article 9 of the FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers at public middle and high schools, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the Department of Elementary and Secondary Education section of this analysis.)

The FY2024 Budget includes funding for all of these categories, except the Regionalization Bonus, the School Resource Officer Support, and the Density Aid fund, which was replaced with the Public School of Choice (PSOC) New Seats Transition fund. The FY2024 Recommendation adds new aid categories, including the Homeless Categorical, the PSOC New Seats Transition fund, and Temporary Enrollment Assistance.

- **Homeless Categorical:** The FY2024 Budget includes \$2.5 million to help districts support students experiencing homelessness. Through a new provision in Article 8, the Budget provides 25.0 percent of the core instruction per-pupil amount for each qualifying student, adjusted by the state share ratio for the district. Students could qualify for both the SSF and the Homeless weights. Residency will be based on the last residence of the students and school districts will self-report the numbers based on the criteria set forth in the federal McKinney-Vento Act. The McKinney-Vento Homeless Assistance Act defines “homeless children and youths” as those who lack a fixed, regular, and adequate nighttime residence. The formula used for the calculation is as follows:

$$(\text{Number of homeless students} \times (\text{Core Instruction Funding} \times 0.25)) \times \text{State Share Ratio}$$

- **Public School of Choice (PSCOC) New Seats Transition Fund:** The Budget includes \$7.9 million to help districts adjust to enrollment declines due to students moving to charter schools. Through Article 8, the Governor establishes a transition fund that provides 60.0 percent of the foundation aid for new seats added in the first year, 30.0 percent in the second year, and no funding in the third year. The formula used for the first-year calculation is as follows:

$$\text{New PSOC seats} \times (\text{Foundation Amount} \times \text{State Share Ratio}) \times 0.60$$

According to the Office of Management and Budget (OMB), this initiative is modeled after a Massachusetts program, which offers 100.0 percent funding in the first year, 60.0 percent in the second year and 40.0 percent in the third year. However, the Massachusetts reimbursement program has changed several times since its inception in 1997. For example, in 2012 the law was changed to reflect 100.0 percent in the first year, and 25.0 percent for the following five years. This was reversed in FY2010, and the program again adopted the 100/60/40 percent model. Furthermore, the program is subject to appropriation and has not always been fully funded, resulting in a prorated version of the reimbursement program for some fiscal years (providing less than 100/60/40 percent to LEAs). The Governor’s recommendation, while based on the Massachusetts program, is aimed at balancing the need to reimburse LEAs experiencing enrollment losses due to shifts to PSOCs while ensuring that the program is fiscally responsible, sustainable, and predictable.

- **School Choice Density Aid:** Article 10 of the FY2022 Budget as Enacted reestablished density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school and provided \$1.0 million in education aid for FY2022. The category provided one \$500 payment for each new resident student enrolled in a charter or state school. For FY2022, the aid was calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In FY2023, the \$500 was paid for each new charter or state school student relative to the previous year. The FY2024 Budget eliminates this aid through Article 8, as the PSOC Transition Fund covers this population.

FY2024 Governor's Education Aid

Categorical	Change from Enacted	Total Funding
Homeless Categorical	2.5	2.5
PSOC New Seats Transition Fund	7.9	7.9
School Choice Density Aid	(0.5)	-
Temporary Enrollment Assistance	8.5	8.5
Transportation	1.4	10.6
Early Childhood	8.0	22.9
High-Cost Special Education	4.8	9.3
Career & Tech. Schools	-	4.5
English Learners	7.8	12.8
Regionalization Bonus	-	-
School Resource Officer Support	-	-
Total	\$40.4	\$79.0

\$ in millions

- **Temporary Enrollment Assistance:** The Governor includes \$8.5 million in one-time support for districts experiencing enrollment loss due to reasons other than PSOC enrollment. The formula used on a per-district basis is as follows:

If FY2023 Enacted Formula Aid (excluding categoricals) – (FY2024 Formula Change + Homeless Funding + PSOC Transition funding) is less than zero, then difference x -1.0 x 0.5

According to OMB, the goal of this funding is to assist districts experiencing funding loss, including students moving to different schools or changes in the number of students in poverty. The 50.0 percent multiplier is “meant to be both fiscally responsible and signal a return to a more routine ... funding formula, which does not hold districts harmless each year”.

- **Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$10.6 million in FY2024, an increase of \$1.4 million over the FY2023 Budget as Enacted to fully fund the regional component of this category.
- **Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds will be distributed through a request for proposals (FRP) process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. These funds are paid to providers through the RFP process and, consequently, are not included in the distribution tables. The Budget funds this category at \$22.9 million in FY2024, an increase of \$8.0 million in general revenue over the FY2023 Budget as Enacted. Of the total increase, \$1.3 million is to fund 35 new classrooms and \$6.7 million is to replace expiring federal funds.

Analyst Note: The Budget also provides \$300,000 in general revenue in the Administration of the Comprehensive Education Strategy (ACES) program for a new lottery system.

- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed five times the combined core instruction and student success factor funding (currently \$84,320 for FY2024). The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget fully funds this category at \$9.3 million in FY2024, an increase of \$4.8 million relative to the FY2023 Budget as Enacted.
- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget level funds this category at \$4.5 million in FY2024.
- **English Learners:** Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 10.0 percent of the per-pupil core instruction amount for each qualified EL student. In FY2024, the per-pupil weight is \$1,188, to reflect 10.0 percent of the \$11,876 core instruction amount. This amount is then multiplied by the state share ratio. The formula is provided below.

(Per-pupil core instruction amount x number of EL students) x 10.0 percent x state share ratio = additional state support per EL student

This support is then ratably reduced based on the total amount appropriated.

The Article restricted the funds to provide new services to EL students and required that the funds be managed in accordance with requirements enumerated by the Commissioner. The Article also required the Department to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. Distribution is subject to a pro-rata reduction based on the funds available. The Budget provides \$12.8 million in FY2024 to fully fund this category, an increase of \$7.8 million relative to the previous fiscal year.

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that may regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. This category has not been funded since FY2014, as no new regional districts have been formed.
- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted established an aid category to support new Resource Officers at public middle and high schools. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for schools with fewer than 1,200 students, only one resource officer position is eligible for reimbursement. Schools with 1,200 or more students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget does not fund this category since the program expired in FY2021.

The following table shows the education aid including the formula distribution, categorical aid, and group home aid.

FY2024 Governor's Recommended Education Aid¹

District	FY2023 Enacted (excludes group home and categoricals)	FY2024 Formula Change	Homeless Categorical	PSOC New			High-cost Special Education (>\$84,320)	Group Home Aid ²	English Learners	Stabilization	
				Fund	Assistance	Enrollment				Funding	FY2024 Aid
Barrington	\$8,549,881	\$1,710,325	\$3,741	\$0	\$0	\$0	\$290,714	\$321,362	\$0	\$8,678	\$0
Burrillville	14,202,416	(911,110)	57,081	55,757	399,136	-	19,210	260,472	-	5,137	-
Charlestown	1,341,690	61,935	1,348	-	-	-	-	-	-	-	-
Coventry	24,970,883	877,006	40,922	-	-	-	48,226	252,384	8,184	-	-
Granston	70,899,984	1,233,933	63,570	210,698	-	-	634,759	132,414	444,357	-	-
Cumberland	22,111,359	1,691,522	38,514	-	-	-	35,542	142,677	51,031	-	-
East Greenwich	4,603,416	778,953	515	-	-	-	111,409	359,028	3,087	-	-
East Providence	37,474,787	(2,043,788)	82,358	-	-	-	3,004	602,820	104,930	-	-
Foster	1,114,963	45,054	-	-	-	-	-	-	-	-	-
Glocester	2,525,892	220,509	-	-	-	-	-	-	-	-	-
Hopkinton	5,826,031	553,762	10,486	-	-	-	-	-	-	-	-
Jamestown	303,378	37,617	-	-	-	-	-	411,660	161	-	-
Johnston	20,222,498	1,037,332	39,044	3,470	-	-	167,003	484,175	97,754	-	-
Lincoln	16,848,216	(281,264)	19,812	-	130,726	-	-	57,788	20,511	-	-
Little Compton	448,877	(171,947)	-	-	85,973	-	-	-	-	-	-
Middletown	8,437,018	(1,287,038)	45,407	-	620,816	-	-	85,205	43,528	-	-
Narragansett	2,263,400	(121,417)	899	-	60,259	-	-	41,300	359	-	-
Newport	15,485,382	(662,362)	54,643	-	303,859	-	-	22,488	169,394	-	-
New Shoreham	219,323	(121,014)	-	-	60,507	-	-	-	961	-	-
North Kingstown	11,488,078	(113,125)	23,625	-	44,750	-	-	96,007	18,041	-	-
North Providence	27,396,780	(960,554)	64,725	192,293	351,768	-	164,940	563,240	163,515	-	-
North Smithfield	6,430,600	815,348	2,149	29,084	-	-	27,523	109,291	5,157	-	-
Pawtucket	98,315,617	(4,593,101)	173,755	54,431	2,182,458	-	243,621	271,459	79,743	-	-
Portsmouth	3,182,031	(506,706)	596	-	253,055	-	-	291,573	715	-	-
Providence	273,476,554	(10,238,760)	815,846	6,441,611	1,490,651	-	502,097	1,016,866	6,603,012	-	-
Richmond	5,414,854	534,468	18,103	-	-	-	-	-	-	-	-
Scituate	2,447,265	1,073,666	-	-	-	-	72,134	-	553	-	-
Smithfield	7,203,808	1,361,762	66,017	-	-	-	62,344	37,065	6,432	-	-
South Kingstown	4,756,321	500,284	8,656	-	-	-	105,682	330,146	4,009	-	-
Tiverton	7,026,480	(1,489,235)	-	-	744,617	-	-	638,908	2,746	-	-
Warwick	40,874,590	2,957,213	79,276	26,353	-	-	26,207	874,364	56,795	-	-
Westerly	8,313,966	(114,519)	20,236	-	47,142	-	-	313,789	13,191	-	-
West Warwick	32,061,919	1,895,253	45,595	-	-	-	47,924	63,811	64,229	-	-
Woonsocket	72,118,992	7,664,476	339,372	332,415	-	-	31,673	328,554	730,710	-	-
Bristol-Warren ³	11,768,674	(585,925)	10,500	-	287,713	-	2,348,584	368,357	13,590	-	-
Exeter-West Greenwich ³	4,498,794	377,269	3,202	-	107,594	-	1,749,593	260,714	2,333	-	-
Charlho	-	-	-	-	-	-	2,999,749	162,124	4,469	-	-
Foster-Glocester ³	5,307,321	326,998	4,706	-	-	-	877,546	-	-	-	-
Central Falls	38,815,845	825,273	167,721	549,050	-	-	61,119	165,251	1,255,669	9,804,728	51,644,656
District Total	\$918,747,883	\$2,378,091	\$2,302,420	\$7,895,163	\$8,151,799	\$8,151,799	\$10,630,603	\$9,246,292	\$11,018,928	\$9,804,728	\$982,016,244
Charter School Total	137,747,584	20,634,579	194,642	-	391,951	-	-	67,256	1,666,612	-	-
Davies	8,930,775	487,386	17,860	-	-	-	-	-	12,037	6,456,189	15,904,246
Met School	8,708,054	383,712	18,728	-	-	-	-	-	47,601	2,050,244	11,208,339
Urban Collaborative	1,693,976	75,039	-	-	-	-	-	-	16,368	-	-
Youth Build Academy	1,727,458	982,146	-	-	-	-	-	-	-	-	-
Total	\$1,077,555,730	\$24,940,952	\$2,533,650	\$7,895,163	\$8,543,690	\$8,543,690	\$10,630,603	\$9,313,548	\$12,761,545	\$18,311,161	\$1,174,326,440

¹ Based on March 2022 enrollment updated for projected charter school growth. Expected to be updated when March 2023 data is available.² Based on final 12/31/2022 report from the Department of Children, Youth and Families. In the FY2023 Revised Budget, a total of 7 beds were added relative to the enacted level, including 1 in East Providence and 6 in³ Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.

Source: Rhode Island Department of Education

The following table shows the difference in education aid relative to the FY2023 Budget as Enacted².

FY2024 Governor Recommended Education Aid - Change to FY2023 Budget as Enacted²

Districts	FY2023 Enacted (includes group home and categoricals)	Seats										FY2024 Education Aid	
		FY2024		Transition		Temporary		High-cost		Stabilization			
		Formula Change	Homeless Categorical	FY2023 Density Aid	Fund net FY2023	Enrollment Assistance	Transportation	Special Education	Group Home ¹	English Learners	Funding	Total Change	
Barrington	\$8,828,606	\$1,710,325	\$3,741	\$0	\$0	\$0	\$106,682	\$230,808	\$0	\$4,539	\$0	\$2,056,095	\$10,884,701
Burrillville	14,410,118	(911,110)	57,081	55,757	399,136	-	(18,575)	91,245	0	4,446	-	(322,019)	14,088,098
Charlestown	1,341,689	61,935	1,348	-	-	-	-	-	-	-	-	63,283	1,404,972
Coventry	25,098,897	877,006	40,922	-	-	-	26,449	229,543	(4,740)	4,416	-	1,173,596	26,272,494
Cranston	72,154,949	1,233,932	63,570	210,698	-	-	(174,439)	26,727	-	285,277	-	1,645,765	73,800,713
Cumberland	22,263,569	1,691,522	38,514	(6,000)	-	-	(81,233)	129,503	-	34,770	-	1,807,076	24,070,645
East Greenwich	4,841,875	778,953	515	-	-	-	(26,307)	260,048	-	1,324	-	1,014,533	5,856,408
East Providence	38,149,384	(2,043,788)	82,358	-	980,715	-	93	436,440	(5,257)	62,953	-	(486,486)	37,662,897
Foster	1,137,350	45,054	-	-	-	-	0	(22,387)	-	-	-	22,667	1,160,017
Glocester	2,551,793	220,509	-	-	-	-	-	(25,901)	-	-	-	194,608	2,746,400
Hopkinton	5,826,634	553,762	10,486	-	-	-	-	-	-	-	-	564,248	6,390,882
Jamestown	391,663	37,617	-	-	-	-	-	323,376	-	161	-	361,154	752,817
Johnston	20,720,127	1,037,332	39,044	3,470	-	-	(12,178)	201,472	-	62,010	-	1,331,151	22,051,277
Lincoln	17,055,188	(281,264)	19,812	(2,500)	130,726	-	-	(53,065)	(2,155)	12,835	-	(175,611)	16,879,578
Little Compton	448,878	(171,947)	-	-	85,973	-	-	-	-	-	-	(85,973)	362,904
Middletown	8,476,388	(1,287,038)	45,407	-	620,816	-	-	58,921	-	30,443	-	(531,451)	7,944,936
Narragansett	2,271,278	(121,417)	899	-	60,259	-	-	33,471	-	310	-	(26,477)	2,244,801
Newport	15,698,952	(662,362)	54,643	-	303,859	-	-	8,469	(57,208)	103,551	-	(249,048)	15,449,904
New Shoreham	240,792	(121,014)	-	-	60,507	-	-	(21,221)	-	713	-	(81,015)	159,777
North Kingstown	11,547,833	(113,125)	23,625	-	44,750	-	-	42,328	-	11,965	-	9,543	11,557,376
North Providence	28,223,849	(960,554)	64,725	177,793	351,768	-	(12,476)	111,176	(8,427)	108,241	-	(167,754)	28,056,095
North Smithfield	6,533,858	815,348	2,149	29,084	-	-	7,733	28,862	-	2,119	-	885,295	7,419,152
Pawtucket	99,145,207	(4,593,101)	173,755	34,931	2,182,458	-	27,344	244,606	(13,218)	641,691	-	(1,301,534)	97,843,674
Portsmouth	3,772,245	(506,706)	596	-	253,055	-	(17,886)	193,047	(197,623)	486	-	(275,031)	3,497,215
Providence	277,923,361	(10,238,760)	815,846	6,028,111	1,490,651	-	36,694	351,659	(79,304)	3,917,976	-	2,322,873	280,246,234
Richmond	5,415,636	534,468	18,103	-	-	-	-	-	-	2,114	-	554,685	5,970,322
Scituate	2,603,876	1,073,666	-	-	-	-	20,778	(105,256)	-	553	-	989,740	3,593,617
Smithfield	7,281,434	1,361,762	66,017	-	-	-	(1,431)	25,472	73,562	4,173	-	1,529,556	8,810,990
South Kingstown	5,140,323	500,284	8,656	-	-	-	(31,507)	206,494	(121,823)	2,671	-	564,774	5,705,097
Tiverton	7,236,769	(1,489,235)	-	-	744,617	-	-	429,346	(22,257)	2,019	-	(313,253)	6,923,516
Warwick	8,379,537	(114,519)	20,236	-	47,142	-	(5,461)	198,294	(22,257)	37,078	-	3,270,496	45,143,773
West Warwick	32,123,086	1,895,253	45,595	-	-	-	11,327	63,811	-	8,116	-	2,055,646	34,178,732
Woonsocket	72,528,817	7,664,476	339,372	308,915	-	-	(5,410)	236,641	(5,107)	7,173	-	9,017,376	81,546,192
Bristol-Warren	14,008,318	(585,925)	10,500	-	287,713	-	314,896	274,847	(5,107)	7,173	-	304,096	14,312,414
Exeter-West Greenwich	6,213,654	377,269	3,202	-	107,594	-	328,442	80,855	(3,054)	1,787	-	896,094	7,109,748
Charlho	2,405,627	-	-	-	-	-	602,216	154,030	-	970	-	757,216	3,162,842
Foster-Glocester	5,961,182	326,998	4,706	-	-	-	272,025	(47,977)	-	(364)	-	555,388	6,516,570
Central Falls	49,633,418	825,273	167,721	508,050	-	-	(6,366)	114,507	-	742,818	(340,765)	2,011,238	51,644,656
District Total	\$949,859,438	\$2,378,090	\$2,302,420	\$7,374,663	\$8,151,739	\$8,151,739	\$1,361,409	\$4,763,484	(\$446,611)	\$6,612,376	(\$340,765)	\$32,156,806	\$982,016,244
Charter School Total	138,323,012	20,634,579	194,642	-	-	391,951	-	50,064	-	1,108,375	-	22,379,611	160,702,623
Davies	14,779,131	487,386	17,860	-	-	-	-	-	-	7,733	612,138	1,125,117	15,904,248
Met School	9,813,606	383,712	18,728	-	-	-	-	-	-	24,158	968,135	1,394,733	11,208,339
Urban Collaborative	1,701,440	75,039	-	-	-	-	-	-	-	8,905	-	83,943	1,785,383
Youth Build Academy	1,727,458	982,146	-	-	-	-	-	-	-	-	-	982,146	2,709,603
Total	\$1,116,204,084	\$24,940,951	\$2,533,650	\$7,374,663	\$8,543,690	\$8,543,690	\$1,361,409	\$4,813,548	(\$446,611)	\$7,761,546	\$1,239,508	\$58,122,356	\$1,174,326,440

¹ Based on final 1/3/2023 report from the Department of Children, Youth and Families.

² Based on March 2022 adjusted for 2022-23 and 2023-24 PSOC.

Source: Rhode Island Department of Education

SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public-school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2024, the minimum state share is 35.0 percent and the maximum is 96.4 percent for Central Falls: the state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio for traditional school districts from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation that required RIDE to develop recommendations for cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public-school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

While historically funded at \$80.0 million annually, for FY2024 based on current projections, the Budget provides \$103.5 million, an increase of \$14.9 million over the FY2023 Budget as Enacted. While the entire amount is expected to be used for housing aid entitlements, any surplus will be deposited into the School Building Authority Capital Fund. Based on December 2022 projections, housing aid entitlements are projected to increase to \$117.0 million in FY2025, \$129.2 million in FY2026, and \$151.1 million in FY2027.

School Building Authority Capital Fund: Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State's School Building Authority (SBA) and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC). For FY2021, \$1.0 million in general revenue from the surplus construction aid was transferred to the Capital Fund. For FY2022, the Budget as Enacted provided \$590,814 in general revenue from the surplus construction aid to the Capital Fund; however, the revised budget provides a total of \$9.0

million in surplus funds. The increase is due to construction delays, caused by the COVID-19 pandemic, and bond refinancing. Several communities refinanced to take advantage of the low interest rates, saving a total of \$8.5 million in total debt service payments that was shared between the municipalities and the State. Beginning in FY2023, a surplus in construction aid is no longer projected; however, based on past experience, some surplus is likely but not at the recent levels. In addition to the \$250.0 million school building bond referendum in Article 5, the FY2023 Budget as Enacted provided \$50.0 million in general revenue to the School Building Authority to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

Through Article 9, the FY2019 Budget as Enacted shifted the 3.0 FTE positions responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and added 1.0 FTE Director of School Construction Services. The restricted receipt account, named the “School Construction Services”, is funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. There is no limit on the amount or type of expenses that will be funded; however, Article 9 limited the fee that RIHEBC can impose on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond. In FY2021, RIHEBC collected \$303,180 in school bond fees. In FY2022, this revenue is estimated at \$207,000 and in FY2023 at \$250,000.

In FY2018, RIHEBC was required to transfer \$6.0 million to the State Controller. In FY2019, RIHEBC supported \$737,735 in SBA personnel expenses. In FY2020 personnel expenses increased to \$770,946, and \$677,946 in FY2021. In the FY2022 Budget as Enacted, \$500,000 in expenses was shifted back to general revenue, for a total of \$793,596 in funding, to bring the costs covered by RIHEBC back in line with projected fee revenue. In the FY2022 Budget, the actual expenses include \$257,616 from and \$444,102 in general revenue expenditures (\$701,718 total). The decrease in general revenue in the FY2022 Revised Budget was due to turnover savings from a vacant position. In the FY2023 Budget as Enacted, the total appropriation was \$732,740, including \$466,048 in general revenue and \$266,692 in RIHEBC funds. The FY2023 Revised Budget provides \$990,152 in total funding, including \$690,073 in general revenue and \$300,079 in restricted receipts from RIHBC. The increase from FY2022 to FY203 was due to the addition of 2.0 new positions and increase contracted services cost to manage the increased volume of applications related to the bond initiative. In the FY2024, the budget includes \$995,856 in total funding, including \$695,703 in general revenue and \$300,153 in restricted receipts from RIHBC, and reflects an increase of \$263,116 in total funding relative to the FY2023 Budget as Enacted.

Facility Equity Initiative Pilot Program: At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rates over 65.0 percent, including Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. This project would focus on high priority projects to improve the health and safety of students and promote equity across the State. The new Capital Fund will provide up-front funding instead of increasing the school construction allocation in the annual budget and reduce costs by eliminating interest payments on the funded projects.

The projects approved by the Council for FY2022 are supported with the \$9.0 million, from construction delays and bond refinancing, plus an additional \$3.0 million from prior year surpluses, and \$1.5 million in support from the Office of Energy Resources (OER) fund to the Facility Equity Initiative pilot program. The funding was distributed, in partnership with OER and the Office of Opportunity, Equity and Diversity (ODEO). After evaluating 53 applications from 5 LEAs, the funds were awarded to 5 districts on a priority basis designed to have the greatest impact on facility gaps between districts.

FY2022 SBA Capital Fund

Facility Equity Initiative Pilot Program

Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
Total	\$13.4

While this program was only a pilot, with the approval of the \$250.0 million school construction bond in November 2022, Article 10 of the FY2023 Budget provided that \$50.0 million be transferred to the School Building Authority Capital Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students. The SBA expanded the pilot program to include the ten LEAs with a base reimbursement rate over 45.0 percent, thus doubling the number of eligible schools.

Of the \$50.0 million appropriated in FY2023, \$49.1 million was distributed as follows:

- \$26.0 million funded the Facility Equity Initiative, an additional \$4.0 million was contributed by the Office of Energy Resources.
- \$14.0 million (plus \$1.0 from the career and technology school fund) was distributed through the 21st Century Technology and Equipment Funds to provide LEAs funds to ensure that learning spaces are equipped with technology, furniture, and equipment that support science technology, engineering, and math project-based learning.
- \$7.5 million was used for the Inside Out program to provide outdoor classrooms.
- \$1.6 million was awarded through the Menu for Success program providing students with the opportunity to design and operate food trucks.

**FY2023 SBA Capital Fund
Facility Equity Initiative
Program**

Burrillville	\$0.3
Central Falls	4.2
Coventry	3.2
Cranston	1.9
East Providence	2.2
North Providence	2.8
Pawtucket	2.8
Providence	9.3
West Warwick	0.6
Woonsocket	2.9
Total	\$30.2

The SBA is working to leverage the remaining \$850,000 through other agencies or partners in an effort to match the funds.

FY2023 Supplemental Budget

Expenditures by Source	FY2022 Unaudited	FY2023 Enacted	FY2023 Governor	Change to Enacted
General Revenue	\$5,236.5	\$5,042.2	\$5,266.6	\$224.4
Federal Funds	5,326.6	5,708.4	5,951.3	243.0
Restricted Receipts	318.4	453.5	470.1	16.5
Other Funds	2,055.1	2,398.4	2,450.0	51.6
Total	\$12,936.6	\$13,602.5	\$14,138.0	\$535.5

Expenditures by Function				
General Government	\$3,035.1	\$2,803.6	\$3,046.4	\$242.8
Human Services	5,532.2	5,807.0	5,800.6	(6.4)
Education	2,981.0	3,345.6	3,444.4	98.8
Public Safety	604.4	720.0	786.7	66.7
Natural Resources	126.5	129.6	163.4	33.8
Transportation	657.4	796.7	896.5	99.8
Total	\$12,936.6	\$13,602.5	\$14,138.0	\$535.5

FTE Authorization **15,317.9** **15,455.5** **15,463.5** **8.0**

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

This report provides an overview of the major changes proposed by the Governor to the FY2023 Budget as Enacted, organized by department.

DEPARTMENT OF ADMINISTRATION

RICAP Fund Transfer **\$242.4 million**

The Budget includes a one-time transfer of \$257.4 million in general revenue to the Rhode Island Capital Plan (RICAP) fund in FY2023, reflecting an increase of \$242.4 million over the \$15.0 million appropriated in the FY2023 Budget as Enacted.

- **RICAP Transfer Transportation State Match:** The Budget includes a one-time transfer of \$157.8 million in general revenue from the FY2022 surplus to the Rhode Island Capital Plan fund for the state match to federal transportation funds. This includes general state match funding as well as replacement revenue for the expected truck toll revenue losses through FY2024 and FY2025. The funding includes:

Loss Coverage	FY2023 Transfer
FY2023 Truck Toll Loss	\$30.0
FY2024 Truck Toll Loss	40.0
FY2025 State Match Shortfall	87.8
Total	\$157.8

\$ in millions

The Budget also includes an allocation of \$24.6 million in general revenue to hold harmless the Rhode Island Department of Transportation for the expected revenue loss regarding the pause to the scheduled gas tax rate increase.

- **RICAP Transfer:** The Budget includes a one-time transfer of \$60.0 million in general revenue from the FY2022 surplus to the Rhode Island Capital Plan fund for key capital improvement projects including, Davis Career and Technical School renovations, State House HVAC and building envelope renovations, and state-run group homes.

Debt Service**(\$2.6 million)**

The Budget decreases general revenue funded debt service payments by \$2.6 million. The reduction reflects adjustments to several debt service accounts including: a reduction of \$5.3 million for State general obligation debt service that primarily reflects the delay of a new bond issuance originally slated for FY2023. This decrease is offset by increases of \$1.2 million for the Rhode Island School Building debt service; an increase of \$556,352 in I-195 Land Acquisition; an increase of \$474,878 for Affordable Housing GO Bonds; and, a net increase of \$405,862 on twelve other debt service items.

Debt Service	FY2023 Enacted	FY2023 Governor	Change
G.O. Bond New Bond Issue Projected Costs	\$5,270,000	\$0	(\$5,270,000)
RI School Buildings	8,799,870	10,005,075	1,205,205
I-195 Land Acquisition	2,442,413	2,998,765	556,352
DOA - Affordable Housing GO Bonds	6,698,592	7,173,470	474,878
All Other Debt Service	130,780,220	131,186,082	405,862
Total	\$153,991,095	\$151,363,392	(\$2,627,703)

Wrongful Conviction Awards**\$1.5 million**

The Budget includes \$1.5 million in general revenue in the FY2023 Supplemental Budget, to cover the cost of one payment totaling \$134,481 and \$1.3 million for seven additional payments expected in FY2023, for wrongful conviction payments. Authorized under Public Law 2021 Chapter 235 and 236, the law allows anyone who was wrongfully sentenced to prison for more than one year to petition the presiding justice of Rhode Island Superior Court for compensation and damages. If the court finds that the claimant was wrongfully imprisoned, the court will grant an award of \$50,000 for each year served in a correctional facility. If the individual was imprisoned for less than one year, the claimant will receive 1/365 of \$50,000 for each day served. The award can include damages such as attorney's fees no greater than \$15,000, plus compensation for reasonable costs including housing, transportation, subsistence, re-integrative services, and mental and physical health care costs. The Office of the Attorney General has not provided the Department with a potential out-year estimate on future payments.

Centralized Service Charges**\$1.3 million**

The Budget adds \$1.3 million in general revenue expenditures for Facilities Management and Information Technology projected costs in FY2023. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

The FY2023 Supplemental Budget includes \$9.1 million in general revenue, an increase of \$1.3 million from the FY2023 Budget as Enacted from funds assessed to all State agencies for Facilities Management & Maintenance to handle the day to day operations at all State facilities where DCAMM has direct oversight including handling minor repairs (under \$2.5 million), setting up and overseeing facility/campus security, ensuring appropriate ADA access at all facilities, responding to facility emergencies, managing traffic flows and wayfinding systems, maintaining an efficient and effective communication system with all building/facility/campus tenants, grounds keeping/landscaping, utilities management, snow removal, care/maintenance of artwork and historic artifacts. The FY2023 Budget as Enacted appropriated \$7.7 million for these expenses, which is increased by \$1.3 million to \$9.1 million in the FY2023 Supplemental Budget.

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

The Budget removes \$350,000 in general revenue for transition costs associated with the 2022 General Election and instead appropriates the funds within the affected general office agencies.

DEPARTMENT OF BUSINESS REGULATION**Human Services Program Rates and Benefits Analysis****\$120,907**

The FY2023 Supplemental Budget includes an increase of \$120,907 in general revenue related to personnel adjustments within OHIC for the Human Services Rates and Benefits Analysis. In FY2023, the General Assembly charged the Office with conducting a study that evaluates services on the Medicare fee-for-service fee schedule, as well as other services financed by the state through Medicaid and other funding sources. The analysis aims to create an accurate database with up to date information to aid in the determination of inadequate reimbursement rates.

Office of Cannabis Regulation Seed-to-Sale System**(\$180,750)**

The FY2023 Budget as Enacted included \$1.2 million for a contract for a vendor to develop a new seed-to-sale system, which would allow the Department to develop and manage a cannabis licensing and tracking system. The Budget decreases restricted receipt expenditures by \$180,750 to reflect reduced final project expenses.

Cannabis Control Commission (restricted receipts)**(\$252,668)**

The FY2023 Budget as Enacted appropriated \$613,468 in restricted receipts for 5.0 FTE positions within the Cannabis Control Commission. While these FTEs are technically employed under the Office of Cannabis Regulation, the Commission is intended to act as an independent agency to ensure ethical regulatory and licensing procedures. The Commission is not yet functioning as member selection has been delayed. It is expected that the Commission will begin work before the end of FY2023. These funds will support 5.0 FTE positions within the Commission, including 1.0 commission chair, 1.0 legal counsel, 1.0 fiscal officer, and 2.0 administrative assistants. These funds will also support stipends to two other commissioners who are not state employees.

DEPARTMENT OF LABOR AND TRAINING**QUEST Grant (federal funds)****\$6.2 million**

The Budget includes \$6.2 million in federal funds from the new Quality Jobs, Equity, Strategy, and Training (QUEST) grant, which is classified as a Dislocated Worker Grant (DWG) and will be available from FY2023 through FY2025. The Department will utilize the funds to provide occupational training through the industry-led Real Jobs Rhode Island (RJRI) program, which invests in sector-based intermediaries who serve as RJRI Partners and enables them to design and implement their own initiatives to serve their industry's needs. The industries that the project will address include healthcare, childcare, manufacturing, construction, transportation, logistics, informational technology, and finance.

Centralized Services**(\$599,636)**

The Budget includes general revenue expenditures to reflect billed amounts for information technology services, human resources, and facilities management. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2023 Budget as Enacted appropriated \$1.4 million for these expenses throughout the Department, which is decreased by \$599,636 to \$812,158 in the FY2023 Revised Budget.

Workers' Compensation Fund Supplement**Informational**

Pursuant to Article 1 Section 6, the Budget transfers \$4.4 million in general revenue to support the State's Workers' Compensation Fund, due to the declining number of Workers' Compensation premiums realized during the COVID-19 pandemic. The additional funds will avoid an increase in premium rates for the State's employers. The funds are to be deposited no later than June 30, 2023. This is a "below the line" transfer, meaning the funding does not appear in an agency budget as it is only moving between state accounts- not being appropriate and spent.

SECRETARY OF STATE***RICAP – Election Equipment (RICAP funds)******\$170,000***

The FY2023 Revised Budget includes \$170,000 in RICAP funds for the purchase of 200 Automark voting tables and 500 privacy booths with 200 booth leg extenders that was included in the FY2023 Budget as Enacted. However, these items were already purchased in FY2020 and the RICAP appropriation was inadvertently added to the supplemental budget. The Governor's Budget Amendment dated February 14, 2023, removes the \$170,000 that was inadvertently added to the budget.

BOARD OF ELECTIONS***Poll Pad Maintenance Contract******\$130,000***

The Budget adds \$130,000 in general revenue reflecting increased vendor contractual maintenance expenses for the electronic Poll Pad electronic poll book system maintenance contract. This will increase the appropriation from \$55,000 in the enacted budget to \$185,000. The original appropriation was under estimated in the enacted budget. The Poll Pads were purchased by the Secretary of State during FY2019, for use in all polling locations to look up voters electronically. LHS/Knowlink is the vendor that will program the poll pads for each polling location in order to maintain election integrity.

OFFICE OF THE GOVERNOR***Personnel Adjustments******\$440,209***

The Budget adds \$440,209 in general revenue reflecting changes to various salary and benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment, negotiated between the State and the state employee bargaining units for a proposed 4-year contract. Also, the adjustments include related rate increases pertaining to employee benefits, including less anticipated turnover as compared to the FY2023 Budget as Enacted.

Governor's Salary Adjustment***\$11,548***

The Budget adds \$11,548 in general revenue reflecting an increase of \$7,961 for salary and \$3,587 for benefits. The compensation increase is set by RIGL 36-6-1 and 36-6-2 for the statutorily set salary adjustment for General Officers. The statutes pertaining to the Governor state, "after December 31, 1998, the salary of the Governor was \$95,000 and shall thereafter be adjusted at the beginning of each succeeding term by the total percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) published by the United States Department of Labor Bureau of Labor Statistics for the Northeast Region for the four (4) previous fiscal years, but in any event not to exceed twelve percent (12%)." The Budget Office used an assumed increase of 11.9 percent, to calculate the salary of the Governor in the succeeding term. Currently, the salary of the Governor is \$145,930, which increases to \$163,295.

PUBLIC UTILITIES COMMISSION***Contracted Financial Services (restricted receipts)******\$200,000***

The Budget adds \$200,000 in restricted receipts from the FY2023 Budget as Enacted, for contracted financial services. The 2022 General Assembly amended the Affordable Clean Energy Act, enabling

Division of Public Utilities and Carriers to bill public utility companies up to \$200,000 annually for expenses associated with the Affordable Clean Energy Act. The Act is designed to make coordinated, cost-effective, strategic investments in energy resources and infrastructure to improve energy system reliability and security, and to protect the quality of life and environment for all residents and businesses in Rhode Island. The Budget includes \$65,000 in federal funds, a decrease of \$65,000 from the previous year for the same purpose.

EXECUTIVE OFFICE OF COMMERCE

Rhode Island Municipal Infrastructure Grant Program

\$5.5 million

The Governor recommends \$8.0 million in general revenue for the Rhode Island Municipal Infrastructure Grant (MIG) program in the FY2023 Supplemental Budget, \$5.5 million more than the enacted level. The MIG program was established in 2018 to provide support to municipalities for the design, construction, building, land acquisition, rehabilitation, repair, and other improvements to publicly owned infrastructure (i.e. sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian ways).

According to the Office of Management and Budget (OMB), the proposed current fiscal year increase is to create a pool of funds within the program specifically to aid municipalities in responding to competitive grant opportunities under the federal Infrastructure Investment and Jobs Act (IIJA) of 2021, but lack the resources to timely meet the matching requirements of program.

The IIJA authorized \$1.2 trillion for surface, rail, and water transportation, infrastructure resiliency, and broadband infrastructure. Much of the funding will be made available to States through existing formula programs. However, billions of dollars in funding will be awarded through competitive grant programs to eligible jurisdictions and partnerships, including municipalities and counties.

ARPA SFRF Initiatives (federal funds)

\$11.8 million

The Governor includes \$11.8 million more of American Rescue Plan Act (ARPA) State Fiscal Relief Funds (SFRF) in the current fiscal year as compared to the enacted level. This increase reflects the amount of unspent funds from previous appropriations being carried forward into the current year. The amounts are summarized in the following table.

Initiative	FY2023	FY2023	Change
	Enacted	Governor	
Small Business Direct Grants	-	\$13.3	\$13.3
Blue Economy Investments	10.0	-	(10.0)
Site Acquisition	3.0	9.0	6.0
Aid to Tourism, Hospitality, and Events Industries	-	5.1	5.1
Bioscience Investments	5.0	-	(5.0)
Housing Stability	7.0	8.5	1.5
Predevelopment and Capacity Building	0.5	0.9	0.4
Development of Affordable Housing	30.0	30.3	0.3
Broadband Program Admin	-	0.2	0.2
Total	\$55.5	\$67.3	\$11.8
<i>\$ in millions</i>			

Federal Grants (federal funds)

\$10.5 million

The Governor recommends an additional \$10.5 million in non-ARPA federal funds in FY2023 within the Housing and Community Development program. This net increase represents the expiration of previous year allocations and final formula appropriation levels for Rhode Island. The changes are summarized in the following table.

Initiative	FY2023 Enacted	FY2023 Governor	Change from Enacted
CDBG Program	\$9.3	\$16.5	\$7.2
Housing Opportunities for Persons with Aids	0.8	1.4	0.6
Neighborhood Stabilization Program	0.5	0.1	(0.3)
Shelter Funding	5.6	7.6	1.9
Recovery Housing Program	-	1.0	1.0
Total	\$16.1	\$26.6	\$10.5

\$ in millions

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

DCYF Provider Workforce Stabilization (federal funds) \$5.7 million

The Budget includes \$8.2 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), an increase of \$5.7 million, to provide premium pay for child welfare staff at private, community-based providers that contract with the Department of Children, Youth, and Families. The FY2023 Budget as Enacted included \$2.5 million in ARPA SFRF funds for FY2023 and \$12.5 million in ARPA SFRF funds for FY2022. As of January 12, 2023, the program has expended \$6.8 million in FY2022 and \$3.2 million in FY2023. The Budget shifts the unspent \$5.7 million from FY2022 into FY2023 to support continued payments to providers.

Caseload Adjustments \$5.5 million

The Budget increases general revenues by \$5.5 million to level the Department's funding for caseload expenditures. The increase represents the reinvestment of caseload savings back into the system of care for the caseload population.

FMAP Adjustment (\$2.0 million)

The Budget decrease general revenues by \$2.0 million for the extension of the enhanced Federal Medical Assistance Percentage (FMAP) rate from one to three quarters in FY2023. The FY2023 Budget as Enacted assumed that the enhanced FMAP rate would expire after one quarter of FY2023. Since then, the enhanced FMAP was extended through the third quarter of FY2023, now set to expire on March 31, 2023. The Budget decreases general revenues and include a corresponding increase in federal funds accordingly.

Analyst Note: Because the impacts of the Consolidated Appropriations Act (CAA) of 2023 are not yet included in this adjustment, the Governor anticipates submission of an amendment later in the legislative session to accommodate changes to this adjustment related to the CAA.

DHS CEC Adopted Adjustment (\$41,483)

The Budget removes \$41,483 in general revenues (\$117,954 all funds) to adjust the estimate of the Department of Human Services (DHS) day care recipients in DCYF in accordance with the adopted estimates from the November 2022 Caseload Estimating Conference.

DEPARTMENT OF HEALTH

OSME Forensic Pathology Contractors \$1.1 million

The FY2023 revised Budget includes \$1.1 million in general revenue to support contracted services within the Office of the State Medical Examiner. Currently, all work done within the Office is contracted out while the position of State Medical Examiner is vacant. The office is requesting additional funds to their baseline budget to ensure that the office functions effectively and efficiently. These funds are offset by \$626,475 in turnover due to three vacant positions within the office, including two assistant medical examiners and a chief medical examiner.

Food Protection and Sanitation (federal funds) (\$113,525)

The FY2023 revised budget includes a \$113,525 decrease in federal funds due to a delay in hiring 2.0 FTE positions to support the Cottage Food Manufacturing Program. This program was recently enacted through the FY2023 budget and the Department has had trouble hiring new employees.

Environmental Health Additional FTEs (federal funds) \$509,489

The FY2023 revised budget includes an additional \$509,489 in federal funds to fund 8.0 new FTE positions that support the Department's PFAS programs. The Department received a grant in 2022 and started receiving applications from municipal water systems without the staff required to vet and approve the applications.

Community Project Funding (federal funds) \$900,000

The FY2023 revised budget includes \$900,000 in federal funds pursuant to the passage of the Consolidated Appropriations Act of 2022. This grant supports one-time purchases and maintenance of laboratory equipment for the State Health Laboratory.

WIC Supplemental Nutrition (federal funds) (\$1.1 million)

The Revised Budget includes a net decrease of \$1.1 million in federal funds. This decrease is primarily due to FY2022 actual spending and program utilization. WIC provides supplemental foods, health care referrals, and nutrition assistance to low-income pregnant women, post-partum women, and children up to five years old.

Public Health Infrastructure Workforce (federal funds) \$1.2 million

Budgeted increases federal funds by \$1.2 million to support operations and salaries related to strategies that bolster diversity to effectively implement and respond to public health emergencies. The Department received a 5- year, \$15.3 million grant from the Centers for Disease Control and Prevention (CDC), to address critical public health infrastructure in ways that improves the Department's ability to serve the needs of Rhode Island's residents. These funds are to be used to support the workforce, data modernization, and foundational capabilities.

CARES Act: Community Health Workers (federal funds) (\$1.3 million)

The Budget decreases federal funds by \$1.3 million for the CARES Act Community Health Workers Grant. The Department receives \$5.0 million each year for the grant, and the original placeholder for FY2023 included an additional \$1.5 million in carryforward spending. However, the processes of securing contracts took longer than anticipated. Funding will continue to carry forward with the possibility of no cost extension upon the completion of the contracts.

Death Certificate and Public Health Integration (federal funds) \$1.3 million

The FY2023 revised budget includes \$1.3 million in federal funds to support the Office of Vital Records with implementation of the electronic death certificate system, which will connect the office with other medical entities throughout the nation; including other vital offices, medical groups, and hospitals.

Immunization (federal funds) (\$1.8 million)

The Budget decreases federal funds by \$1.8 million to reflect funding returning to its historical expenditures. Due to the COVID-19 pandemic, there was an increased need for vaccines. As the pandemic begins to wind down, and vaccines are beginning to be administered within doctors' offices and clinics rather than emergency vaccination centers, funding for vaccines will begin to decrease as there is a decreased need. There is a corresponding restricted receipt increase of \$1.1 million.

COVID-19 Response (federal funds) \$14.5 million

The Budget includes a net \$14.5 million in federal funds for the Department's COVID-19 Response. This reflects an increase of \$16.3 million in federal funds within the Division of COVID-19 and a \$1.8 million

decrease within Division of Preparedness, Response, Infectious Disease, and Emergency Medical Services. This includes \$9.5 million from the PPEHCE grants and \$6.8 million in other federal grants. The funding supports COVID-19 testing, vaccination efforts, data analysis, contact tracing, communications, COVID-19 related personnel costs, and technical development.

Indirect Cost Recovery (restricted receipts)

(\$1.8 million)

The Budget includes a decrease of \$1.8 million in restricted receipts to support the department's indirect cost recoveries. This decrease is attributable to the decrease of COVID-19 awards in FY2023 and based on the most recently ended fiscal year, which is FY2022. The Department utilizes indirect cost recovery accounts to fund initiatives that are not related to programs within RIDOH.

Statewide Opioid Abatement Account (restricted receipts)

\$3.0 million

The FY2023 Revised increases restricted receipts by \$3.0 million within the Statewide Opioid Abatement Account. The Executive Office of Human Services (EOHHS) provides the Department with these funds to support various abatement activities to prevent opioid overdoses.

Statewide Opioid Abatement Account

COVID-19 Federal Fund Sources	FY2023 Revised
New Street Outreach Initiative	\$1,000,000
Prevention	620,000
Substance Exposed Newborn Intervention	600,000
Existing Street Outreach Initiative	500,000
Social Determinants of Health	250,000
Total	\$2,970,000

- **Street Outreach Initiative:** The Department's appropriated a net \$1.5 million for the street outreach initiative, which employs a mobile unit to connect with vulnerable populations around Rhode Island. This unit provides resources and care to those who may otherwise be unable to receive it. The unit provides materials that supports patients' basic needs, harm reduction, and peer recovery support.
- **Prevention:** The Department will use \$620,000 to hire staff to improve overdose related data analytics. and the purchase of Biosurveillance Lab Supplies for testing. \$50,000 of these funds will be appropriated for contracted services to create a heat map dashboard for outreach partners.
- **Substance Exposed Newborn Intervention:** The Department appropriates \$600,000 for infrastructure and interventions to support newborns exposed to opioids. The Department plans to hire staff that will support families in finding resources. These funds will also create systems to track data pertaining to substance exposed newborns in Rhode Island.
- **Social Determinants of Health:** The Department appropriates \$250,000 to provide \$50,000 grants to 6.0 Recovery Community Centers, 5.0 Harm Reduction Centers, and 3.0 behavioral health/ Substance Abuse Disorder (SUD) support organizations. The Department of Behavioral Health Developmental Disabilities and Hospitals (BHDDH) appropriates the remaining \$450,000 to support these grants.

DEPARTMENT OF HUMAN SERVICES

Pandemic Related Grants (federal funds)

\$34.1 million

The Budget revised increases federal funds by \$34.1 million through various pandemic related grants. Grant changes are as follows:

Pandemic Related Grant	Federal Fund Changes
Pandemic EBT for SNAP	\$30,752,844
CARES Act: Community Services Block Grant	1,861,911
CAA21: Low Income Household Water Assistance Program	1,557,306
Total	\$34,172,061

- **Pandemic EBT for SNAP:** The Budget includes a \$30.8 million federal fund increase associated with the enhanced pandemic EBT. While the enhanced benefits lapsed for a majority of beneficiaries, enhanced EBT will continue for school aged children, and children under six years old.
- **CARES Act: Community Services Block Grant:** The FY2023 Revised Budget appropriates \$1.9 million in federal funds, which is derived from one-time funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- **CAA21: Low Income Household Water Assistance Program:** The Revised Budget includes an increase of \$1.6 million in federal funds to assist low income households with water and wastewater bills. These funds reflect a one-time appropriation through federal supplementary grants provided throughout the COVID-19 pandemic. Rhode Island's Low-Income Household Water Assistance Program (LIHWAP) helps low-income residents by providing funds that offset the costs of water and wastewater bills.

American Rescue Plan Act (federal funds)

\$12.4 million

The revised budget increases American Rescue Plan Act (ARPA) federal funds by a net \$12.4 million. These funds consist of multiple changes throughout the entire department and are primarily associated with the public health emergency. ARPA changes are as follows:

American Rescue Plan Act	Federal Fund Changes
ARP DIRECT: Child Care and Development Block Grant (CCAP)	(\$13,337,474)
ARP DIRECT: LIHEAP	11,247,099
ARP SFRF: Child Care Investment: Retention Bonuses	8,958,579
ARP DIRECT: SNAP 3-year State Administrative Expense Grants- UHIP	1,644,619
ARP DIRECT: Low Income Household Water Assistance Program	1,139,524
ARP DIRECT: Family Violence and Prevention	1,100,000
ARP DIRECT: Veterans Administration	1,061,333
ARP DIRECT: Adult Protective Services	500,000
Total	\$12,313,680

- **ARP DIRECT: Child Care and Development Block Grant:** The revised budget decreases federal funds by \$13.3 million within the Department's child care and development block grant (CCDBG). These funds are primarily to fund administrative expenses and meet the State's Maintenance of Effort (MOE) – which is required to continue receiving consistent TANF funding.
- **ARP DIRECT: Low Income Home Energy Assistance Program:** The Revised Budget includes an increase of \$11.3 million in federal funds to assist low income households with heating and electricity bills. These funds reflect a one-time appropriation through federal supplementary grants provided throughout the COVID-19 pandemic.
- **ARPA SFRF: Child Care Investment: Retention Bonuses:** The Budget includes an increase of \$9.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF). These funds provided bonuses to staff at state licensed child care providers. This initiative addresses labor

shortages in the child care industry. Full-time and part-time staff at state-licensed providers would be eligible for the awards.

- **ARP DIRECT: SNAP 3-year State Administrative Expense Grants:** The Budget includes \$1.6 million in federal funds for SNAP administrative grants. These funds are a part of U.S government's response to the COVID-19 pandemic and are meant to subsidize any increased administrative costs associated with the Pandemic Enhanced Electronic Benefit Transfers.
- **ARP DIRECT: Low Income Household Water Assistance Program:** The Revised Budget includes an increase of \$1.1 million in federal funds to assist low income households with water and wastewater bills. These funds reflect a one-time appropriation through federal supplementary grants provided throughout the COVID-19 pandemic. Rhode Island's Low-Income Household Water Assistance Program (LIHWAP) helps low-income residents by providing aid that offset the costs of water and wastewater bills.
- **ARP DIRECT: Family Violence and Prevention:** Throughout the pandemic, reported amounts of domestic and family violence increased significantly. These funds reflect the carry forward from the Family Violence Prevention and Services Act, which is finance through ARPA. These funds will be used to combat domestic and family violence, as well as provide education and resources to those who may experience it.
- **ARP DIRECT: Veterans Administration:** The Budget includes \$1.0 million to fund the Veterans Home's Dental and Doctor expenses. Physical and oral health is integral to ensuring a high-quality life. Additionally, veteran's residing in the home have multiple ailments.
- **ARP DIRECT: Adult Protective Services:** The Revised Budget includes \$500,000 in federal funds for elderly abuse prevention. This grant was awarded in 2021 with one-time funding through the ARPA funds. Since 2021, there have been a significant increase in calls to Adult Protective Services. These funds will be used to fund multiple projects including the WellSky Reporting Tool, which enables coordination and communication between medical providers and social service providers. These funds will also be used to staff training and Adult Protective Service Conferences to better equip OHA staff at managing incoming calls.

Afghan Refugee Supports (federal funds)

\$1.0 million

The Revised Budget includes \$1.0 million in federal funds for grants related to Afghan refugee support services. The Department was awarded \$2.3 million in federal funds to support resettlement activities for refugees. The Department spent \$108,920 in grant funds in FY2022.

Caseload Estimating Conference

\$745,690

Estimators at the November 2022 Caseload Estimating Conference (CEC) projected that, in FY2023 revised, general revenue expenditures will increase by \$745,690. Expenditure changes are listed in the table below.

Caseload Estimating Conference	General Revenue Changes
Child Care State Match - CEC	\$545,770
GPA CEC	199,920
Total	\$745,690

Caseload Estimating Conference (federal funds)

\$6.4 million

Estimators at the November 2022 Caseload Estimating Conference (CEC) projected that, in FY2023 revised, general revenue expenditures will increase by \$6.4 million. Expenditure changes are listed in the table below.

Caseload Estimating Conference	Federal Fund Changes
Child Care - TANF Funds	\$3,502,696
Child Care Matching - State Dependents & Delinquents	1,346,996
FIP/TANF - Regular - Public Assist: Subsistence	1,552,942
Total	\$6,402,634

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS

ESH FMAP and Billing Adjustments

(\$14.9 million)

The Budget decreases general revenues by \$14.9 million (\$5.1 million all funds) to account for adjusted Medicaid billing assumptions at Eleanor Slater Hospital following the opening of the Rhode Island State Psychiatric Hospital, as well as the extension of the enhanced Federal Medical Assistance Percentage (FMAP). The FY2023 Budget as Enacted assumed that the enhanced FMAP rate would expire after one quarter of FY2023. Since then, the enhanced FMAP was extended through the third quarter of FY2023, and is now set to expire on March 31, 2023. The opening of the Rhode Island State Psychiatric Hospital (RISPH) resulted in an updated patient census and the removal of the Institute of Mental Disease (IMD) designation at Eleanor Slater Hospital, allowing the hospital to resume Medicaid billing. The RISPH opened two months ahead of schedule, resulting in two additional months of Medicaid billing and operations in FY2023. This adjustment reflects those changes.

Analyst Note: Because the impacts of the Consolidated Appropriations Act (CAA) of 2023 are not yet included in this adjustment, the Governor anticipates submission of an amendment later in the legislative session to accommodate changes to this adjustment related to the CAA.

November Caseload Estimating Conference

(\$13.8 million)

The Budget decreases all funds by \$8.5 million, including a \$5.3 million increase in federal funds and a \$13.8 million decrease in general revenues. This adjustment aligns the level of financing within the Developmental Disabilities program with caseloads as adjusted by the November 2022 Caseload Estimating Conference.

Opioid Settlement Fund Adjustments (restricted receipts)

\$6.8 million

The Budget adds \$6.8 million in restricted receipts for the Department's allocation of Rhode Island Statewide Opioid Abatement (settlement) funds to be used for the following projects.

- **High-Risk Client Provisions - \$450,000:** These funds are to support \$50,000 allocations to six Recovery Community Centers, five Harm Reduction Mobile Outreach Providers, and three additional behavioral health and Substance Use Disorder organizations providing basic needs provision to high-risk clients and community members.
- **Recovery Housing Programs - \$750,000:** These funds are allocated to expand housing stock for recovery housing for capital, operations, and services for high-risk communities. This initiative is intended to be integrated with \$1.0 million in funding at the Department of Housing to provide housing support services for people who use drugs to assist them in remaining housed.
- **Safe Landings Project - \$750,000:** The Safe Landings project is to provide a secure place for people who use drugs to stay following an overdose. The funds may be used to bridge funding for the Hope Initiative, a post-overdose outreach program that is currently seeking more permanent funding.
- **Treatment on Demand Project - \$2.0 million:** These funds are allocated to developing a new treatment facility to better support treatment on-demand. \$1.2 million has been allotted for this purpose, as well as \$800,000 available to support the project if needed, or to be spent on additional provider investments if the additional dollars are not needed.

- **Contingency Management - \$300,000:** These funds, which will be integrated with State Opioid Response grant funds, are allocated to contingency management programs. Contingency management is a behavioral treatment for substance use disorders which provides incentives to patients not to use drugs. Most often this takes the form of monetary rewards tied to abstinence or other treatment objectives such as adherence to treatment activities.
- **Recovery Center Supports - \$450,000:** This funding is to provide six Recovery Centers with \$75,000 each to provide additional capital supports to their clients.
- **Family Recovery Supports - \$450,000:** This funding is to provide support to an organization serving families of people who use drugs or are in recovery.
- **Project Success Supports - \$1.5 million:** These funds provide additional support to the Project Success providers to hire student assistance counselors, Clinical Supervisors, and a Workforce Recruitment and Development Coordinator. Project Success provides school-based mental health supports.
- **Project Evaluation - \$132,500:** These funds are related to the hiring of a data analyst/evaluator to promote evaluation capacity in the state.

RICLAS FMAP Adjustment**(\$2.3 million)**

The Budget includes a decrease of \$2.3 million in general revenues within the Rhode Island Community Living Supports (RICLAS) subprogram for the extension of the enhanced FMAP rate from one to three quarters in FY2023. The FY2023 Budget as Enacted assumed that the enhanced FMAP rate would expire after one quarter of FY2023. Since then, the enhanced FMAP was extended through the third quarter of FY2023, and is now set to expire on March 31, 2023. The Budget decreases general revenues and increases federal funds accordingly.

Analyst Note: Because the impacts of the Consolidated Appropriations Act (CAA) of 2023 are not yet included in this adjustment, the Governor anticipates submission of an amendment later in the legislative session to accommodate changes to this adjustment related to the CAA.

Consent Decree Positions**\$70,345**

The Budget adds \$70,345 in general revenues to provide additional resources for positions related to the Consent Decree. The increase represents a redistribution of resources across the Private Community Developmentally Disabled Services and Rhode Island Community Living Supports (RICLAS) programs within the Developmentally Disabled Services program.

OFFICE OF THE CHILD ADVOCATE**Salary and Benefit Adjustments****(\$69,847)**

The FY2023 Supplemental Budget includes a general revenue decrease of \$69,847 related to staffing reevaluations and turnover. Salary increases for the Agency were provided from the General Assembly and approved by public hearing on September 9, 2022. The FY2023 Supplemental Budget takes these salary increases into account while also recognizing turnover savings from the public hearing implementation delay and 2.0 FTE vacancies for the first six months of the year resulting from the expiration of the federal Victims of Crime Act (VOCA) grant.

DEPARTMENT OF CORRECTIONS**RIBCO Contract Reserve****\$35.0 million**

The Budget includes \$35.0 million in general revenue for the anticipated settlement of the Rhode Island Brotherhood of Correctional Officers (RIBCO) employee contract for FY2021 through FY2023. When the Budget was released, the contract had not yet been finalized. The FY2023 Budget as Enacted provided \$9.3 million in general revenue funding that represented base payroll costs and assumed that the terms would be

similar to those of other state employee unions that had already finalized contracts. Additional funds are appropriated in FY2024 for the final year of the four-year agreement.

Housing Module Closures

\$6.1 million

The Budget includes a \$6.1 million general revenue increase related to assumed savings from the closures of housing modules that could not be realized. The FY2023 Budget as Enacted assumed the closure of seven housing modules but due to rising COVID-19 cases throughout FY2023, the Department, adhering to guidance from the CDC as well as the Rhode Island Department of Health, kept the housing modules open. The increase includes \$5.7 million in overtime expenditures and \$435,681 for FICA.

Increase in Operating Costs Based Upon FY2022 Experience

\$3.7 million

The Budget includes a \$3.7 million increase in general revenue for operating costs based upon the Department's experience in FY2022. The Department experienced exorbitant rising costs in FY2022 and the Budget increases expenditures accordingly, including \$1.6 million for pharmacy services, \$1.2 million for the Facility Maintenance Unit, and \$829,577 for the Food Services Unit.

Increase in Contract Services Based Upon FY2022 Experience

\$3.1 million

The Budget includes a \$3.1 million increase in general revenue for contract services based upon the Department's experience in FY2022. The Department experienced exorbitant rising costs in FY2022 and the Budget increases expenditures accordingly, including \$838,429 for general health services, \$724,535 for nursing services, \$518,999 for mental health services.

FICA Adjustment

\$2.0 million

The Budget includes \$2.0 million in general revenue to supplement Federal Insurance Contributions Act (FICA) payments for the Department's employees. The Department indicates that the FY2023 Budget as Enacted did not properly account for FICA while calculating employee overtime. The Department met with the Office of Management and Budget (OMB) and was told that FICA is not computed on overtime expenses unless the overtime is specific to an individual employee. Due to the departmental policy of seniority-based overtime requests, the Department was unable to generate an overtime code specific to an individual.

Training Unit for Classes 86A

\$669,833

The Budget includes \$669,833 in a net general revenue increase, reflecting \$908,160 for the training of one (1) additional, 40 cadet class of correctional officers, offset by \$238,327 in general revenue savings related to decreased overtime expenditures.

MILITARY STAFF

Miscellaneous Minor Construction (federal funds)

\$1.7 million

The Budget includes \$5.9 million in federal funds for numerous miscellaneous minor capital and asset protection projects that are partially or fully paid with federal funds. This is an increase of \$1.7 million from the FY2023 Budget as Enacted.

Quonset Airport Runway Reconstruction (RICAP funds)

\$189,750

The FY2023-FY2028 capital budget includes \$84.5 million in federal funds and RICAP funds in FY2023 - FY2025 for the reconstruction of the Quonset Airport runway at military specifications. The project will be financed by \$80.3 million in federal funds, comprised of \$38.0 million from the Federal Aviation Administration, and \$42.3 million from the National Guard Bureau. \$4.2 million from the RICAP Fund will serve as state matching funds for the project. The FY2023 Supplemental Budget includes \$464,750, an increase of \$189,750 from the FY2023 Budget as Enacted.

RHODE ISLAND EMERGENCY MANAGEMENT**Personnel, Contract Services, and Operating Changes (federal funds)****\$9.3 million**

The Budget includes \$18.3 million in federal funds for non-COVID related personnel, contract services, and operating costs, reflecting an increase of \$9.3 million in federal funds from the FY2023 Budget as Enacted. The largest component of the increase is \$6.4 million for municipal and state repair projects and plowing costs associated with the January 29, 2022, blizzard, referred to as Winter Storm Kenan.

Analyst Note: According to RIEMA, the account for the Winter Storm Kenan projects should be under the grant expenses and not under operating, as the appropriation is for payments of sub-awards to third parties.

Personnel, Contract Services, Operating - Federal	FY2023	FY2023 Governor	Change
Winter Storm Kenan Projects	\$0	\$6,450,105	\$6,450,105
EMPG 2022 Emergency Management Preparedness Grant	-	2,540,194	2,540,194
EMPG 2021 Emergency Management Preparedness Grant	2,925,350	2,795,334	(130,016)
SHSP 2022 State Homeland Security Grant	-	877,894	877,894
All Other Personnel, Contract Services, and Operating	6,105,319	5,622,798	(482,521)
Total	\$9,030,669	\$18,286,325	\$9,255,656

COVID Related Expenses (federal funds)**\$2.4 million**

The Budget decreases personnel expenses by \$297,410 and increases operating expenses by \$2.7 million resulting in a net federal fund increase of \$2.4 million, to reflect expenses projected by RIEMA in response to the COVID-19 pandemic. On March 13, 2020, the President of the United States declared a nationwide emergency relating to the COVID-19 pandemic. Under such federal declaration, referred to as the Stafford Act, federal disaster activities are assumed by the Federal Emergency Management Agency (FEMA). Such activities and assistance allow the State to qualify for a 75.0 percent reimbursement of certain emergency-related expenses. The expenses incurred include personal protective equipment (PPE), ventilators, and the establishment of emergency field hospitals.

	FY2023 Enacted	FY2023 Governor	Change
Personnel - Federal COVID Response			
ARP DIRECT: Emergency Management Performance Grants	\$0	\$0	\$0
FEMA: COVID-Related Expenses	394,155	96,760	(297,395)
Relief Fund: COVID-Related Expenses	15	-	(15)
Total	\$394,170	\$96,760	(\$297,410)
Operating - Federal COVID Response			
FEMA: COVID-Related Expenses	(\$379,936)	\$900,000	\$1,279,936
FEMA: Supplies WKS: RIEMA	118,876	1,496,443	1,377,567
Relief Fund: COVID-Related Expenses	(14)	-	14
Total	(\$261,074)	\$2,396,443	\$2,657,517

RICAP – Emergency Management Building (RICAP funds)**\$250,000**

The Budget includes \$250,000 in RICAP funds in FY2023 to fund a feasibility study of warehouses, to determine whether to construct a new structure or remodel the current facility that is used to store the RISCO communications equipment, vehicles, and support staff.

DEPARTMENT OF PUBLIC SAFETY**State Police Vehicles****\$1.8 million**

The Budget includes \$1.8 million in general revenue for the purchase of 43 vehicles in FY2023. The vehicles will be purchased outright with agency surplus and will not utilize the State Fleet Revolving Loan Fund. The Department requested this initiative due to recently experienced economic uncertainty. The

FY2024 Budget includes a \$618,000 savings related to reduced loan repayment expenditures due to the outright purchase of these vehicles.

FY2024 Initiatives to Commence in FY2023

\$484,801

The Budget includes \$484,801 in general revenue to support four FY2024 initiatives to start in FY2023. The Department has a sizeable savings related to personnel vacancies and the Budget includes funding for the Community, Diversity & Equity Unit, Professional Development and Wellness Programs, and the Job Task Analysis, as well as additional funding for the Body-Worn and Vehicle Camera System in FY2023. The following table illustrates the funding appropriated in the FY2023 Revised Budget and the FY2024 Recommended Budget.

Initiative	FY2023	FY2024
	Governor	Governor
Body-Worn and Vehicle Camera System	\$229,801	\$87,590
Community, Diversity, & Equity Unit	105,000	85,000
Professional Development and Wellness Programs	100,000	100,000
Job Task Analysis	50,000	100,000
Total	\$484,801	\$372,590

Turnover

(\$1.6 million)

The Budget includes a \$1.8 million general revenue savings related to turnover within the Sheriff's subprogram, reflecting an additional \$1.6 million savings from the FY2023 Budget as Enacted. The Department indicates that the Sheriff's subprogram has an extremely high turnover rate. Additionally, the Department is having difficulty replacing the increasing number of deputies resigning.

DEPARTMENT OF TRANSPORTATION

Highway Maintenance Account (other funds)

\$66.4 million

The Budget includes \$169.0 million in Highway Maintenance Account funds (HMA), an increase of \$66.4 million from the FY2023 Budget as Enacted. The Budget includes the use of \$80.7 million of the HMA carry-forward balance to meet state match requirements for federal funds. The Road and Bridge fund will receive the largest appropriation, increasing by \$70.8 million from the FY2023 Budget as Enacted to \$139.2 million. The following table illustrates the HMA increase.

HMA	FY2023	FY2023	Change from
	Enacted	Governor	Enacted
Highway Drainage	\$6,000,000	\$6,034,943	\$34,943
Mixed Projects	500,000	500,000	0
RIPTA Transfer	9,875,766	9,649,905	(225,861)
Road And Bridge	68,408,226	139,243,531	70,835,305
State Match	17,863,719	13,572,358	(4,291,361)
Total	\$102,647,711	\$169,000,737	\$66,353,026

Toll Revenue (other funds)

(\$20.1 million)

The Budget includes \$13.5 million in toll revenue for the Bridge Replacement, Reconstruction, and Maintenance Fund and its administration, reflecting a \$20.1 million reduction from the FY2023 Budget as Enacted. The Bridge Replacement, Reconstruction, and Maintenance Fund is the recipient of the State's tolling revenue. The reduction in toll revenue is related to the September 2022 District Court Ruling suspending Rhode Island's ability to collect tolls. The ruling is currently being appealed and the Department remains hopeful that a decision will be reached by the end of 2023.

Consolidated Appropriations Act (federal funds)**\$14.8 million**

The Budget includes a total of \$30.1 million in federal funds from the Consolidated Appropriations Act, reflecting an \$8.7 million increase to the \$21.5 million appropriated in the FY2023 Budget as Enacted. The additional federal funds will be used within the Infrastructure-Maintenance program for highway improvement projects.

288 Allens Avenue Facility Purchase (other funds)**\$8.0 million**

The Budget includes \$8.0 million in gas tax revenue for the purchase of the currently leased garage and maintenance facility located at 288 Allens Avenue in Providence. The Department entered into a 5-year agreement, effective from September 2019 to September 2024, with an option to purchase the 33,000 square foot building, in order to provide a convenient and secure storage site for Department vehicles and equipment. The Budget includes \$600,000 for the lease payment in FY2023 and \$300,000 in FY2024, with the decrease related to the purchase.

Vehicle Maintenance (other funds)**\$3.8 million**

The Budget includes \$7.6 million in gas tax revenue for vehicle maintenance within the Infrastructure-Maintenance program, reflecting a \$3.8 million increase from the FY2023 Enacted amount of \$3.8 million. The additional funds will be used to purchase industrial vehicles, such as heavy trucks, sweepers, backhoes and tractors in order to replace the program's existing fleet.

Winter Maintenance Operations (other funds)**\$3.5 million**

The Budget includes \$18.0 million in gas tax revenue for winter maintenance operations, reflecting a \$3.5 million increase to the FY2023 Budget as Enacted. The increase includes \$1.4 million for road maintenance and repairs, \$1.4 million for snowplowing and sanding, and \$700,000 for overhead related to the State Fleet.



FY2024 BUDGET ARTICLES

Article 1: Relating to Making Appropriations in Support of FY2024

Article 1 outlines the appropriation amounts from all fund sources for FY2024. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; out-year appropriation changes in Rhode Island Capital Plan Fund projects; expenditure limits for internal service funds; outlines expenditures from the federal American Rescue Plan Act of 2021 and, disbursements of Lottery, Temporary Disability Insurance, and Employment Security. The article also:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,591.5 FTE positions reflecting a net increase of 136.0 FTE positions, as compared to the authorized level set in the FY2023 Budget as Enacted.
- Details Community Service Objective grant funding recipients and amounts.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2025. In addition, the Office of the Postsecondary Commissioner shall provide \$8.6 million be allocated to the Rhode Island Promise Scholarship program, \$2.5 million be allocated to the Fresh Start Scholarship Program at the Community College of Rhode Island, \$355,000 to support the Rhode Island College Crusade, \$151,410 to support the State's membership in the New England Board of Higher Education, and \$75,000 be allocated to Best Buddies Rhode Island
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.5 million.
- Requires that Rhode Island Housing and Mortgage Finance Corporation continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires a report be provided to the Director of Administration, chair of the Housing Resources Commission, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and on the amount of funding provided to the program.
- Clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021. Requires that all unexpended or unencumbered balances relating to the State Fiscal Recovery Fund and Capital Projects Fund be reappropriated to FY2025 and made available for the same purposes.
- Includes the appropriation mechanism necessary for incremental tax revenues collected from State economic activity taxes generated in Pawtucket's Downtown Redevelopment district to be made available to the City. Legislation enacted in 2019 established several geographical districts within downtown Pawtucket that would constitute the City of Pawtucket's Downtown Redevelopment project. Any incremental tax revenues generated in these districts related to new economic development are to be made available to the City once an agreement is made between City and the State. This agreement was entered into in December 2020. Since the passage of the legislation, CommerceRI has been certifying these revenues and the Division of Taxation has segregated them into their own account. The language makes the formal appropriation in the Budget to disburse the funds to the City of Pawtucket.
- Article 1 requires the State Controller to transfer \$55.0 million to the Supplemental State Budget Reserve Account by July 14, 2023. In addition, the article requires the State Controller to transfer \$79.1 million from the Information Technology restricted receipt account to the Large Systems Initiatives Fund by July 14, 2023.

APPROPRIATIONS

Article 1 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2024.

Expenditures by Source	FY2022 Final	FY2023 Enacted	FY2024 Governor	Change to Enacted
General Revenue	\$5,236.5	\$5,042.2	\$5,302.8	\$260.6
Federal Funds	5,326.6	5,708.4	5,526.0	(182.4)
Other Funds	2,055.1	2,398.4	2,535.4	137.0
Restricted Receipts	318.4	453.5	386.8	(66.7)
Total	\$12,936.6	\$13,602.5	\$13,751.0	\$148.5

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

In addition, Article 1 provides for the annual appropriation of the Contingency Fund; Temporary Disability Insurance Funds (TDI); Employment Security (UI Trust Fund); CollegeBoundSaver Funds; and, Lottery Division funds for award winnings during FY2024.

Section 1 also provides language directing the disbursement of specific appropriations including:

- **Supplemental State Budget Reserve Account:** The Budget requires the State Controller to transfer \$55.0 million to the Supplemental State Budget Reserve Account by July 14, 2023 (FY2024). Article 2, Section 3 establishes the new budget reserve account to provide additional reserve funds that can be appropriated when a general revenue deficit occurs. Expenditures from the supplemental account would be subject to the same limitations as the existing Rainy Day Fund, and deposits are subject to appropriation.
- **Administration – Large Systems Initiatives Fund:** The Budget appropriates \$27.0 million in general revenue to establish a new fund similar to the current Information Technology Investment Fund for the purpose of implementing and maintaining enterprise-wide software projects. The Fund would be established using \$27.0 million from the FY2022 general revenue surplus, of which \$22.0 million will be allocated to transitioning the RIKidsBridge Child Support Case Management System from a legacy-based system to a web-based platform. In addition, \$5.0 million will be allocated to the Gateway to Government to expand the current Digital Government pilot program to transition licensing processes to a paperless platform.
- **Labor and Training – Direct Care Training:** The article requires \$600,000 in general revenue be used for enhanced training for direct care and support services staff to improve the resident quality of care for nursing facility residents.
- **BHDDH – DD Consent Decree:** The State has been under a Consent Decree with the United States Department of Justice since 2014, requiring the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. With the Consent Decree scheduled to end in FY2024, the State has agreed to an action plan to ensure the requirements of the Consent Decree are fulfilled. Article 1 allocates \$14.0 million in general revenue (\$30.8 million all funds) for direct support professional wage increases.
- **Graduate Medical Education:** The article allocates \$2.5 million in general revenue for the Graduate Medical Education programs, of which \$1.0 million for hospitals designated as a Level I Trauma Center, \$1.0 million for hospitals providing Neonatal Intensive Care Unit (NICU) care, and \$500,000 for the residential training program at Landmark Hospital.
- **RIDE - Rhode Island Vision Education and Services Program:** The article requires that \$684,000 from the Department of Elementary and Secondary Education's share of federal Individuals with Disabilities Education Act funds be allocated to the Sherlock Center on Disabilities to support the Rhode Island Vision Services Program.

- **RIDE - Education Aid:** The article prioritizes the allocation of early childhood funds for prekindergarten seats and classrooms for four-year-olds with a family income at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low performing schools. In addition, \$8.5 million of the appropriated general revenues must be used to ensure that the total amount of funds received by any local education agency (LEA) pursuant to the education funding formula in FY2024 is not less than the amount received in FY2023.
- **Corrections – Sex Offender Discharge:** The Budget allocates \$1.0 million to Crossroads Rhode Island for sex offender discharge planning.

INTERNAL SERVICE FUNDS

Article 1 authorizes 15 specific, capped internal service accounts to permit reimbursement of costs for work or other services performed by certain departments or agencies for any other department or agency. The FY2018 Budget as Enacted established centralized accounts for each agency and allows the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Reimbursements may only be made up to the expenditure cap for each account, as outlined below.

Internal Service Account	FY2023 Enacted	FY2024 Governor	Change
State Assessed Fringe Benefits	\$37,370,321	\$37,390,672	\$20,351
Administration Central Utilities	27,355,205	39,364,206	12,009,001
State Central Mail	7,303,550	8,076,555	773,005
State Telecommunications	3,513,931	3,659,422	145,491
State Automotive Fleet	12,869,107	13,069,648	200,541
Surplus Property	3,000	44,789	41,789
Health Insurance	272,697,174	272,732,438	35,264
Other Post-Employment Benefits	63,858,483	63,858,483	-
Capital Police	1,380,836	1,411,825	30,989
Corrections Central Distribution Center	7,524,912	7,506,586	(18,326)
Correctional Industries	8,472,206	8,220,004	(252,202)
Secretary of State Records Center	1,143,730	1,175,426	31,696
Human Resources Internal Service Fund	15,991,654	17,117,623	1,125,969
DCAMM Facilities Internal Service Fund	47,011,910	61,150,543	14,138,633
Information Technology Internal Service Fund	50,789,409	56,136,183	5,346,774
Total	\$557,285,428	\$590,914,403	\$33,628,975

FTE POSITIONS

Article 1 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. Statewide, the Budget has a net increase of 136.0 FTE positions from the FY2023 Budget as Enacted. The following table lists the FTE amounts by budget function:

FTE Positions by Function	FY2023 Enacted	FY2024 Governor	Change to Enacted
General Government	2,494.4	2,529.4	35.0
Human Services	3,734.3	3,782.3	48.0
Education	4,223.4	4,238.4	15.0
Public Safety	3,275.6	3,309.6	34.0
Natural Resources	449.0	457.0	8.0
Transportation	755.0	755.0	-
Subtotal	14,931.7	15,071.7	140.0
<i>Higher Ed. Sponsored Positions</i>	<i>523.8</i>	<i>519.8</i>	<i>(4.0)</i>
Total FTE Positions	15,455.5	15,591.5	136.0

COMMUNITY SERVICE OBJECTIVES

The FY2017 Budget as Enacted changed the Community Service Objective (CSO) Grants program. Previously, CSO grants were funded in executive agency budgets, but were not specifically delineated in the appropriations act. The program now consists of two components: line-item grant awards, and pool grants. Line-item grants are identified in the appropriations act and include a brief description of the grant purpose. Pool grants will be allocated by executive branch agencies either by formula, or through a competitive process. State agencies will manage the application, award, and reconciliation processes for the awards. Consistent with previous practice, the awards may be subject to audits by the Bureau of Audits.

The FY2023 Budget as Enacted includes \$13.7 million in general revenue for CSO grant awards across 14 state agencies. The FY2024 Budget recommends an appropriation of \$11.8 million in general revenue in FY2024, a decrease of \$1.9 million from the previously enacted budget. The Budget recommends increasing the following grants; Senior Center Support \$200,000, Project Reach – Boys and Girls Club \$100,000, and Higher Ground International for \$25,000. The Budget decreases the following grants: Community Action Fund – Pandemic Relief \$1.4 million, RI Alliance of Boys and Girls Clubs \$750,000, and the RI School for Progressive Education. The Budget includes two new CSO awards; Operation Stand Down \$50,000 and Rhode Island Slave History Medallions \$25,000.

Agency	Grant Recipient	FY2023 Enacted	FY2024 Governor	Change
Administration	City Year - Whole School Whole Child Program	\$130,000	\$130,000	\$0
Executive Office of Commerce	STAC Research Alliance	900,000	900,000	-
Executive Office of Commerce	Polaris Manufacturing Technical Assistance Program	450,000	450,000	-
Executive Office of Commerce	Chafee Center at Bryant	476,200	476,200	-
Executive Office of Commerce	Urban Ventures	140,000	140,000	-
Executive Office of Commerce	East Providence Waterfront Commission	50,000	50,000	-
Labor and Training	Year Up	200,000	200,000	-
Secretary of State	Rhode Island Historical Society	125,000	125,000	-
Secretary of State	Newport Historical Society	18,000	18,000	-
Human Services - Healthy Aging	Diocese of Providence - Elder Services	325,000	325,000	-
Human Services - Healthy Aging	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-
Human Services - Healthy Aging	Elderly Housing Security	85,000	85,000	-
Human Services - Healthy Aging	Elderly Nutrition	50,000	50,000	-
Human Services - Healthy Aging	Meals on Wheels	530,000	630,000	100,000
Human Services - Healthy Aging	Senior Center Support	1,000,000	1,200,000	200,000
Human Services	Coalition Against Domestic Violence	400,000	400,000	-
Human Services	Project Reach - Boys and Girls Club	350,000	450,000	100,000
Human Services	Day One	267,000	267,000	-
Human Services	RI Community Food Bank	450,000	450,000	-
Human Services	Crossroads Rhode Island	500,000	500,000	-
Human Services	Institute for the Study and Practice of Nonviolence	250,000	250,000	-
Human Services	Operation Stand Down	-	50,000	50,000
Human Services	Veterans' Organizations	200,000	200,000	-
Human Services	Community Action Fund	600,000	600,000	-
Human Services	Community Action Fund - Pandemic Relief	1,400,000	-	(1,400,000)
Human Services	Higher Ground International	50,000	75,000	25,000
Human Services	Refugee Dream Center	50,000	50,000	-
Human Services	RI Alliance of Boys and Girls Clubs	750,000	-	(750,000)
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-
Education	Child Opportunity Zones	395,000	395,000	-
Office of Postsecondary Commissioner	Rhode Island College Crusade	355,000	355,000	-
Office of Postsecondary Commissioner	Best Buddies Rhode Island	75,000	75,000	-
Office of Postsecondary Commissioner	RI School for Progressive Education	200,000	-	(200,000)
University of Rhode Island	Small Business Development Center	700,000	700,000	-
University of Rhode Island	Institute for Labor Studies and Research	100,000	100,000	-
University of Rhode Island	Special Olympics Rhode Island	50,000	50,000	-
Arts Council	WaterFire Providence	375,000	375,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-
Historical Preservation	Rhode Island Slave History Medallions	-	25,000	25,000
Corrections	Crossroads Rhode Island	1,050,000	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	230,000	230,000	-
Judicial	Rhode Island Legal Services	90,000	90,000	-
Environmental Management	Wildlife Rehabilitators Association of RI	100,000	100,000	-
Environmental Management	Conservation Districts	50,000	50,000	-
Total		\$13,676,200	\$11,826,200	(\$1,850,000)

Analyst Note: The budget includes a \$25,000 community service objective grant in the Department of Human Services for the Center for Southeast Asians. The amount is included in the budget; however, the proviso language directing the grant was inadvertently excluded from Article 1. We expect a technical amendment from the Administration to correct the omission.

CAPITAL APPROPRIATIONS

Article 1 authorizes amounts from the Rhode Island Capital Plan (RICAP) Fund, not otherwise appropriated, to be expended during the fiscal years ending June 30, 2025, June 30, 2026, June 30, 2027, and June 30, 2028. These amounts supersede appropriations provided for FY2024 within the FY2023 Budget as Enacted.

Subject to final General Assembly approval, any unexpended or unencumbered funds from the RICAP Fund project appropriations in excess of \$500 may be reappropriated to the next fiscal year and made available for the same purpose. Any remaining funding less than \$500 may be reappropriated at the discretion of the State Budget Officer.

STATE FISCAL RECOVERY FUNDS

Sections 16, 17, and 18 of this article pertain to the authorization and appropriation of the State Fiscal Recovery Fund (SFRF) and Capital Projects Fund (CRF) federal funds.

- Section 16 clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021. This section consolidates the projected out-year appropriations of the State Fiscal Recovery Fund and Capital Projects Fund, to be expended during the fiscal year ending June 30, 2024; and includes language outlining the various SFRF projects.
- Section 17 requires that all unexpended or unencumbered balances relating to the SFRF and Capital Projects Fund, be reappropriated to the ensuing fiscal year and made available for the same purposes.
- Section 18 continues the Pandemic Recovery Office within the Department of Administration to oversee and ensure compliance with the rules, regulations, and guidance issued by the United States Department of the Treasury of expenditures from the SFRF and Capital Projects Fund. The Pandemic Recovery Office will be responsible for submitting all reports required by the United States Department of the Treasury for the SFRF and Capital Projects Fund.

Article 2: Relating to State Funds

This article establishes a new Large Systems Initiative Fund (LSIF) and a new Supplemental State Budget Reserve restricted receipt account; changes the name of the Information Technology Investment Fund to the Investment Technology Restricted Receipt Account; exempts a new Executive Climate Change Coordinating Council Projects restricted receipt account from imposition of the 10.0 percent indirect cost recovery charge; and, shifts Division of Motor Vehicles (DMV) duplicate license/updated information fee revenue from general revenue to the State's Highway Maintenance Account in FY2024. The article:

- Establishes the Large Systems Initiative Fund (LSIF) similar to the current Information Technology Investment Fund for the purpose of implementing and maintaining enterprise-wide software projects, in order to better facilitate federal participation in large information technology projects. The LSIF shall be administered by the Chief Information Officer within the Department of Administration. Language included in Article 1 of the Budget requires the State Controller to transfer \$79.1 million from the Information Technology restricted receipt account to the Large Systems Initiative Fund by July 14, 2023. The LSIF shall consist of funds as appropriated by the State.
- Amends several sections of general law striking reference to the Information Technology Investment Fund and replaces it with the term Investment Technology Restricted Receipt Account.
- Establishes the Supplemental State Budget Reserve Account to provide additional reserve funds that can be appropriated when a general revenue deficit occurs. Language included in Article 1 of the Budget requires the State Controller to transfer \$55.0 million to the Supplemental State Budget Reserve Account by July 14, 2023.
- Exempts one new restricted receipt account from the 10.0 percent indirect cost recovery charge provisions and changes the name of an existing restricted receipt account. The proposed exemptions would apply to the following account: Executive Climate Change Coordinating Council Projects. In addition, the article revises the name of the Information Technology Investment Fund to the Information Technology restricted receipt account.
- Shifts Division of Motor Vehicles (DMV) duplicate license/updated information fee revenue from general revenue to the State's Highway Maintenance Account (HMA) in FY2024. The Transportation Investment and Debt Reduction Act of 2011 (TIDRA) created the HMA within the Intermodal Surface Transportation Fund (ISTF). The account is currently funded via surcharges associated with licenses, vehicle registrations, inspection stickers, titles, and other related DMV fees. The HMA is used for projects that appear in the State's transportation improvement program. The FY2019 Budget as Enacted consolidated the duplicate license fee with the updated information fee, effectively increasing the latter's fee revenue by \$20. The additional revenue was diverted to general revenue rather than deposited in the HMA, in order to fund increased personnel costs associated with an anticipated surge in licensing activity related to the implementation of the RealID program. This surge never materialized and the Governor recommends shifting these fees from general revenue to the HMA, consistent with the original intent of the TIDRA.

FISCAL IMPACT

The article exempts \$4.5 million in annual restricted receipt revenues that will be transferred to the Executive Climate Change Coordinating Council from the 10.0 percent indirect cost recovery charge provisions. Had these accounts not been exempt, the accounts would have transferred a total of \$450,000 in FY2023 and in future years to the general fund.

- Language included in Article 1 of the Budget requires the State Controller to transfer \$55.0 million from the FY2022 surplus funds to the Supplemental State Budget Reserve Account by July 14, 2023.

- Language in Article 5 requires the Public Utilities Commission to transfer \$4.5 million from the Demand-side Management Gas and Electric Funds to the Rhode Island Energy Office, to fund the Executive Climate Change Coordinating Council for climate change initiatives. Had these accounts not been exempt, the accounts would have transferred a total of \$450,000 in FY2023 and in future years to the general fund.
- Language included in Article 1 of the Budget requires the State Controller to transfer \$79.1 million from the Information Technology Restricted Receipt account to the Large Systems Initiative Fund by July 14, 2023.
- The transfer of DMV duplicate license fees from general revenue to the Highway Maintenance Account will reduce general revenue by \$950,000 in FY202. RIGL 39-18.1-4(c) sets the indirect cost recovery (ICR) charge at 5.0 percent on funds collected under the Highway Maintenance account statute. This percentage of the ICR differs from the 10.0 percent on restricted receipts as set under RIGL 35-4-27.

ANALYSIS AND BACKGROUND

Investment Technology Restricted Receipt Account

Sections 1, 2, 5, 6, and 8 amends several sections of general law including RIGL 23-3-25, 31-2-27, 37-2-12, and 39-21.1-14 striking reference to the Information Technology Investment Fund and replaces it with the term Investment Technology Restricted Receipt Account.

Supplemental State Budget Reserve Account

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

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

FY2020 closed with \$90.7 million in the Rainy Day Fund. In FY2020, the State used \$120.0 million from the fund to balance the budget. Rhode Island General Law requires that the repayment be made to the Rhode Island Capital Plan fund in the following fiscal year. The FY2021 Supplemental Budget included a \$120.0 million repayment to the RICAP fund.

In Section 3 of this article, the Governor proposes to create a supplementary budget reserve fund in FY2024, with the potential to later amend the state constitution to increase the 5.0 percent revenue cap on the existing fund balance. As part of the FY2024 appropriations act, the Governor transfers \$55.0 million in surplus funding by July 14, 2023, into a “State Supplemental Budget Reserve Account”. Expenditures from the supplemental account would be subject to the same limitations as the existing Rainy Day Fund, and deposits are subject to appropriation.

Rainy Day Fund Deposit	States
All or a portion of year-end surplus	Georgia, Kentucky, Minnesota, Mississippi, Montana, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Utah, Vermont, West Virginia, Wisconsin
Portion of total or special revenues	Alaska, California, Rhode Island , Wyoming
Tied to revenue or economic growth	Arizona, Idaho, Illinois, Indiana, Michigan, North Carolina, Tennessee, Virginia
Required minimum balance	Colorado, Florida, Iowa, Missouri, South Carolina
Combination	Connecticut, Delaware, DC, Hawaii, Louisiana, Maine, Maryland, Massachusetts, Nebraska, Nevada, New Hampshire, Texas, Washington
No required payments	Alabama, Arkansas, Kansas

Source: TPC Rainy Day Fund Deposit Mechanisms March 2020

The Governor’s proposal projects a Rainy Day Fund balance of \$271.4 million at the end of FY2023, increasing to \$276.6 million in FY2024. Of note, the FY2024 projected balance does not include the \$55.0 million supplemental budget reserve funding.

A larger fund balance would better position Rhode Island to weather economic downturns and would be viewed favorably by ratings agencies. Both the Tax Policy Center (TPC) and the Center on Budget and Policy Priorities (CBPP) recognize Rainy Day Funds in excess of 15.0 percent as best practice post Great Recession. According to the CBPP, “since the Great Recession, a number of states have raised their caps. Connecticut, Georgia, Michigan, Oklahoma, and Virginia raised theirs to 15.0 percent; Arizona increased its cap from 7.0 percent to 10.0 percent and South Carolina raised it from 3.0 percent to 5.0 percent.”

According to The Tax Policy Center’s Briefing Book March 2020: The cap is percentage of either revenues or expenditures, although there are states have more complex formulas for determining maximum fund size. Most states that finance their Rainy Day Fund with operating surpluses stop transfers once the cap has been reached, allowing the surplus to remain in the general fund. A few states redirect those operating surpluses to other funds for special projects or taxpayer relief.

The percentage for Rhode Island is equal to Vermont but far lower than the other New England states:

New England	Rate	Cap or Target
Maine	18.0%	Current FY general fund appropriations
Connecticut	15.0%	Current FY general fund appropriations
Massachusetts	15.0%	Prior FY budgeted revenue
New Hampshire	10.0%	Prior FY general fund revenue
Rhode Island	5.0%	Current FY estimated state general revenue
Vermont	5.0%	Prior FY general fund appropriations

Source: PEW Charitable Trust’s Why States Save

Indirect Cost Recovery Exemptions

State law permits the assessment of a 10.0 percent indirect cost recovery charge on most state restricted receipt accounts in order to support the administrative overhead costs associated with the collection of funds and administration of the accounts. RIGL 35-4-27 enumerates those restricted receipts exempted from this assessment. Beginning in FY2023, the article exempts \$4.5 million in annual restricted receipt revenues that will be transferred to the Executive Climate Change Coordinating Council from the 10.0 percent indirect cost recovery charge provisions. Had these accounts not been exempt, the accounts would have transferred a total of \$450,000 in FY2023 and in future years to the general fund.

Section 4 of this article amends the name of one restricted account and expands the list to include a new account:

- **Information Technology Restricted Receipt Account:** The article changes the name of the Information Technology Investment Fund to the Investment Technology Restricted Receipt Account. The change in account has no impact on transfers to the general fund.
- **Executive Climate Change Coordinating Council Projects:** The article adds the Executive Climate Change Coordinating Council Projects to the list of restricted receipt accounts that are exempt from the 10.0 percent indirect cost recovery charge on most state restricted receipt accounts.

Analysis Note: Article 5 section 4 requires the Public Utilities Commission to transfer \$4.5 million from the Demand-side Management Gas and Electric Funds to the Rhode Island Energy Office to fund the Executive Climate Change Coordinating Council for climate change initiatives.

Rhode Island Highway Maintenance Fund

Section 7 shifts Division of Motor Vehicles (DMV) duplicate license/updated information fee revenue from general revenue to the State’s Highway Maintenance Account (HMA) in FY2024. The Transportation

Investment and Debt Reduction Act of 2011 (TIDRA) created the HMA within the Intermodal Surface Transportation Fund (ISTF). The account is currently funded via surcharges associated with licenses, vehicle registrations, inspection stickers, titles, and other related DMV fees. The HMA is used for projects that appear in the State's transportation improvement program. The FY2019 Budget as Enacted consolidated the duplicate license fee with the updated information fee, effectively increasing the latter's fee revenue by \$20. The additional revenue was diverted to general revenue rather than deposited in the HMA in order to fund increased personnel costs associated with an anticipated surge in licensing activity related to the implementation of the RealID program. This surge never materialized and the Governor recommends shifting these fees from general revenue to the HMA, consistent with the original intent of the TIDRA.

Large Systems Initiative Fund

Section 9 of this article establishes a new Large Systems Initiative Fund (LSIF) similar to the current Information Technology Investment Fund (ITIF) for the purpose of implementing and maintaining enterprise-wide software projects, in order to better account for appropriations versus expenditures on the State's financial statements and to facilitate federal participation in large information technology projects. The cost of enterprise IT projects may be allocated to federal funds provided that the allocation is in proportion to the support it provides to federally funded activities. For a capital development project, however, the costs may only be charged to a federal fund after the project is completed and placed in service. Then the value of the asset is amortized over the life of the of the equipment with federal funds used to pay the depreciation of the product that is used in proportion with the federal fund use of the product.

The LSIF would be administered by the Chief Information Officer within the Department of Administration and will be used to fund the larger IT projects that are capitalized by general revenue appropriations. The ITIF will remain, under the name change to the Information Technology Restricted Receipt (ITRR) account, to fund smaller projects using the dedicated restricted receipt revenue stream

The Governor proposes to transfer \$79.1 million from the Information Technology Investment Fund restricted receipt account to the Large Systems Initiative Fund, by July 14, 2023. These funds reflect balances in the Fund that were previous appropriations to capitalize the ITIF in FY2021 and FY2022.

- The FY2021 appropriation included \$50.0 million was used to implement the Enterprise Resource Planning System (ERP) and \$17.0 million was used to the replace the Department of Children, Youth, and Families' case management system known as RICHIST.
- The FY2022 appropriation included \$75.0 million was used for additional Enterprise Resource Planning System (ERP) and RICHIST work, as well as \$22.4 million for the implementation of an electronic medical records system for the state hospitals, \$19.4 million be available for the replacement and modernization of the Legacy mainframe system in the Department of Labor and Training, \$6.7 million for RIBridges Mobile and Childcare Tracking, \$2.5 million for Blockchain Digital Identity, \$5.8 million for the Department of Environmental Management's online permit and licensing system for fish and wildlife, commercial fishing and boating registrations, \$3.3 million for Wi-Fi and Technology at the Adult Correctional Institutions, and \$2.3 million for the tax modernization system.

In addition, the Budget includes a \$27.0 million general revenue appropriation to capitalize the Large Systems Initiative Fund (LSIF). The Governor proposes that \$22.0 million from the appropriation to the LSIF be allocated to transitioning the RIKidsBridge Child Support Case Management System within the Department of Health, from a legacy mainframe application to a web-based platform. The Budget allocates the remaining \$5.0 million to support the new Gateway to Government initiative that expands the Digital Government Pilot Program in the Department of Business Regulation.

Article 3: Relating to Government Reform and Reorganization

Article 3 makes several changes to the organization of state government. Specifically, the article:

- Establishes the Rhode Island Longitudinal Data System Act (RILDS), which shifts 4.0 Sponsored Research FTE positions from URI to the Office of the Postsecondary Commissioner and adds 3.0 additional FTE positions to support the RILDS.
- Increases the number of members on the Inter-Agency Food and Nutrition Advisory Council to 9.0 and includes Directors, or designees, from the Executive Office of Commerce and the Department for Children, Youth, and Families.
- Amends the definition of bridge and defines the State’s responsibilities for bridges and smaller structures.
- Amends state law to align with the federal Burial Equity for Guards and Reserve Act, which was signed into law by President Biden on March 15, 2022.
- Expands the responsibilities of the Director of the Office of Management and Budget (OMB) to conduct reviews, evaluations, and assessments on process efficiency, effectiveness, and program performance on executive branch agencies.
- Amends RIGL 35-3-24.1 regarding program performance measurement by requiring state agencies to provide timely reports, records, and analyses relating to state agency programs and operations. The article authorizes the OMB to produce analyses and recommendations to state agencies to improve program performance.
- Increases the percentage of procurements and construction projects awarded to Minority Business Enterprises (MBEs) to 15.0 percent. 7.5 percent of projects will be awarded to minority businesses owned and controlled by a minority partner, and 7.5 percent of projects will be awarded to businesses owned and controlled by women.
- Eliminates the requirement for individuals enrolled in the State Police and Municipal Training Academy to reimburse the State for the cost of meals consumed.
- Removes the requirement of Correctional Officers to actively monitor individuals in-person that are serving life sentences without parole, if individuals are confined to a medical facility and the presence of Correctional Officers do not provide additional safety to the public
- Repeals the Underground Storage Tank Advisory Board. According to the Administration, the Board is largely defunct since it does not currently have any members and no longer holds meetings.

FISCAL IMPACT

Several of the initiatives in this article have an impact on expenditures in the Governor’s FY2024 Budget. The impact is summarized in the following table.

Article 3 Expenditure Changes	FY2024		
	General Revenue	Federal	Restricted Receipts
Rhode Island Longitudinal Data System Act (RILDS)	\$575,000	\$466,125	\$64,000
No Correctional Officer's in Medical Facilities	(488,545)	-	-
Burial Equity for Guards and Reserve Act	344,340	-	-
OMB Program Performance (RIGL 35-3-24.1)	303,047		
Trainee Trooper Meal Plan	88,000	-	-
Total	\$821,842	\$466,125	\$64,000

ANALYSIS AND BACKGROUND:***Rhode Island Longitudinal Data System Act (RILDS)***

The article establishes the Rhode Island Longitudinal Data System Act (RILDS) within the Office of the Postsecondary Commissioner. The RILDS, previously known as the RI Data HUB, was built, maintained, and operated by DataSpark at URI. It centralizes more than 50 previously isolated datasets from eleven sources over three decades and has been used by DataSpark to inform policy and resource allocation, improve student learning and outcomes, promote workforce and economic development, and address equity issues. Currently, the data system consists of more than 50 data sets from early childhood through secondary education and into the workforce. Modern systems, such as the Kentucky Center for Statistics (KYSTATS), also integrate health and human services data, information about the environment, justice, and transportation. The intent of the article is to formalize the RILDS and provide for possible expansion into areas that support the State's priorities, inform policymaking, and support program evaluation.

The proposal shifts 4.0 Sponsored Research FTE positions from URI to the Office of the Postsecondary Commissioner and adds 3.0 additional FTE positions to support the RILDS. The Budget provides \$575,000 in general revenue in FY2024 to support the salaries and benefits of positions that will not be covered by federal grants.

The article establishes the RILDS, for budgetary purposes, with the Office of the Postsecondary Commissioner and establishes a Governing Board comprised of the following:

- An at-large member appointed by the Governor and serving as co-chair;
- The Director of any participating agencies, or a designee;
- The Director of the Office of Management and Budget (OMB), or designee;
- The Chief Information Officer of the Division of Information Technology (DOIT), or designee; and,
- The Director of the RILDS Center.

The Governing Board will have two co-chairs. The at-large member, appointed by the Governor, will be responsible for overseeing and directing the policy duties and responsibilities of the Board. The Commissioner of Postsecondary Education will serve as the second co-chair and be responsible for overseeing, supervising, and directing the operational duties of the Center and its personnel. A "participating agency" includes the Rhode Island Department of Education, the Office of the Postsecondary Education, the Rhode Island Department of Labor and Training, and any agency that executes a memorandum of understanding for recurring participation in RILDS.

The powers of the Governing Board include:

- Approval of policies regarding the management of data requests
- Approval of policies regarding the publication of reports and other information
- Approval of standards for the security, privacy, access to, and confidentiality of data
- Other functions as necessary to ensure the successful continuation, management, and expansion of the RILDS
- Establish a data governance committee to work with the Center on an ongoing basis to approve data requests and other responsibilities
- Oversee and collaborate with the data governance committee and the center to manage and operate the RILDS

The article allows for the creation of a data request fee policy and establishes a restricted receipt account, entitled "longitudinal data system-non-federal grants", for the "express purpose of recording receipts and

expenditures of the program. The Budget includes three accounts for this program totaling \$1.1 million, including general revenue (\$575,000), federal funds (\$466,125), and restricted receipts (\$64,000).

The article will institutionalize the RILDS and, since the technical and legal infrastructure is already in place within DataSpark, Rhode Island will be able to quickly implement a competitive data system. In addition, the state funds may be used to leverage federal grants funding to expand the system.

Historically, DataSpark has been supported through federal grants from the United States Department of Education and the Rhode Island Department of Labor and Training; however, the current federal grant supporting DataSpark is expiring. Due to decreasing support over the last three years, the team has been reduced from eleven to four FTE positions. Without sustainable support, the RILDS will cease operations in FY2025.

The Inter-Agency Food and Nutrition Advisory Council

RIGL 21-36 establishes the Inter-Agency Food and Advisory Council to examine and address the lack of access to nutrient-dense and healthy foods. As of 2021, 11.4 percent of Rhode Island's population identify as food insecure, disproportionately affecting minority households and households with children under 18.

The article includes an additional 2.0 representatives from the Executive Office of Commerce and the Department of Children, Youth, and Families (DCYF). The board composition is as follows:

- The Director of Health, or their designee
- The Director of Environmental Management, or their designee
- The Director of Administration, or their designee
- The Director of the Department of Human Services, or their designee
- The Director of the Office of Health Aging, or their designee
- The Director of the Department of Corrections, or their designee
- The Director of the Executive Office of Commerce, or their designee
- The Director of the Department of Children, Youth, and Family, or their designee.

The Council has taken special interest in the economic impacts of Rhode Island's food systems and increasing access to nutrient dense food to Rhode Island's most vulnerable populations. The Executive Office of Commerce currently runs the Relish Rhody program, a statewide food strategy charged with improving RI's local food economy, enhance the State's food business, minimize waste, and ensure access to healthy and culturally relevant foods for all Rhode Islanders, especially those from vulnerable populations. The Department of Youth, Children, and Families assists some of Rhode Island's most vulnerable populations. Many of the Department's clients face socioeconomic barriers preventing them from accessing nutrient dense foods. Creating a connection between the Council and the representatives from DCYF and Commerce will help align activities to increase the Council's effectiveness and increase access to nutrient-dense foods.

Bridge Structure

The article amends the definition of bridge to one that is more consistent with federal regulations and most surrounding states. The article also defines the State's responsibilities for bridges and smaller structures, which includes reporting inspection and load rating findings as well as the construction and maintenance costs of bridges that the State owns.

The State currently defines a bridge as, "any structure not less than five feet in width." The amended definition is "a structure including supports erected over a depression or an obstruction, such as water, highway, or railway, and having a track or passageway for carrying traffic or other moving loads, and having an opening measured along the center of the roadway of eight (8) feet or more between under

copings of abutments, spring lines or arches, or the extreme ends of openings for multiple boxes; it also includes single or multiple pipes where the clear distance between openings of multiple pipes is less than half of the smaller contiguous opening.”

Additionally, the article redefines the State’s responsibilities concerning bridges and smaller structures. Currently, “Any structure less than five feet (5’) in width lying in any highway now being or hereafter becoming a part of the state highway system shall be constructed, repaired, or reconstructed at the expense of the state.” The recommended State responsibilities include reporting inspection and load rating findings for National Bridge Inventory on all roadways, as well as the construction and maintenance costs associated with bridges on state owned roads, structures less than eight (8) feet on State owned roads, and other state-owned structures unless otherwise agreed upon. Furthermore, the article rescinds the State’s responsibility for the construction and maintenance costs of bridges and smaller structures that are not owned by the State, as well as specifically noting that the performance of load ratings or inspections on bridges or smaller structures, does not constitute State ownership or responsibility.

Moreover, the smaller structures will be subject to a Serviceability Inspection, which is in congruence with federal inspection procedures. This process provides for an inspection that identifies major deficiencies and safety issues to be performed by personnel with general knowledge of bridge maintenance and bridge inspection. The article creates savings related to decreased maintenance and inspection costs; however, the savings is not currently budgeted. There are currently 60 bridges that will be re-defined as smaller structures pursuant to the article. Expected savings include \$26,000 for each load rating and \$7,000 for each inspection, relating to the 60 bridges being redefined. The frequency of these events varies for each structure, ranging from less than a year, to every ten years. A Serviceability Inspection, which is a Department-defined inspection process for smaller structures, will further lower costs, as opposed to a standard bridge inspection.

Rhode Island Veterans Memorial Cemetery

Historically, for a member of the National Guard to be considered eligible for burial in an officially designated veterans cemetery an individual would have to have served active-duty or in the reserves for at least 20 years and have to have been honorably-discharged. These requirements were codified in both federal and Rhode Island law. In March 2022, the federal Burial Equity for Guards and Reserve Act was enacted allowing National Guard members killed in the line of duty or honorably discharged after 6.0 years of service (either active duty or reserves) to be eligible for burial in the veterans cemetery. Section 4 of Article 3 conforms Rhode Island law with the federal Burial Equity for Guards and Reserve Act.

To accommodate operational costs associated with the Burial Equity for Guards and Reserve Act, the FY2024 Budget includes an increase of \$344,330. The Department of Veterans Affairs will not provide federal funding or reimbursements for the costs accrued as a result of increased interments.

Office of Management and Budget

Section 5 of the article amends RIGL 35-1.1-3 to expand the responsibilities of the Director of the Office of Management and Budget to conduct reviews, evaluations, and assessments on process efficiency, effectiveness, and program performance on executive branch agencies; and amends RIGL 35-1.1-9 to require executive branch agencies to cooperate with the Governor and the OMB to provide analyses and documentation to improve performance within the agencies.

State Budget – Program Performance Measurement

Section 6 amends RIGL 35-3-24.1 regarding program performance measurement by requiring state agencies to provide timely reports, records, and analyses relating to state agency programs and operations. The article authorizes the OMB to produce analyses and recommendations to state agencies to improve program performance and states that OMB may take the lead to manage and coordinate interagency collaboration.

According to the OMB current general law gives the Office the authority to manage and collect budget program performance data. The proposed changes in the article would provide OMB the ability to request programmatic and operational data on subjects not directly tied to budget performance measures.

Traditionally, state agencies been cooperative with OMB as it relates to performance management and data requests. However, OMB does not statutorily have the ability to compel an agency to perform analysis on their own data to evaluate efficiency or effectiveness. Also, smaller agencies without a dedicated analytics team may not have the capacity to perform thorough data evaluation. These statutory changes would provide OMB the ability to request data and perform the analysis internally.

Further, the updated language provides OMB greater ability to coordinate interagency analysis projects, as OMB and the Administration work to leverage data sets across agencies to evaluate program impact and effectiveness. The Governor adds \$303,047 in general revenue to fund 2.0 new FTE positions within the Performance Management program to facilitate the enhanced performance analyses as proposed in this section. The Governor provides a total of 4.0 FTE positions in the program with a total personnel cost of \$627,397 in general revenue.

Minority- and Women-Owned Business Enterprises

Section 7 amends RIGL 37-14.1-6 regarding minority business enterprise participation in state-awarded procurement and construction projects. The Governor recommends increasing the rate of participation from 10.0 percent to 15.0 percent and requires that the participation be evenly split between minority-owned business enterprises (7.5 percent) and women-owned business enterprises (7.5 percent).

RIGL 37-14.1-8 authorizes the Director of the Department of Administration, or as delegated to the Director of the Department of Transportation, to impose sanctions upon contractors not in compliance with MBE/WBE participation. The sanctions include, but are not be limited to suspension of payments, termination of the contract, recovery by the state of ten percent of the contract award price as liquidated damages, and denial of right to participate in future projects for up to three years.

According to DEDI, prior to the 2021 Disparity Study, the MBE Compliance Office did not issue sanctions against any vendor for non-compliance based on a 1989 U.S. Supreme Court case that held that all race-based state and local government programs must demonstrate that they serve a “compelling state interest” and are “narrowly tailored” to advance that interest (*City of Richmond v. J.A. Croson Co.*, 488 U.S. 469). The means to determining the constitutionality of such a race-based programs is through the completion of a disparity study (predicate study). Prior to the State’s recent contract with Mason Tillman Associates, Ltd., the State of Rhode Island had never conducted a comprehensive and legally defensible disparity study. As a result, it has long been the determination of the Legal Services Division that the State’s existing MBE statute and program would not meet constitutional or legal challenges in the absence of a current, valid disparity study. Since the disparity study, DEDI is currently in the process of sanctioning one contractor for non-compliance. The following table illustrates data on MBE/WBE awards as stated in the 2021 Disparity Study and updated by the Division of Equity, Diversity, and Inclusion.

Analyst Note: According to DEDI, the 2021 Disparity Study noted that the State did not capture subcontractor data or track subcontractor and/or supplier payments and therefore used the term “projected” instead of “actual” because the study vendor noted that they did not have the necessary statistical data to establish actual subcontractor payments.

	Total \$ Awarded to MBE/WBE Firms	Projected \$ Awarded to MBE Firms	% of MBE Utilization	Projected \$ Awarded to WBE Firms	% of WBE Utilization	Total % Utilization	Total Value of Awards
FY2014	\$36.2	\$20.4	2.43%	\$15.8	1.88%	4.31%	\$839.9
FY2015	34.3	18.3	2.17%	16.0	1.90%	4.07%	842.75
FY2016	54.2	25.1	2.93%	29.2	3.41%	6.34%	856.24
FY2017	50.6	26.9	4.10%	23.7	3.61%	7.71%	656.29
FY2018	103.7	50.2	7.11%	53.5	7.58%	14.69%	705.92
FY2019	104.9	52.0	6.49%	52.9	6.60%	13.09%	801.13
FY2020	78.7	43.6	4.36%	35.1	3.51%	7.86%	1,001.10
FY2021	17.2	13.3	5.90%	3.9	1.73%	7.63%	225.30

\$ in millions

Source: RI Disparity Study 2021 - Mason Tillman Associates Ltd. 2014 - 2019 and DEDI 2020-2021

Meal Reimbursements for Trainee Troopers

The State currently requires individuals enrolled in the State Police and Municipal Training Academies to reimburse the State for the cost of meals consumed while at the Academies. Rhode Island is the only state in New England that requires the reimbursement and the Department believes rescinding it will allow for the recruitment of a stronger candidate pool. The change would result in an \$88,800 loss in general revenue and applies to State Troopers only.

Community Confinement

Currently, the State requires all individuals serving life sentences without parole who are confined to a medical facility to be monitored in-person by a correctional officer. The article rescinds the requirement and creates an exception for individuals incapacitated, either physically, mentally, or otherwise, in such a way that the presence of a correctional officer does not provide additional safety risks to the public or to the personnel at the medical facility. At the discretion of the Director of the Department of Corrections, such individuals would be subject to electronic surveillance or monitoring.

Additionally, if the medical condition of the individual were to improve in a way that in-person monitoring enhanced the safety of the medical facility or the public, the individual would return to in-person monitoring.

In FY2023, there is currently one incarcerated individual that the article's recommendation applies to.

The Department estimates that this provision will create \$488,545 in general revenue savings. This is calculated assuming a \$55.77 hourly overtime wage for a correctional officer with FICA included. This wage is currently being paid 24 hours a day, 365 days a year, and results in a daily cost of \$1,338.48 and an annual cost of \$488,545.

Underground Storage Tank Advisory Board

The article repeals the Underground Storage Tank Advisory Board. According to the Department of Environmental Management (DEM), the Board is largely defunct. The Board does not currently have any members and hasn't held any meetings since 2016 when legislation was passed changing the Board from a board of review to an advisory body, and transferred the Board's authority over funding to DEM. Since the Board has been vacant and inactive for years, there is no impact on current activities or expenditures.

Article 4: Relating to Taxes

This article modifies several state taxes and repeals a permit and its associated fee. Specifically, the article:

- **Postponement of the Inflation Adjustment to the Motor Fuel Tax:** Forgoes the Consumer Price Index (CPI)-related, 3.0 cent per gallon, increase to the motor fuel tax scheduled to occur in FY2024.
- **Sales Tax Reduction:** Reduces the State's sales and use tax rate from 7.00 percent to 6.85 percent starting on October 1, 2023.
- **Repeal of Litter Control Permits:** Repeals portions of the Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act (RIGL 44-44).

FISCAL IMPACT

The fiscal impact of Article 4's changes are summarized in the following table. For more detail see below in the analysis and background section.

	FY2023*	FY2024			FY2025		
	General Revenue	General Revenue	Gas Tax	RICAP Funds	General Revenue	Gas Tax	RICAP Funds
Initiative	Expenditures	Revenues	Revenues	Expenditures	Revenues	Revenues	Expenditures
Gas Tax	\$24.6	-	(\$12.4)	\$12.4	-	(\$12.1)	\$12.1
Sales Tax	-	(25.0)	-	-	(34.7)	-	-
Litter Permits	-	(0.8)	-	-	(0.8)	-	-
Total	\$24.6	(\$25.8)	(\$12.4)	\$12.4	(\$35.5)	(\$12.1)	\$12.1

\$ in millions

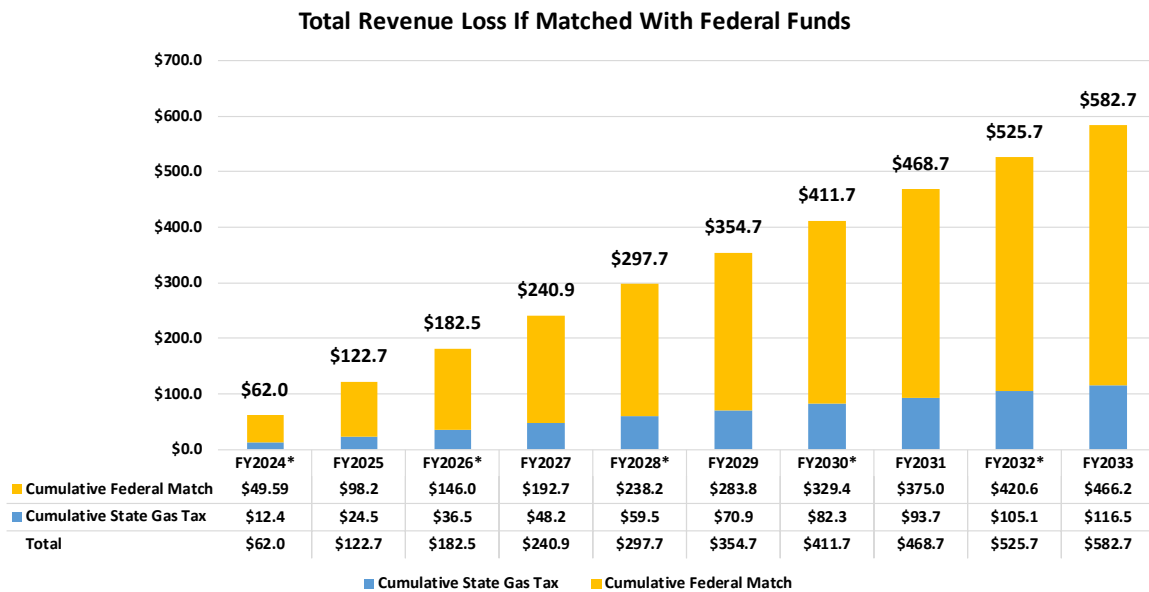
* This component of the gas tax initiative is authorized within Article 1 of the FY2023 Supplemental, not Article 4. According to the Office of Management and Budget, these expenditures are intended to hold the State's Highway Improvement Program harmless. The FY2023 expenditure occurs as a transfer to the Rhode Island Capital Plan (RICAP) fund in the Department of Administration's budget. The FY2024 and FY2025 RICAP expenditures occur within the Department of Transportation's budgets.

ANALYSIS AND BACKGROUND

Postponement of the Inflation Adjustment to the Motor Fuel Tax

The article eliminates the inflationary 3.0 cent per gallon increase to the motor fuel tax that is scheduled to occur at the beginning of FY2024. The current rate of 34.5 cents will remain in effect through the end of FY2025 and the Consumer Price Index for all Urban Consumers (CPI-U) adjustment will return on July 1, 2025 (the beginning of FY2026). The initiative is projected to create a \$24.5 million revenue loss through FY2025 and a \$59.5 million loss through FY2028. Additionally, in the FY2023 Governor's Revised Budget, the Governor recommends \$24.6 million of surplus general revenue to be deposited into the Rhode Island Capital Plan Fund in FY2023, in order to hold harmless the State's highway improvement program through FY2025.

Fiscal Impact: The recommended pause to the CPI-U adjustment is estimated to create a cumulative \$116.5 million loss through FY2033. Furthermore, the State uses gas tax revenue as a match in order to procure additional federal funds for capital projects, often at a rate of 20.0 percent state funds to 80.0 percent federal funds. The table below displays the estimated revenue loss for each fiscal year.



\$ in millions

Source: Office of Revenue Analysis November 2022 Estimate

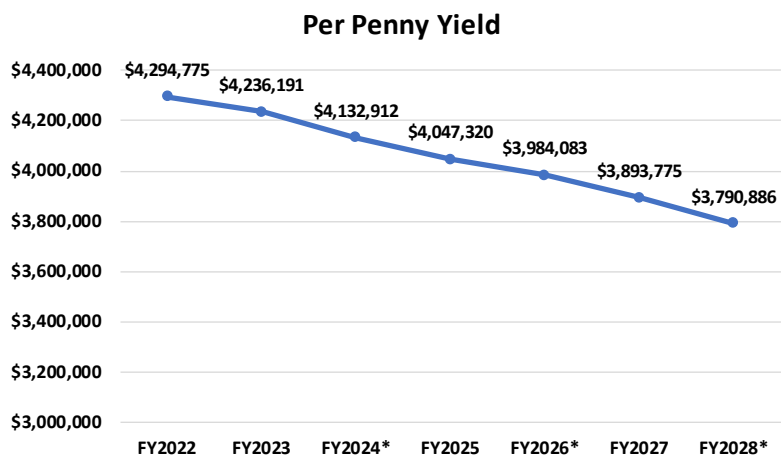
*Indicates a year with a required CPI Adjustment

Revenue is held constant at \$11.4 million in FY2028-FY2033

The revenue loss was calculated by multiplying each year's per penny yield by 3.0, which represents the 3.0 cent increase the Governor recommends foregoing. For forecasting purposes, gas tax revenue was held constant at \$11.4 million for FY2028-FY2033.

Background: Rhode Island's current Motor Fuel Tax (Gas Tax) is \$0.345 for each gallon purchased. The tax consists of \$0.34 per gallon of state motor fuel tax and \$0.005 per gallon for the environmental protection regulatory fee.

The per penny yield is an estimate of the revenue that each penny of the motor fuel tax will generate. The Office of Revenue Analysis (ORA) projects that the per penny yield will annually decline. To partially ensure the tax reflects inflation, every two years the Consumer Price Index for all Urban Consumers (CPI-U) is applied to the State's statutory formula. Projections from ORA in November 2022, indicate that the gas tax is expected to be raised \$0.03/gallon in FY2024 and remain salient until the start of FY2028. The graph displays the projected per penny yield through FY2028.



Source: Office of Revenue Analysis November 2022 Estimate

* Indicates a year with a required CPI-U adjustment

Surrounding States: Both Connecticut and Massachusetts have a gas tax less than Rhode Island's, yet all three states have similar prices at the pump. Connecticut paused their gas tax from April 1, 2022, through December 31, 2022, and will reinstate the tax in \$0.05 increments until the full amount of \$0.25 is reached in May, 2023. Massachusetts currently has a gas tax of \$0.24/gallon.

State	Gas Tax	\$/Gallon
RI	\$0.34	\$3.42
MA	0.24	3.43
CT*	0.10	3.35

Consumer Impact: OMB estimates that the initiative will save the average household \$23.00 per year or \$46.00 through FY2025.

Source: <https://gasprices.aaa.com/>
Accessed February 3, 2023

A study conducted by the American Road & Transportation Builders Association titled How State Motor Fuel Tax Increases Affect the Retail Price of Gasoline: An Economic Analysis of Rate Changes and Daily Gasoline Prices, 2013-2018, examines the extent to which consumers benefit from changes to state motor fuel tax changes. The study concludes that "On average, one-third of an increase- or decrease- in state gasoline tax rates is passed through to consumers in the retail price on the day the change takes effect, with no significant impact after that time."¹ Based on the study, consumer impacts could be less than \$8.00 per year or as much as \$23.00 per household.

Sales Tax Reduction

Section 2 of Article 4 reduces the State's sales and use tax rate from 7.00 percent to 6.85 percent starting on October 1, 2023.

Fiscal Impact: Historically, sales and use tax collections represent the second largest source of revenue for Rhode Island, trailing only personal income tax, and just ahead of lottery receipts. Collections averaged \$1,071.2 million over the ten-year period from 2012 and 2022. The November 2022 consensus revenue estimates for the FY2023 and FY2024 sales and use tax collections are \$1,575.0 million and \$1,580.0 million, respectively. These estimates also represent 37.0 and 31.0 percent of total general revenue for each respective fiscal year.

The Office of Revenue Analysis (ORA) used these estimates and the Office of Management and Budget's (OMB) most recent five-year forecast to calculate the fiscal impact of the changes in Article 4. ORA divided each fiscal year's estimate by the current 7.0 percent rate to get an estimate of total taxable sales for each fiscal year. These sales are then multiplied by the proposed rate of 6.85 percent to establish a revised revenue collection figure. When these amounts are subtracted from the original base revenue estimates the full-year revenue losses are \$33.9 million for FY2024 and \$34.7 million in FY2025. ORA then adjusts the FY2024 to \$25.0 million to account for the October 1, 2023, start date, reflecting the 26.3 percent average proportion of revenue that August through October collections represent.

The table below at right is provided for demonstration purposes and shows the amount of revenue lost and in-state household savings

Sales Tax Rate	Revenue Loss (\$ millions)	Avg. In-State Household Savings
6.9%	(\$22.6)	\$24
6.8%	(45.1)	48
6.7%	(67.7)	72
6.6%	(90.3)	95
6.5%	(112.9)	119
6.4%	(135.4)	143
6.3%	(158.0)	167
6.2%	(180.6)	191
6.1%	(203.1)	215
6.0%	(225.7)	239
5.9%	(248.3)	263
5.8%	(270.9)	286
5.7%	(293.4)	310
5.6%	(316.0)	334
5.5%	(338.6)	358
5.4%	(361.1)	382
5.3%	(383.7)	406
5.2%	(406.3)	430
5.1%	(428.9)	454
5.0%	(451.4)	477

Note: Data was calculated using the November 2022 sales and use tax estimate for FY2024 and a full year of the rate in effect.

¹ American Road & Transportation Builders Association's Transportation Investment Advocacy Center. (2020, June). *Increases affect the retail price of gasoline*. Retrieved February 1, 2023, from https://transportationinvestment.org/wp-content/uploads/2020/06/TIAC_June2020_Report.pdf

associated with each marginal 0.1 percentage point decrease from the current rate of 7.0 percent down to 5.0 percent.

Consumer Impact: The Governor's proposed sales tax reduction is estimated to save households an average of \$39 annually. ORA's sales tax model considers both in-state and out-of-state consumers and business spending when estimating taxpayer savings. The current modeling has business activity comprising 49.7 percent of taxable activity, in-state consumer purchases comprising 47.5 percent and out-of-state consumers purchases at 2.8 percent. The following table summarizes the savings related to Article 4's sales tax changes:

Article 4 - Consumer Savings		
	FY2024	Full Year
Total Savings	\$25.00 million	\$34.70 million
Business Savings	\$12.41 million	\$17.27 million
In-State Consumer	\$12.00 million	\$16.50 million
Out-of-State Consumer	\$0.70 million	\$1.00 million
Household Savings	\$12.56 million	\$17.48 million
Per Household Savings (in-state)	\$26	\$37

Source: Office of Management and Budget

The point of purchase savings under the proposed 0.15 percentage point tax reduction as compared to the current rate is shown below. For each \$666.67 in spending, a consumer would save \$1.00 in sales tax.

Sales Tax			
Purchase Amount	7.00%	6.85%	Taxpayer Savings
\$50	\$3.50	\$3.43	\$0.075
\$100	7.00	6.85	0.150
\$150	10.50	10.28	0.225
\$200	14.00	13.70	0.300
\$250	17.50	17.13	0.375
\$300	21.00	20.55	0.450
\$350	24.50	23.98	0.525
\$400	28.00	27.40	0.600
\$450	31.50	30.83	0.675
\$500	35.00	34.25	0.750
\$550	38.50	37.68	0.825
\$600	42.00	41.10	0.900
\$650	45.50	44.53	0.975
\$700	49.00	47.95	1.050

Comparative Sales Tax Information: Comparing sales and use taxes across states can be done in various ways. First, there are five states that do not have statewide sales taxes: Alaska, Delaware, Montana, New Hampshire, and Oregon. Of these, Alaska allows localities to charge local sales taxes. Among the remaining 45 states, Rhode Island has the second highest state-level sales tax rate at 7.0 percent, with only California's 7.25 percent rate higher. Excluding New Hampshire, the lowest sales tax rate in New England is Maine's 5.5 percent. The border states of Massachusetts and Connecticut impose a 6.25 percent and 6.35 percent rate, respectively.

The state sales tax rate, however, is only one dimension of assessing a jurisdiction's sales tax burden. Thirty-eight states also permit local sales taxes (although no New England state does). When considering the combined state and local sales tax burden, Rhode Island drops to the 24th highest. Moreover, the composition of the sales tax base is important. What states permit to be taxed and at what rate varies significantly across the country. Some states for instance exempt groceries and clothing, while others tax them at limited rates. When accounting for the breadth of the sales tax base, Rhode Island drops even further to 36th highest.

The following table shows 2022 comparative data for New England and the U.S. from the Tax Foundation.

State					State and Local Combined					Sales Tax Base	
State	Rate	U.S Rank	Per Capita		Avg. Rate	Combined Rate	U.S Rank	Per Capita		Base	U.S Rank
			Collections	U.S Rank				Collections*	U.S Rank		
Rhode Island	7.00%	2	\$1,055	25	-	7.00%	24	\$1,097	35	26%	36
Massachusetts	6.25%	13	970	27	-	6.25%	35	992	37	20%	45
Connecticut	6.35%	12	1,271	11	-	6.35%	33	1,287	19	26%	35
New Hampshire	-	46	-	-	-	-	47	-	-	-	-
Vermont	6.00%	17	671	40	0.24%	6.24%	36	687	45	23%	42
Maine	5.50%	29	1,223	15	-	5.50%	42	1,200	25	41%	9
Lowest	2.90%/CO	45	\$575/GA	45		1.76%/AK	46	\$359/AK	46	20%/MA	45
Highest	7.25%/CA	1	\$2,541/HI	1		9.55%/LA	1	\$2,888/HI	1	111%/HI	1
US Average	-	-	1,031	-	-	-	-	1,322	-	-	-

Source: Tax Foundation 2022 data

*2019 data

Article 4 Changes: Section 2 of Article 4 reduces rate of the State's sales and use tax by amends RIGL 44-18. Specifically, the article contains the following amendments:

- **Sales Tax Imposed (RIGL 44-18-18):** Article 4 adds language setting the sales tax rate at 6.85 percent starting on October 1, 2023.
- **Collection of Sales Tax by Retailer (RIGL 44-18-19):** The article also adjusts the delineated sales tax amounts a retailer must collect from consumers starting on October 1, 2023, according to the following table:

Tax	Sales Amount	
	Current Law	Article 4
No Tax	\$0.01 to \$0.07	\$0.01 to \$0.07
\$0.01	0.08 to 0.21	0.08 to 0.21
0.02	0.22 to 0.35	0.22 to 0.36
0.03	0.36 to 0.49	0.37 to 0.51
0.04	0.50 to 0.64	0.52 to 0.65
0.05	0.65 to 0.78	0.66 to 0.80
0.06	0.79 to 0.92	0.81 to 0.94
0.07	0.93 to 1.07	0.95 to 1.09
7.0% of sales price	\$1.08 and above	N/A
6.85% of sales price	N/A	\$1.09 and above

- **Use Tax Imposed (RIGL 44-18-20):** The article repeals the 7.0 percent use tax rate, and replaces it with a 6.85 rate starting October 1, 2023.

Sales and Use Tax Background: Rhode Island levies a sales and use tax equivalent to 7.0 percent of the retail sales price of certain goods and services. The sales tax is charged by retailers at the point of purchase, and retailers are required to remit sales tax receipts the month after the sales were made. Sellers are also required to carry a valid sales tax permit that is issued by the Division of Taxation.

In addition to the sales tax, the State also has a 7.0 percent use tax that applies to goods purchased outside of the State, including remote sales, but stored, used or consumed in Rhode Island. Contrary to sales tax collections, the user or purchaser is responsible for filing use taxes in Rhode Island. In essence, any purchase that would be subject to the sales tax had the purchase been made within the State, is subject to the use tax.

- **Tax Rate History:** Historically, proposals to change the State's sales tax rate were tied to the establishment of a State personal income tax. However, when the latter occurred in 1971, the 6.0 percent rate at the time remained the same. The State sales and use tax rate was last amended in 1990, when it was increased from 6.0 percent to the 7.0 percent it is today under current law. The increase was intended to be a temporary response to recessionary pressure in the Rhode Island economy at that time. The amendment included a provision that the rate be lowered to 6.5 percent on July 1, 1991, and then 6.0 percent on July 1, 1992. However, these provisions were repealed the following year in response to a financial crisis involving the failure of the Rhode Island Share and Deposit Indemnity Corporation (RISDIC). The State took on a \$290.0 million liability to pay back RISDIC depositors and used revenue from the higher sales tax rate to help pay for it. The rate has remained the same since.
- **Tax Base History:** The sales tax base refers the total mix of goods and services that are subject to the sales and use tax. Generally, in Rhode Island, the sales tax is applicable to most tangible personal property that is not to be resold and some services. According to a 2021 Urban Institute/Brookings analysis, Rhode Island's sales tax base includes 95.0 percent of all durable goods, such as vehicles, furnishings, and appliances; 20.0 percent of non-durable goods like paper products; 20.0 percent of services such as pet care and security services; and 28.0 percent of overall household spending.

The General Assembly has specifically limited the sales base over time by enacting 89 different exemptions. These exemptions vary from very specific items such as feminine hygiene products to large categories of items such as food and clothing. The total foregone revenue from these exemptions was \$1,432.8 million in FY2019.

Recent initiatives to expand the sales tax base include the addition of digital downloads, including video, audio, and books in 2019. In 2011, then Governor Chafee introduced a proposal that would have greatly expanded base, by subjecting previously exempt goods and services to a lower 1.0 percent sales tax rate. In 2019 the General Assembly enacted significant changes to who is required to collect and remit sales taxes and the mechanism for how this is to be done. The changes were directed at out-of-state, or remote, sellers selling goods and services into Rhode Island using various methods and digital platforms. Historically a seller was obligated to charge sales tax only if physically located in state. Remote sellers using platforms such as Amazon could avoid charging sales tax because they lacked this "nexus". Increasing internet sales over the past 20 years led to significant erosion of sales tax bases. A US Supreme Court decision in 2018 eliminated the need nexus and states, including Rhode Island put in place new laws requiring remote sellers to collect and remit sales taxes.

Rhode Island is also a participant in the Streamlined Sales and Use Tax Agreement (Agreement). The agreement is the result of a cooperative effort aimed at simplifying and providing uniformity to sales and use tax collections in various jurisdictions. The Agreement reduces administrative costs for retailers conducting business in multiple taxing jurisdictions, and encourages "remote sellers" to apply sales taxes on purchases.

Repeal of Litter Control Permits

Article 4 repeals various sections of the Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act pertaining to the litter control permit, including applicable fees and penalties.

Fiscal Impact: The OMB indicates that the repeal of the litter control permit requirements will result in an \$815,564 reduction in annual revenue, beginning in FY2024 and based on effective upon passage date. As noted above the Office of Waste Management's FY2024 recommended appropriation is \$473,634.

Background: Nearly 40 years ago the General Assembly established a complex set of programs designed to reduce litter and encourage recycling in Rhode Island. The intent of the Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act (RIGL 44-44) of 1984 was to establish litter control and recycling programs and to provide dedicated funding for litter reduction and cleanup, recycling, and processing of hard-to-dispose material programs administered by the Department of Environmental Management (DEM). The funding mechanism and procedures authorized by the act include:

- **Tax Provisions:** The act established an \$0.04 per case excise tax on beverage wholesalers and a tiered hard-to-dispose of material tax that is dependent upon the type of material. In 2019, the General Assembly doubled the per case excise tax to \$0.08, expanded the types of beverages subjected to the tax, and increased the hard-to-dispose of materials tax rates.
- **Permit Provisions:** The act also established a “litter control participation permit”, also referred to as the litter control tax.
 - **Permittee and Qualifying Activity:** Under current law, every person selling or offering for retail sale food or beverages for immediate consumption and/or packaged for sale on a takeout or to go basis regardless of whether or not the items are subsequently actually eaten on or off the vendor’s premises (statute defines this as “qualifying activity”) must annually apply for a litter control participation permit for each place of business.
 - **Permit Class and Fees:** The permit is issued by the Division of Taxation and the applicant must pay a fee for it according to the following schedule.

For an applicant with prior year gross receipts of ...	Permit Class	Fee
\$0 to less than \$50,000	A	\$25
\$50,000 to less than \$100,000	B	\$35
\$100,000 to less than \$400,000	C	\$75
\$400,000 to less than \$1,000,000	D	\$100
\$1,000,000 or more*	E	\$125 Per Million or fraction thereof
Vending Machine Sales	V	\$25 per Vending Machine

* The fee for the Class E Permit is capped at \$1,000.

The permit must be renewable every year, with application and payment due by August 1st each year, renewing the permit for the Calendar year beginning the following January 1st.

- **Penalties:** Anyone engaging in the qualifying activities without the proper permit is guilty of a misdemeanor and must pay a fine of no more than \$1,000, and/or be imprisoned for not more than a year.
- **Revenue:** All money received from fees and taxes pursuant to the act are deposited as general revenue.
- **Litter Reduction Program Provisions:** The Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act stated purpose is to “accomplish litter control and establish community recycling programs throughout the state by authorizing DEM to conduct a permanent and continuous program to remove litter, recover and recycle waste materials related to litter, encourage private recycling, and increase awareness of the need for recycling and litter control (RIGL 37-15). The act formally prohibits littering, establishes penalties, outlines enforcement, and outlines DEM’s role in developing and administering programs. The statute indicates that DEM must allocate and distribute money from the “litter control appropriation” through a grant/transfer programs for litter cleanup, expanding recycling centers, enforcement, provision of litter receptacles and other cleanup materials, organizing educational campaigns, and tracking litter data.

Analyst Note: The provisions outlined above appear to indicate that litter control has had dedicated funding (called the litter control appropriation in RIGL 37-15) sourced by collections from the tax and permit fees as provided for in RIGL 44-44). However, the provisions also require that these same funds be deposited in general revenue. The Governor's recommends \$473,634 in FY2024 DEM's Office of Waste Management, which oversees litter programming. The Office of Management and Budget estimates litter permits will generate \$815,604 in FY2024

Article 4 Changes: Article 4 repeals those sections of the Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act pertaining to the litter control permit. Specifically, the article:

- Repeals the definitions for Class A, B, C, D, and E permits; gross receipts (for purposes under the act); prior calendar year, and qualifying activities.
- Repeals all statutory references to "litter control participation permittee" and "permit application".
- Repeals all permit provisions as described above, including fee amounts, penalties, and procedural provisions.

Analyst Note: Although the litter permit component of the act has been repealed, there is no decrease in the statutory responsibilities of DEM. The Governor recommends \$100,000 in general revenue expenditures within the FY2024 DEM budget for a new "Litter Free Rhody" initiative for the purpose of engaging the public and encouraging community involvement in the removal of trash and litter from State beaches, parks, and management areas.

Article 5: Relating to Energy and the Environment

This article modifies laws governing the paint recycling program, the mattress recycling program, and state energy efficiency and renewable energy fund programs.

FISCAL IMPACT

Section 4 of the article, duties of Utilities and Carriers, transfers \$4.5 million in restricted receipts from the Demand-side Management Gas and Electric funds to the Office of Energy Resources (OER) for the Executive Climate Change Council. The remaining sections have no direct fiscal impact on the State.

ANALYSIS AND BACKGROUND

Rhode Island Paint Recycling Program

The article would require the Department of Environmental Management (DEM) to solicit competitive bids for an organization to implement and manage the paint recycling program every five years. Currently, a third-party organization that represents paint manufacturers, known as PaintCare, is responsible for operating the paint recycling program, and can set recycling fees to fund operating expenses and a cash reserve. The article provides that should there be no respondents to the request for proposal (RFP) or if DEM determines that none of the responses are sufficient to manage the program, the Rhode Island Resource Recovery Corporation (RIRRC) will serve as the implementing organization until another solicitation is required. An RFP must be issued by December 31, 2023.

The program was established in June 2014. Based on the FY2021 annual report, the program has 28 drop-off sites around the State, including retailers and transfer stations, which collected 92,811 gallons of paint. The program collected \$959,460 in revenue from a fee on new paint sales. The fee is \$0.35 on pint and quart containers, \$0.75 on gallon containers, and \$1.60 on five-gallon containers. The expenses, including paint transportation and processing, communication, staffing, and administration, were \$1.1 million. The fiscal year ended with net assets of \$954,660. The total program cost per gallon collected was \$11.93.

Based on the FY2020 annual report, the program had 29 drop-off sites around the State, including retailers and transfer stations, which collected 69,069 gallons of paint. The program collected \$991,912 in revenue from a fee on new paint sales. The fee was \$0.35 on pint and quart containers, \$0.75 on gallon containers, and \$1.60 on five-gallon containers. The expenses, including paint transportation and processing, communication, staffing, and administration, were \$695,607. The fiscal year ended with net assets of \$1.1 million. The total program cost per gallon collected was \$10.06.

In the FY2023 Budget, the Governor recommended increasing DEM oversight over the program by making the size of the reserve fund and the administrative expenses associated with the program subject to DEM approval. In addition, the article would have authorized the creation of a reserve fund capped at 50.0 percent of total cost to administer the program during the previous program fiscal year. These recommendations were not included in the enacted budget.

Analyst Note: The recycling program was established as an extended producer responsibility program intended to require producers to bear significant responsibility for the environmental impacts of their products particularly in the final stage of the product's life, after consumption. The program was not intended as a profit generator. It is unclear how shifting the program to a competitive bid process with RIRRC as a safety net will impact the program.

Mattress Stewardship Plan

The article requires the RIRRC to solicit competitive bids for an organization to administer the mattress recycling program every five years and to administer the program should none of the respondents be sufficient. The program is currently administered by the Mattress Recycling Council (MRC), a nonprofit organization comprised of mattress producers. In addition to the Bye Bye Mattress program in Rhode

Island, the Council administers statewide mattress recycling programs in California and Connecticut. An RFP must be issued by December 31, 2023.

The current mattress stewardship fee that is added to the price of each mattress sold in Rhode Island is \$16.00, compared to \$11.75 in Connecticut, and \$10.50 in California. The fee is used to provide consumer education and outreach, collection, and processing of recyclable mattresses. A mattress that is not considered to be recyclable does not qualify for the program and would not qualify for free disposal. According to the MRC's 2021 Annual Report, 104,607 mattresses were collected and 1,221 tons of material was diverted from the landfill. Access to the program was provided in 37 of 39 municipalities, and extended service to 203 entities including retailers, lodging establishments, healthcare facilities, educational facilities, and bulky waste haulers.

The program for the responsible recycling, reuse, and disposal of mattresses was established in 2013 to promote the development of a comprehensive strategy for the discard of mattresses. Article 3 of the FY2023 Budget as Enacted shifted determination of the reasonableness of a proposed uniform mattress stewardship fee from an independent auditor to the Rhode Island Resource Recovery Corporation.

Analyst Note: The recycling program was established as an extended producer responsibility program intended to require producers to bear significant responsibility for the environmental impacts of their products particularly in the final stage of the product's life, after consumption. The program was not intended as a profit generator. It is unclear how shifting the program to a competitive bid process with RIRRC as a safety net will impact the program.

Energy Efficiency Programs

This article amends several sections of RIGL 39-2-1.2 regarding the State's energy efficiency fund programs:

- Effective January 1, 2023, this article eliminates the performance-based or shareholder incentives provided to electric and gas distribution companies to administer and implement energy efficiency programs.

Analyst Note: This article requires the annual transfer of \$4.5 million in restricted receipts from the Demand-side Management Gas and Electric funds to the Office of Energy Resources (OER). This transfer will require approval from the Public Utilities Commission each year, and may increase costs to electric and gas utility ratepayers.

- **Utility Charge for the Energy Efficiency and Renewable Energy Fund:** This article extends the electric utility company's per kilowatt hour charge for the State's Energy Efficiency and Renewable Energy fund programs from CY2028 to CY2030¹ and extends the gas distribution company charge per dekatherm delivered² to fund demand-side management programs from CY2028 to CY2030. Under current law the surcharge would expire in 2028.
- **Energy Efficiency Resources Management Council and Office of Energy Resources:** The article requires the Public Utilities Commission to allocate from the administrative funding amount, which is three percent of the gas and electric demand side-management funds, as follows: not more than 40.0 percent to the Energy Efficiency Resources Management Council, and 60.0 percent to the Office of Energy Resources for administrative costs. The article provides the Office of Energy Resources with exclusive authority to direct the use of its funds.
- **Rhode Island Infrastructure Bank:** This article expands the use of the annual \$5.0 million transfer from the gas and electric demand-side management funds to the Rhode Island Infrastructure Bank (RIIB) to

¹ For CY2023, the per kilowatt charge for the Energy Efficiency Program is \$0.00137 per kWh from January through March 2023, and \$0.00956 per kWh from April through December 2023. These charges include the current 0.3 mills (\$0.0003) per kWh hour for the Renewable Energy fund program.

² For CY2023, the residential per dekatherm charge for the gas demand-side management program is \$1.136; the Commercial/Industrial per dekatherm charge is \$0.6200.

include the financing of projects involving clean transportation, clean heating, and energy storage, in addition to funding projects involving energy efficiency, renewable energy, or demand-side management. The article maintains the requirement that RIIB annually report to the Public Utilities Commission on the how funds were used by RIIB.

- ***Executive Climate Change Council:*** This article requires an annual transfer of \$4.5 million in restricted receipts from the gas and electric demand-side management gas and electric funds, beginning January 1, 2024, to the Office of Energy Resources (OER) for the Executive Climate Change Council to use for climate change initiatives.

The demand-side management gas and electric funds (Fund) is generated from a surcharge approved by the Public Utilities Commission and assessed on both gas and electric customers. The Fund finances several programs that help businesses and homes achieve greater energy efficiency. The Fund serves both gas and electric customers and is currently administered by RI Energy (formerly National Grid). The annual energy efficiency programs, budgets, and incentives are designed in the summer/fall each year by RI Energy and filed with the Public Utilities Commission for approval. The Office of Energy Resources, Division of Public Utilities and Carriers, and the Energy Efficiency Resource Management Council (EERMC) and other stakeholders participate in the docketed proceeding.

The Executive Climate Change Council will have exclusive authority to allocate these funds for projects including energy efficiency, renewable energy, clean transportation, clean heating, energy storage, demand-side management, and other climate change projects that support the reduction of greenhouse gases and investments that support the 2021 Act on Climate, including:

- Developing an updated Climate Strategy by December 31, 2025
- Publishing and maintaining public metrics in an online dashboard that tracks emission reductions, sources of energy consumed by the state, and related climate metrics
- Funding to purchase materials or contract consultants, expert witnesses, and outreach and marketing campaign efforts
- Supporting the work of the Climate Justice workgroup
- Supporting state programs aimed at decarbonization and resilience
- Supporting the continued work of the Science and Technical Advisory Board

The article requires the Executive Climate Change Council to provide an annual report to the Governor and General Assembly on how the funds were expended to meet the objectives set forth in the 2021 Act on Climate.

The Office of Energy Resources is authorized, in coordination with the Energy Efficiency Resources Management Council, to enter into third party contracts to administer and implement climate change initiatives authorized under RIGL 39-2-1.2. The article does not prohibit an electric or gas distribution company from submitting a proposal to administer the State's energy efficiency programs. The article also authorizes a restricted receipt account within the Department of Administration for the Executive Climate Change Coordinating Council Projects.

- ***Administration of Demand-Side Management Programs:*** Requires the Office of Energy Resources (OER) in coordination with the Energy Efficiency and Resource Management Council (EERMC), and in consultation with the Division of Public Utilities and the Public Utilities Commission (PUC), to issue a request for proposal for the cost-effective administration and implementation of the gas and electric energy efficiency program no later than June 30, 2024. The draft request for proposal shall be reviewed

publicly through a technical session at the PUC but shall not require PUC approval. The electric and/or gas company is not prohibited from submitting a bid.

If after the evaluation of bids, the OER, in consultation with the EERMC, determines that the use of a third-party administrator is likely to achieve net benefits, OER will file its recommendation to the PUC. If the PUC determines that the recommended third-party administrator is in the interest of ratepayers, the PUC will provide for full cost recovery for the third-party administrator pursuant to terms of the approved contract which may include performance metrics. If the PUC does not recommend a third-party administrator, the gas and electric utility shall continue to administer the state's energy efficiency programs.

After January 1, 2025, OER may issue additional requests for proposals for the administration and implementation of the state's energy efficiency programs.

Article 6: Relating to Small Business

Article 6 provides for several exemptions and credits that impact businesses. Specifically, the article:

- Exempts second hand dealers engaged in consignment, thrift, and antique selling and purchasing from licensing and public hearing requirements laid out in the Second-Hand Dealers Act.
- Reduces the minimum business corporation tax from \$400 to \$375 for tax years beginning on or after January 1, 2024.
- Exempts the trade-in value of a truck with a gross weight of 14,000 lbs. or less from the State sales and use tax.
- Provides for a new nonrefundable income tax credit equal to 15.0 percent of the value of Rhode Island-produced food donated by food producers to qualified food banks in the State.

FISCAL IMPACT:

Article 6 Initiative	FY2023	FY2024	FY2025
Sales Tax Exemption for Trade-in Value of Trucks	-	(\$3,714,850)	(\$5,030,514)
Corporate Minimum Tax Reduction	-	(1,017,600)	(2,081,413)
Food Donation Tax Credit	(8,895)	(17,790)	(17,790)
Total	(\$8,895)	(\$4,750,240)	(\$7,129,717)

BACKGROUND AND ANALYSIS

Second Hand Dealers Act

Article 6 includes a proposal that would limit the scope of the “Second Hand Dealers Act”.

Background: Current law allows municipalities to require a second-hand dealers license for businesses involved in resale activities. The license is obtained through application with a fee that is no more than \$100. New businesses interested in obtaining a second-hand dealers license are required to hold a public hearing prior to licensure approval. Once approved, businesses covered under this license must reapply annually to continue in the resale of goods.

Article 6 Change: The proposed change would exempt businesses engaged in the retail sale of second-hand consignment goods, resale goods, thrift goods, and antiques from the Second-Hand Dealers Act. The change does not remove the option to impose this license for junkyards and scrap-yards. Second hand retailers who are exempt from this license will need to go through regular business licensing procedures.

Fiscal Impact: The change may slightly impact municipal revenue as these fees were collected at the municipal level. There will be no fiscal impact at the State level.

Sales Tax Exemption for Trade-in Value of Trucks

Article 6 includes the Governor’s proposal to exempt the trade-in value of trucks from the State’s sales and use tax.

Background: Many states provide a sales tax exemption for the trade-in value of vehicles. To determine how much sales tax is owed when purchasing a vehicle, the state sales tax rate is simply applied to a vehicle’s purchase price. However, if an exemption exists for the value of the purchaser’s current vehicle that is “traded-in” to a licensed seller, then the sales tax rate is applied to the difference between the purchase price and the value of the trade-in.

This type of exemption is common among states for automobile sales. How trucks are treated, however, varies greatly from state to state. Rhode Island law provides a sales tax exemption for the trade-in value of automobiles and motorcycles, but not for pickup trucks.

Article 6 Changes: Section 3 of the article amends RIGL 44-18-30 to include a specific exemption for the trade-in value of a truck with a gross weight of 14,000 lbs. or less from the State's 7.0 percent sales tax when purchasing motor vehicle. The article also clarifies that a "motor vehicle" means a private passenger automobile, a truck ($\leq 14,000$ lbs.), or a motorcycle.

Fiscal Impact: Based on an October 1, 2023, start date, the Office of Revenue Analysis indicates that the FY2024 revenue loss from this exemption will be \$3.7 million, growing to \$5.0 million in FY2025, reflecting a full year's implementation.

Corporate Minimum Tax Reduction

Article 6 includes the Governor's proposal to reduce the minimum business corporation tax by \$25.

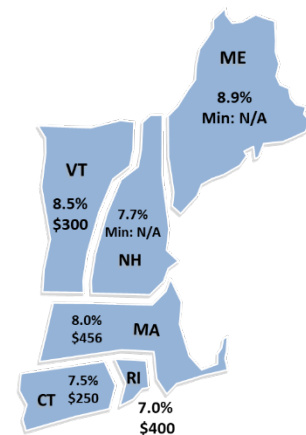
Background: In Rhode Island, corporations are required to remit taxes on 7.0 percent of net income or the \$400 minimum business corporation tax, whichever is greater. The November 2022 estimates for this tax are \$252.0 million and \$261.3 million in FY2023 and FY2024, respectively.

Business Class	TY2021 Min. Filers
C-Corporation	7,159
L.L.C.	20,356
S-Corporation	26,272
L.L.P.	540
L.P.	3,509
S.M.L.L.C.	11,700
Undeclared	1,716
Total	71,252

Source: Taxation, November 2022 REC

Rhode Island currently has the lowest corporate income tax rate in New England and the second highest minimum tax of those states that collect one. The General Assembly most recently reduced the minimum tax in 2016 (by \$50). According to the Division of Taxation, there were 71,252 taxpayers that paid the current \$400 minimum tax in tax year 2021 (the most recent audited data).

Top Tax Rate/Minimum Tax – Regional Comparison



Article 6 Changes: Section 2 of Article 6 establishes a minimum business corporation tax of \$375 for tax years beginning on or after January 1, 2024. This is a \$25 reduction from the current law minimum of \$400. The Office of Management and Budget (OMB) estimates that this change will result in a \$1.0 million revenue loss in FY2024, growing to \$2.0 million in FY2025, reflecting a full year of implementation.

Food Donation Tax Credit

Article 6 provides a 15.0 percent tax credit food donated by food producers to qualified food banks.

Background: Under current Rhode Island tax law, food producers that donate products to food banks are not afforded a tax credit or deduction based on the action. An enhanced charitable deduction does exist at the federal level for businesses that donate food to qualified organizations who use it for qualified purposes (taxpayers seeking this deduction must itemize the donation on their tax filings). According to OMB, several states have enacted tax credits for food donations by certain types of businesses. This is summarized in the following table.

Eligible Taxpayer	States
Farms and/or Ranches	CA, CO, IA, MD, MO, NY, OR, VA, WV
Restaurants and Farms	AZ
Meat Packers and Butchers	SC
Any Business	PA

Article 6 Changes: A Food Products Donation Tax Credit (FPDTC) is established in Section 5 of Article 6 which contains several provisions.

- **Intent:** Section 5 of the article indicates that the intent of FPDTC is to incentivize donations to in-state food banks.

- **Establishment, Eligibility, and Process Provisions:** Section 5 of the article also outlines and defines elements of the FPDTC.
 - Qualified donors are defined as Rhode Island-based food producing person who provides food products to Rhode Island food banks (the article explicitly prohibits cannabis-related products from the definition of food products). A food producing person is anyone responsible for or engaged in the business of and deriving income from:
 - Growing fruits, nuts, grains, or vegetables, or other food products; or
 - Raising beef, poultry, pork, fish, or other food products.
 - The items listed above must be raised or grown in Rhode Island.
 - Food products include those items above as well as any other edible products raised or grown in Rhode Island that are intended for and fit for human consumption. The article specifically excludes cannabis or cannabis products from this definition and the donation program.
 - Qualified donors are eligible for a non-refundable credit against either their business corporations or personal income tax, equal to 15.0 percent of the value of the donated food.
 - The credit cannot exceed \$5,000 for a taxable year or reduce a business corporation tax liability below the current minimum tax of \$400.
 - If the amount of the credit exceeds the taxpayer's tax year liability, then the amount of the credit above the liability may be carried forward and applied to applicable taxes over the next four years or, until the full amount of the credit is used.
 - Section 5 also clarifies how the credit may be accounted for by pass-through entities, including partnerships and LLC's.
 - A qualified donor is required under the program to provide a food bank the estimated value of the donated food products. Food banks, in turn, are required to provide donors with a statement indicating the type and quantity of food products, the relevant tax identification data of the donor, the relevant identification data of the food bank, and the estimated value of the donation.
 - Donation value is based on either a previous sale of the food product to a verified buyer or a fair market value as determined by the average weekly regional auction price or U.S. Department of Agriculture price.
 - Donors are required to attach income tax returns for any tax year in which the credit is being claimed. The credit may only be awarded after Taxation has verified compliance with the administrative elements of the credit.
- **Administrative and Statutory Construction Provisions:** The FPDTC is to be administered by the Division of Taxation (Taxation). Taxation would have the authority to adopt rules, regulations, and other guidance to implement the credit, including the development of any necessary forms. Section 4 of the article incorporates the FPDTC by reference into the appropriate section of general laws relating to credits against the State personal income tax.

Fiscal Impact: The FPDTC would take effect on January 1, 2023, making the fiscal impact retroactive. According to the Office of Revenue Analysis (ORA), the FPDTC proposal would result in an \$8,895 revenue loss in FY2023 based on a half year implementation, and a \$17,790 revenue loss going forward, reflecting a full year impact. The ORA derived this impact by using Oregon's total revenue impact and scaling it back to Rhode Island based on the number of farms in each state. Oregon has the same 15.0 percent tax credit but does not limit the amount of the credit.

Article 7: Related to Economic Development

This article expands or modifies various economic development incentives managed by the Commerce Corporation (CommerceRI) including:

- Reauthorizes the Executive Office of Commerce (EOC) incentive programs for an additional year.
- Raises the total program cap on the Rebuild RI Tax Credit and Sales Tax Exemption program (Rebuild RI).
- Expands the uses of Main Street Rhode Island Streetscape Improvement Program (Main Street RI) funding to include technical assistance and administrative costs.
- Expands the Stay Invested in Rhode Island Wavemaker Fellowship (Wavemaker) program to include teachers.
- Modifies the Innovation Initiative incentive program by increasing the maximum voucher awards from \$50,000 to \$75,000.

FISCAL IMPACT

There is no direct quantifiable impact in terms of expenditures or revenue related to the initiatives and amendments contained within Article 7. The Governor’s recommended FY2024 Budget does, however, include additional expenditures that support the existing incentives that are modified by the article. These are summarized in the following table.

Incentive	FY2024 v. FY2023	
	FY2024 Governor	Enacted
Rebuild RI	\$26.4	\$12.9
First Wave Closing Fund	20.0	20.0
Wavemaker Fellowship	4.0	0.8
Small Business Assistance	3.3	2.6
Air Service Development Fund	2.3	-
I-195 Redevelopment Fund	2.0	2.0
Innovation Initiative	2.0	1.0
Main Streets Revitalization	1.0	(4.0)
P-tech	-	-
Total	\$60.9	\$35.3

\$ in millions

ANALYSIS AND BACKGROUND

As noted above Article 7 modifies various economic development incentives. These modifications are explained in this section.

Reauthorization of Economic Development Incentive Programs

Background: The General Assembly enacted a suite of economic development incentives in its 2015 session. To ensure its prerogative of overseeing the effectiveness of these incentives, the General Assembly originally authorized them for only two years by establishing a sunset date of December 31, 2018. Since then several incentives have not been reauthorize, but the majority have been extended five times, most recently by the FY2023 Budget as Enacted. The remaining incentive programs are currently set to expire on December 31, 2023.

Article 7 Changes: Article 7 reauthorizes the following incentives through December 31, 2024.

- Stay Invested in RI Wavemaker Fellowship
- Rebuild RI
- Rhode Island Tax Increment Financing
- Tax Stabilization Incentive
- First Wave Closing Fund

Analyst Note: CommerceRI has oversubscribed the First Wave Closing Fund program cap. The Fund has received a net \$10.0 million in general revenue from the General Assembly since inception. As of December 2020, CommerceRI had awarded \$3.3 million in First Wave gap financing, leaving a balance of \$6.7 million. Under previous Executive Office of Commerce leadership, CommerceRI's board awarded an additional \$7.8 million on May 11, 2022, overdrawing the First Wave Closing Fund by \$1.1 million.

- I-195 Redevelopment Project Fund
- Small Business Assistance Fund
- Main Street Rhode Island Streetscape Improvement Fund
- Innovation Initiative
- High School, College, and Employer Partnerships (P-Tech)
- Air Service Development Fund
- Rhode Island Qualified Jobs Incentive

Rebuild RI Tax Credit Program Changes

Background: Rebuild RI uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State. When the Rebuild RI tax credit program was first established by the General Assembly in 2015, several program limits were instituted to prevent awarded credits from outpacing general revenues and to ensure program performance. These limits included a \$150.0 million cap on the total amount of credits permitted to be issued and an initial sunset date of December 31, 2018. The limits ensured that the General Assembly had an opportunity to evaluate the effectiveness of the program over time and, based on its analysis, either reauthorize or curtail the program. The issuance of sales tax exemptions however, was not originally capped.

Additional limits have since been placed on the program. In 2019, the General Assembly modified the total program cap by increasing it from \$150.0 million to \$210.0 million. However, the cap now applies to the combined total of tax credits and sales tax exemptions. The program also has a \$15.0 million per-project cap. The General Assembly also modified this cap as it related to the potential Fane Tower project in the I-195 Redevelopment District. In this instance, the project cap was raised to \$25.0 million, including credits and exemptions. The project also does not count against the overall program cap. The sunset date for Rebuild RI has been extended five times, most recently to December 31, 2023.

Commerce has awarded \$159.2 million in Rebuild RI tax credits and \$42.7 million in sales tax exemptions across 54 projects, for a combined total of \$201.9 million, or 96.1 percent of the current \$210.0 million program cap.

Article 7 Changes: Section 2 of Article 7 increases the program cap from \$210.0 million to \$225.0 million and extends the Rebuild RI sunset from December 31, 2023, to December 31, 2024.

Fiscal Impact: There are no direct revenue or expenditure impacts in FY2024 attributable to the changes being made to the Rebuild RI. The Governor recommends a \$26.4 million in general revenue appropriation for the incentive program in FY2024.

Analyst Note: The Budget documents indicate that the Governor includes an additional \$15.0 million in general revenue to “fully cover the obligations associated with the cap increase. The Governor’s budget includes a total of \$26.4 million for Rebuild in FY2024. Current out-year estimates for FY2025-FY2035 total \$78.4 million. November 2022 REC testimony indicates FY2024 obligations to be \$23.1 million.

Wavemaker Program

Background: Established in 2015, the Wavemaker program originally was a competitive student loan reimbursement program for college and university graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. In 2022 the General Assembly expanded the eligible professions to include healthcare and mental health professionals. The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments for up to 4 years. The amount of the tax credit depends upon the degree earned by the taxpayer, i.e. \$1,000 for an associate’s degree up to \$6,000 for a graduate or post-graduate degree. To offset the general revenue loss resulting from the use of the credits, the General Assembly established a Stay Invested in RI Wavemaker Fellowship Fund and limited the issuance of credits to the amount in the fund. As credits are used, the equivalent amount is transferred out of the program fund to the general fund. Since its inception the General Assembly has appropriated \$11.6 million in general revenue to the fund and has served approximately 1,049 fellows.

Analyst Note: The Senate Fiscal Office has requested from CommerceRI the total amount of obligated Wavemaker Funds for each of the fellow cohorts going back to 2016. The 2018 and 2019 cohorts of Wavemaker Fellows were impacted by the federal CARES Act. Under the pandemic legislation, most federal student payments were paused. This has affected the timing and amounts of awards.

Article 7 Changes: Article 7 expands the Wavemaker program to include teachers. It does this by specifically amending certain provisions including:

- **Healthcare Fund Provisions:** In 2022 the General Assembly extended the program to healthcare and mental health professionals. As part of this legislative change a separate Stay Invested in RI Wavemaker Fellowship Fund was established to fund healthcare and mental health fellows. This fund is distinct from the original fund for STEM professionals. With the expansion of the program to teachers, the Governor recommends consolidating these funds instead of establishing a third fund. Article 7 makes the necessary statutory changes to effectuate the consolidation.
- **Teacher Provisions:** Article 7 extends the program to teachers by modifying the definition of the eligibility requirements, specifically by including teacher within the provision around what type of employment an applicant may have to be eligible. The article charges CommerceRI with developing a definition of teacher for purposes of the program through rules and regulation and in consultation with the Rhode Island Department of Elementary and Secondary Education.
- **Sunset Provisions:** The article also reauthorizes the Wavemaker program for another year by extending the sunset date from December 31, 2023, to December 31, 2024.

Fiscal Impact: The Governor recommends \$4.0 million in general revenue in FY2024 for the Stay Invested in RI Wavemaker Fellowship Fund, \$800,000 more than the FY2023 enacted level. This is to support an additional cohort of 100 fellows in FY2024, presumably targeting teacher applicants.

Main Street Rhode Island Streetscape Improvement Program Expansion

Background: Main Street RI program is a fund administered by CommerceRI that is used to provide loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade streetscapes in local business districts. Projects include refurbishing facades, improved lighting, and signage. Recipients are required to provide a 30.0 percent match. Since its inception \$8.0 million has been

appropriated to the program of which \$2.8 million has been awarded (the General Assembly appropriated \$5.0 million for FY2023). The program has supported 24 projects across 16 municipalities.

Article 7 Changes: Section 8 of Article 7 adds technical assistance and administrative costs to the list of uses for program funds. The section also authorizes Commerce RI to establish by rules and regulations the maximum amount from the fund that may be used for technical assistance and administration. Lastly, this section reauthorizes the program for another year by extending the sunset provision from December 31, 2023, to December 31, 2024.

Fiscal Impact: The Governor recommends keeping the FY2023 Supplemental Budget amount for this program at the enacted level of \$5.0 million and adds another \$1.0 million for FY2024.

Innovation Initiative – Increase in Maximum Awards

Background: The Innovation Initiative program provides financial assistance to small businesses (under 500 employees) and manufacturers for research and development technical assistance. Awards can range from \$5,000 to \$50,000. Vouchers may be used to pay for: research and technological development; product development; commercialization; market development; technology exploration; and improved business practices/strategies that grow business and create operational efficiencies.

A total of 310 companies have received approval from the Commerce Corporation for Innovation Vouchers totaling \$9.0 million.

Article 7 Changes: The article increases the maximum voucher amount from \$50,000 up to \$75,000.

Fiscal Impact: \$13.5 million has been appropriated since 2016 for this program. The Governor recommends \$1.0 million in FY2023, consistent with the enacted level, and \$2.0 million in FY2024.

Article 8: Relating to Education

This article increases the minimum minority business enterprise (MBE) participation rate required for school construction projects from 10.0 percent of the dollar value of the bid to 15.0 percent. In addition, the article increases the student success factor provided in the education funding formula from 40.0 percent of the core instruction per-pupil amount to 42.0 percent, establishes categorical aid for students experiencing homelessness, and creates a new Public School of Choice (PSOC) Transition fund.

FISCAL IMPACT

Article 8 Fiscal Impact	
Student Success Factor Increase	\$9.9
Homeless Student Distribution	2.5
Public School of Choice Supplemental Fund	7.9
Elimination of School Choice Density Aid	(0.5)
Total	\$19.8
\$ in millions	

ANALYSIS AND BACKGROUND

The article makes several changes to the school construction program and the education aid formulas, as well as creates new aid categories.

Necessity of School Construction - Minority Business Enterprise Participation

This article increases the minimum minority business enterprise (MBE) participation rate required for school construction projects from 10.0 percent of the dollar value of the bid to 15.0 percent. Article 3 further amends RIGL 37-14.1-6, Minority Business Enterprise participation, to require the 15.0 percent be split evenly providing 7.5 percent for minority-owned businesses owned and controlled by a minority owner and 7.5 percent for minority businesses owned and controlled by a woman. These changes were recommended in the State of Rhode Island Disparity Study on the utilization of available minority- and women-owned businesses in state contracts.

Analyst Note: The law is unclear as to whether the penalties for non-compliance set forth in RIGL 37-14.1-8 apply to school construction projects. If the intent is to match the penalties that are in law for general state construction projects, this provision should be amended to clearly include the desired penalties.

Increase Student Success Factor

In addition, the article increases the student success factor (SSF) provided in the education funding formula from 40.0 percent of the core instruction per-pupil amount to 42.0 percent. The SSF was included in the funding formula calculation to adjust the core instruction amount to address the effects of poverty and other. The Office of Management and Budget (OMB) indicates that the Governor recommended adding 2.0 percentage points to provide additional funding for local education agencies (LEAs) with the greatest concentration of poverty. The aim of the change, coupled with the other funding formula adjustments, is to ensure that school districts with students already facing systemic educational disparities, such as students from low-income communities, students of color, differently-abled students, and multilingual learners, have the resources necessary to help address such disparities.

Categorical Aid to Support Students Experiencing Homelessness

In an effort to help districts support students experiencing homelessness, the article establishes a new categorical providing 25.0 percent of the core instruction per-pupil amount for each qualifying student, adjusted by the state share ratio for the district. Students could qualify for both the SSF and the Homeless

weights. Residency will be based on the last residence of the students and school districts will self-report the numbers based on the criteria set forth in the McKinney-Vento Act.

The McKinney-Vento Homeless Assistance Act defines “homeless children and youths” as those who lack a fixed, regular, and adequate nighttime residence, including:

- “children and youths who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; are living in motels, hotels, trailer parks, or camping grounds due to the lack of alternative adequate accommodations; are living in emergency or transitional shelters; or are abandoned in hospitals;”
- “children and youths who have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings (within the meaning of section 103(a)(2)(C));”
- “children and youths who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings; and”
- “migratory children (as such term is defined in section 1309 of the Elementary and Secondary Education Act of 1965) who qualify as homeless for the purposes of this subtitle because the children are living in circumstances described” above.

Public School of Choice Transition Fund

To compensate districts for enrollment loss due to student movement to charter schools, the article replaces the public school of choice (PSOC) density aid provided in the FY2023 Budget with a transition fund that provides 60.0 percent of the foundation aid for new seats added in the first year, 30.0 percent in the second year, and no funding in the third year.

According to the OMB, this initiative is modeled after a Massachusetts program, which offers 100.0 percent funding in the first year, 60.0 percent in the second year and 40.0 percent in the third year. However, the Massachusetts reimbursement program has changed several times since its inception in 1997. For example, in 2012 the law was changed to reflect 100.0 percent in the first year, and 25.0 percent for the following five years. This was reversed in FY2010, and the program again adopted the 100/60/40 percent model. Furthermore, the program is subject to appropriation and has not always been fully funded, resulting in a prorated version of the reimbursement program for some fiscal years (providing less than 100/60/40 percent to LEAs). The Governor’s recommendation, while based on the Massachusetts program, is aimed at balancing the need to reimburse LEAs experiencing enrollment losses due shifts to PSOCs while ensuring that the program is fiscally responsible, sustainable, and predictable.

School Choice Density Aid

Article 10 of the FY2022 Budget as Enacted reestablished density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school and provided \$1.0 million in education aid for FY2022. The category provided one \$500 payment for each new resident student enrolled in a charter or state school. For FY2022, the aid was calculated based on the number of new students attending a public school of choice since FY2019. In subsequent fiscal years, the \$500 was paid for each new charter or state school student relative to the previous year. In FY2023, the Budget included \$520,500 to fully fund this category. Article 8 of the Governor’s FY2024 Budget eliminates this aid category and replaces it with the Public School of Choice Transition Fund, mentioned above.

Article 9: Relating to Medical Assistance

This article modifies current laws governing the Hospital Licensing Fee (HLF); Disproportionate Share Hospitals (DSH) payments; person-centered, conflict-free case management for recipients living in Long-term Services and Support (LTSS) and Home and Community Based Services (HCBS) care; the effective date of the Certified Community Behavioral Health Clinics (CCBHCs); and, a rate increase for Cedar Family Centers.

FISCAL IMPACT

Article 9 Fiscal Impact		
	General	
	Revenue	All Funds
Increased HLF revenue	\$38.1	\$38.1
DSH payments	(6.6)	(14.7)
Conflict-Free Case Management	(6.5)	(14.4)
CCBH	(7.2)	(22.4)
Cedar Family Centers Rate Increase	(0.6)	(1.2)
Net Impact	\$17.2	(\$13.4)

\$ in millions. Total may not add due to rounding

ANALYSIS AND BACKGROUND

Hospital Licensing Fee (HLF)

The federal government allows states to assess taxes on health care provided the taxes are broad-based, uniformly imposed throughout a jurisdiction, and do not violate the hold harmless provisions specified in federal regulation. These taxes include revenue from patient care activity but exclude non-patient enterprises such as research, academic activity, or investment earnings. Rhode Island assesses a number of provider taxes, including a hospital licensing fee (HLF) authorized by RIGL 23-17-38.1. The HLF must be authorized annually. The article amends the HLF to bring the fee into compliance with federal Centers for Medicare and Medicaid Services (CMS) requirements. CMS determined that the current two-tiered HLF, which provided lower rates for Westerly and South County hospitals, did not comply with the broad based, uniformity and hold harmless provisions in the federal regulations, and, if not resolved, would threaten federal matching funds. In order to preserve federal Medicaid support, the State must come into compliance by July 31, 2023.

The proposal would shift to separate inpatient and outpatient hospital license fees, providing a three-tier structure within each class. The total state share raised from each tax will not exceed 6.0 percent of the net patient revenue for each applicable class. The proposed structure is expected to comply with CMS regulations.

The article is based on a proposal from the Hospital Association of Rhode Island (HARI) and Sellers Dorsey, a Medicaid consultant. The objective of the proposal is to bring the State’s HLF into compliance, increase Medicaid managed care payments through a new State Directed Payment, and promote access to high-quality healthcare for Medicaid recipients. Since the current program improperly combined net patient service revenues for both inpatient and outpatient hospital services, the new proposal separates the HLF calculation into two distinct tax classes, inpatient and outpatient. Under the proposal, each class would use a three-tier tax system such that the total state share raised from each tax will not exceed 6.0 percent of the net patient revenue for each applicable class. The percentages are applied to a hospital’s inpatient/outpatient net patient-services revenue for the first hospital fiscal year ending on or after January 1, 2022.

Article 9: Relating to Medical Assistance
Hospital Tax Tiers

	Inpatient	Outpatient	
Tier	Tax Rate	Tax Rate	Hospital Types Included in Tier
I	13.54%	13.73%	Hospitals that do not meet the description of Tiers II or III, including Bradley, Butler, Kent, Newport
II	2.71%	2.75%	<ul style="list-style-type: none"> • Acute care hospitals with high Medicaid/Uninsured costs, including Landmark, OLF, RIH, RWMC, and W&I • Independent Hospitals not part of a multi-hospital system, such as South County Hospital
III	1.35%	1.37%	Medicaid designate "low volume" hospitals, such as Westerly, Rehabilitative Hospitals, and the Rehabilitative Hospital of RI

The proposal maintains the current licensing fee of 5.42 percent of net patient-services revenue for state-owned and operated hospitals, applied to a hospital's net patient-services revenue for the first hospital fiscal year ending on or after January 1, 2022. Since hospital net patient revenue is not generally reported until May, the updated base year information used for the final revenue number is not available for the Governor's Budget. The new proposal uses hospital fiscal year 2021 reported net patient-services revenue to produce a projected hospital fiscal year 2022 base.

The current governing regulation, 42 CFR 433.68(f)(3)(a), does not specify that the individual components of a tax model cannot exceed 6.0 percent, only that the revenue generated from the tax may not be greater than 6.0 percent of revenue. Recently, Massachusetts implemented a multi-tiered tax plan with four hospital categories at varying rates. The inpatient rate ranges from 1.1 percent to 14.3 percent.

This proposal is subject to approval of a waiver of the federal healthcare tax uniformity requirement from the United States Department of Health and Human Services by July 1, 2023. Pursuant to federal regulation, if a state is seeking a waiver of the uniform tax requirement, the state must demonstrate that the proposed tax plan is generally redistributive. 42 CFR 433.68(e)(2)(ii) provides that "If the State demonstrates to the Secretary's satisfaction that the value of B1/B2 is at least 1, CMS will automatically approve the waiver request."¹ According to HARI, under the current proposed model, the B1/B2 value for inpatient care is 2.85 and for outpatient care is 1.95.

The proposed licensing fee is estimated to generate a total of \$217.2 million across both classes, an increase of \$38.1 million relative to the November 2022 Revenue Estimating Conference estimate of \$179.1 million. This total includes \$2.8 million for the payment of the Eleanor Slater Hospital licensing fee. The increase revenue will continue to contribute toward Rhode Island's state share for Medicaid, at a level comparable to current levels, and toward payments to hospitals in Rhode Island.

The article requires quarterly payments of the HLF with full payment before June 30, 2024. Furthermore, on or before August 1, 2023, every hospital must submit to the tax administrator a return containing the correct computation of inpatient and outpatient net patient-services revenue for the fiscal year ending in 2022, and the licensing fee due on that amount.

Disproportionate Share Hospitals (DSH)

The Disproportionate Share Hospitals (DSH) payments are required under federal statute and intended to offset uncompensated care costs for hospitals in order to improve access for Medicaid and uninsured patients, as well as improving the financial stability of safety-net hospitals. The article identifies the DSH aggregate limit for FFY2024 at \$15.2 million and requires payment on or before June 15, 2024, and authorizes the Executive Office of Health and Human Services (EOHHS) to amend the state plan for next

¹ 42 CFR defines "B1" as the slope of the linear regression for the State's tax program if it were broad based and uniform, and "B2" as the slope of the linear regression for the State's tax program, as proposed.

year's payment. The Budget includes \$14.7 million for DSH payments in FY2024, including \$6.6 million in general revenue and \$8.1 million in federal funds.

In addition, the base year for calculating the DSH payment is advance one fiscal year, to allow for the FY2024 payment, and the uncompensated care index is set at 5.30 percent for FFY2024, which remains unchanged from the FFY2020 level. This section also authorizes EOHHS to submit a state plan amendment to identify the aggregate DSH limit for FFY2024 and update the distribution method.

In FY2024, federal DSH allotments are scheduled to be reduced by \$8.0 billion nationally. Rhode Island's allotment is scheduled to be reduced by 90.0 percent, from \$83.4 million to \$8.4 million. The DSH program is intended to provide support to hospitals with a large percentage of uninsured patients. Based on a new distribution model intended to target funding toward uncompensated care, the DSH Health Reform Methodology (DHRH), the distribution of federal funds will be most reduced for states with higher insurance coverage rates, such as Rhode Island.

Medicaid Long-term Services and Support (LTSS)

In order to comply with federal regulations, states must separate case management from service delivery functions to ensure person-centered policies for recipients of LTSS in home and community-based centers. Ongoing federal matching funding upward of \$180.0 million is in jeopardy under the current Medicaid LTSS system, since a conflict of interest exists for certain providers and case management services are limited or inconsistent. This article is intended to bring Rhode Island into compliance with 42 CFR 441.301.

In March 2014, the Centers for Medicaid and Medicare Services (CMS) implemented a final rule requiring states to separate case management from service delivery to reduce conflicts of interest for services provided under home and community-based services (HCBS). According to EOHHS, Rhode Island is required to have a roadmap for complying with all facets of the HCBS rule by March 17, 2023, or risk losing federal matching funds. This article is intended to bring Rhode Island into compliance. As part of this initiative, EOHHS intends to define conflict-free case management (CFCM) consistently across populations and programs to ensure equity in access and service.

The Budget provides \$6.5 million in general revenue (\$14.4 million in all funds) to provide person-centered planning (PCP) and conflict-free case management (CFCM) to Medicaid beneficiaries who receive long-term services and supports (LTSS) in a home or community-based setting, as required by federal regulation. These resources are estimated to support six months of programming based on a January 1, 2024, start date.

Certified Community Behavioral Health Clinic (CCBHC)

The article moves the deadline for establishing a CCBHC from July 1, 2023, to February 1, 2024, to give EOHHS and the Department for Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) time to establish rates consistent with the federal model and to certify providers. The Budget also includes an increase of \$7.2 million in general revenue (\$22.4 million all funds) to administer the CCBHC.

In 2017, the Substance Abuse and Mental Health Services Agency (SAMHSA) selected eight states to participate in the demonstration program including New York and Minnesota. Case studies in both of these states found cost savings and reduction in utilization of emergency department and inpatient hospitalization of more than 50.0 percent, as a result of the program. Currently, 10 states are participating in the CCBHC federal demonstration program. EOHHS projects that full implementation of the program will result in improved access to behavioral health services and a reduction in emergency department and inpatient utilization.

EOHHS intends to implement the PPS-2 methodology which is a cost-based, per-clinic monthly rate that applies uniformly to all CCBHC services rendered by a certified clinic; consequently, Article 9 strikes the reference in the enacted legislation that references a daily rate. Each CCBHC will submit a cost report with all allowable costs by population. These reports will be used to establish a per-member-per-month (PMPM)

rate for each population. The first costs reports are due in December 2022; consequently, EOHHS used a services-based rate a proxy to create a placeholder for the budget request.

The initiative consists of three phases:

- Phase I consists of the CCBHC Infrastructure Grant program currently underway with SFRF funds that focuses on assessment and the development of organizational capacity for program implementation.
- Phase II will focus on the establishment of measures and the submission of baseline data using the 22 CMS CCBHC metrics through a pay-for-reporting model.
- Phase III will focus on performance relative to established measures and model sustainability.

EOHHS met the August 1, 2022, deadline for the grant application process through a Request for Proposals (RFP) issued on July 31, 2022. On September 21, EOHHS sent tentative Letters of Award to eight CCHBC agencies for 10 sites, and to 14 Designated Collaborating Organizations (DCOs) for 20 sites.

The article eliminates the December 1, 2022, deadline for the submission of a detailed cost reports from participating organizations, and the January 15, 2023, deadline for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) to determine how many health clinics and be certified and the cost for each. In a letter dated, January 17, 2023, EOHHS proposes an alternative deadline for the cost report submission of February 15, 2023, and for the development of the budget of April 30, 2023.

Amendments to the Rhode Island Medicaid Reform Act Resolution

Cedar Rate Increase: The article would authorize EOHHS to seek a waiver amendment to implement an increase to the exiting fee-for-service and managed care rates for the Cedar Family Centers. The Cedar Family Centers provide care management to help families of Children and Youth with Special Health Care Needs (CYSHCN) access support services, including those who are Medicaid eligible through the Katie Becket waiver. In May 2022, the State entered into a settlement agreement with the United States Department of Justice impacting members enrolled in Medicaid through the Katie Beckett waiver. Due to the settlement, approximately 600 families are eligible for enrollment with Cedar Family Centers which, in addition to the current scope of work, will be required to:

- Meet monthly with EOHHS to review performance, utilization of services, compliance, quality assurance, and continuous quality improvement.
- Engage in an Active Contract Management process with the State conducted through monthly meeting to review key performance indicators, deliverables, and other metrics.
- Be responsible for monitoring the receipt of services by Members and actions taken if deliverables are not received.

According to EOHHS, Cedar Family Services has not received a rate increase since 2016 and the additional scope of work confirm that the current rate and payment structure is not adequate to ensure sustainability. The Budget provides an increase of \$551,955 in general revenue (\$1.2 million all funds) to support a rate increase and adequate pay structure to support and expand the Cedar Family Centers.

Analyst Note: At the time of publication, it is unclear if the rate review being conducted through the Office of the Health Insurance Commissioner (OHIC) will include the rates paid to the Cedar Family Centers.

Hospital State Directed Managed Care Payment: The article authorizes EOHHS to establish a new hospital state directed care payment with payments made on a quarterly basis.

Hospital Licensing Fee (HLF): The article authorizes EOHHS to pursue federal approval from the federal Centers for Medicare and Medicaid Services (CMS) for a new hospital licensing rate including a three-tiered rate for non-government owned hospitals and on rate for government-owned and operated hospitals.

Article 10: Relating to Reproductive Healthcare

This article repeals RIGL 36-12-2.1 Health Insurance Benefits – Coverage for Abortions Excluded, removing the abortion coverage exclusion for state employee insurance plans. The article also amends RIGL 42-12.3-3 to expand abortion coverage for Medicaid-covered individuals.

- **Health Insurance Benefits:** The article allows state employee insurance plans to provide abortion coverage.
- **Medicaid Enrollees:** The article expands the Reproductive Privacy Act of 2019 to individuals enrolled in Medicaid, ensuring Medicaid recipients have full access to termination of pregnancy services permitted under RIGL 23-4.130-2; however, federal funds may not be used to support such services unless authorized under federal law.

FISCAL IMPACT

The article allows state employee insurance plans to provide abortion coverage. The Budget includes \$29,500 in health insurance internal service fund expenses within the Department of Administration to pay for the anticipated services to state employees, through Blue Cross Blue Shield of Rhode Island (BCBSRI). The following table illustrates a cost estimate using data provided by Segal, the health benefits actuarial service contracted by the Department of Administration.

Analyst Note: The Segal report provided a BCBSRI cost range of \$25,000 to \$34,000 and the Budget Office used the average of the stated cost range, or \$29,500. The actual cost will be impacted with the reduction of co-insurance costs. In addition, the new costs will offset the potential full medical costs associated with full-term pregnancies.

State Employees	
Percentage that had elective procedure (Segal)	0.20%
Number of covered state employees	8,400
Anticipated procedures	17
Average cost per procedure (Segal)	\$1,750
Total - New Costs	\$29,400

The Budget also includes \$592,405 in general revenue, including \$56,021 in one-time system costs, to support the expansion of termination of pregnancy services to individuals enrolled in Medicaid. The Executive Office of Health and Human Services provided the cost estimate based on the 2021-2022 Medicaid claims and data reported by the Centers for Disease Control and Prevention. The estimate is based on a projection of 978 procedures at a unit cost of \$548.

The estimated number of procedures is based on the 2020 Rhode Island abortion rate of 12.6 per 1,000 females aged 15-44 years, as reported by the CDC, and an estimated 77,651 eligible maternity-aged (15-44 years old) Medicaid enrollees. While acknowledging that the Medicaid population is not necessarily representative of the general population, the CDC does not stratify rates by insurance coverage. The estimate of maternity-aged females is from the November 2022 Caseload Estimating Conference for FY2024.

The average cost of \$548 based is on the two most recent years of Rhode Island Medicaid claims (2021-2022). During this time, the number of claims ranged from 43 in FY2021 to 29 in FY2022, with an average cost per claim of \$437 and \$724, respectively. The total amount paid was \$18,779 in FY2021 and \$21,009 in FY2022. The cost per claim of \$548 is the weighted average of total amount paid over the two fiscal years divided by the total number of claims. This estimate reflects new general revenue spending to cover abortions for those insured by Medicaid.

Since this service must be provided from state funds only, implementation costs are needed to create a new establish the procedure code in the MMIS. EOHHS estimates this will cost \$56,021 in general revenue. EOHHS cannot use federal funds on costs related to this initiative. This is based on an estimate of 450 hours at a rate of \$124.49 per hour.

Medicaid Enrollees	
Percentage that had elective procedure (EOHHS)	1.26%
Number of covered Medicaid Enrollees	77,651
Anticipated procedures	979
Average cost per procedure (EOHHS)	\$548
New Medical Costs	\$536,384
Implementation cost hours (EOHHS)	450
Implementation cost rate (EOHHS)	\$124.49
New Implementation Costs	\$56,021
Total Costs	\$592,405

Analyst Note: According to the Rhode Island Department of Administration's Office of Employee Benefits, the difference in the pregnancy termination costs between BCBSRI and Medicaid is the rate negotiated and determined by the two insurers.

ANALYSIS AND BACKGROUND

State Employee Insurance Coverage

This article repeals RIGL 36-12-12.1 that prohibits state employee insurance plans covering the costs associated for abortion services.

Medicaid-Covered Individuals

The article expands the Reproductive Privacy Act of 2019 to individuals enrolled in Medicaid, ensuring Medicaid recipients have full access to termination of pregnancy services permitted under RIGL 23-4.13-2; and repeals RIGL 36-12-2.1, the language excluding health coverage for abortions. However, per the "Hyde Amendment" federal funds may not be used to support such services unless authorized under federal law. The Hyde Amendment (a rule that is annually attached to Congressional appropriation bills and approved every year by Congress), federal funds can only be used for abortions if the pregnancy is a result of rape, incest, or if it is determined to endanger the pregnant individual's life.

By ensuring state funding for reproductive healthcare for those eligible for Medicaid, Rhode Island will ensure reproductive rights for most low-income residents.

According to information from the Kaiser Family Foundation (KFF) analysis, "The Hyde Amendment and Coverage for Abortion Services, March 5, 2021", four New England states use state funds to pay for abortions for those eligible for Medicaid; only Rhode Island and New Hampshire prohibit the use. In addition, twelve other states, including New York, New Jersey, and Maryland also use state funds to pay for abortions for those eligible for Medicaid.

Article 11: Relating to Lease Agreements for Leased Office and Operating Space

This article authorizes various lease agreements for office and operating spaces as required by RIGL 37-6-2(d), which requires approval of the General Assembly for any new or extended lease agreements meeting certain conditions. Of the proposed leases, three are renewals of existing leases, one is a new lease on a specified property, and one is a request for proposals for a to-be-determined location.

FISCAL IMPACT

State Agency	Renewal or New Lease	Location	Sq. Ft.	Lease Term	Aggregate Rent	Max. Annualized	Current Lease Expires
Human Services	Renewal	31 John Clarke Road, Middletown	4,400	5-years	\$485,980	\$91,196	November 30, 2023
Human Services	New Lease	125 Holden Street, Providence	17,000	10-years	\$5,448,840	476,000*	N/A
Children, Youth, and Families	Renewal	530 Wood Street, Bristol	15,963	5-years	\$1,718,383.50	\$353,092.50**	July 31, 2023
Revenue	Renewal	2000 Diamond Hill Road, Woonsocket	4,877	5-years	\$392,598.50	\$78,519.70	November 30, 2023
Elementary and Secondary Education	New Lease	To Be Determined	25,000-30,000	5-years	***	***	N/A

*Rent is not to exceed \$476,000 in the first year and an annual increase of the greater of either 3% or the Consumer Price Index for the remainder of the lease term

**Aggregate base rent is not to exceed \$337,399.50 in years one (1) through three (3), and \$353,092.50 in years four (4) through five (5)

*** Aggregate base rent for this lease is not to exceed "a commercially reasonable amount to be determined through a procurement process"

ANALYSIS AND BACKGROUND

The article authorizes five lease agreements pursuant to RIGL 37-6-2(d), which requires that the approval of the General Assembly for any new or extended lease or rental agreements with a term of five (5) years or longer where the State is the tenant and the aggregate rent during the proposed term is more than five hundred thousand dollars (\$500,000).

For agreements meeting these specifications, the law states that the State Properties Committee must submit a resolution including the following information: the purpose of the lease or rental agreement, the agency's current lease or rental costs, the expiration date of the present lease or rental agreement when applicable, the total range of costs of a new lease or rental agreement, the proposed term length of a new agreement, and the location and current owner of the property.

The article authorizes the following three lease renewals, one new lease agreement, and one request for proposals.

Department of Human Services - 31 John Clarke Road, Middletown

The article authorizes the Department of Human Services (DHS) to renew a lease agreement with Children and Family Services of Newport County for a five-year period, for 4,400 square feet of office space located at 31 John Clarke Road in Middletown. DHS currently holds a lease agreement with Children and Family Services of Newport County which expires on November 3, 2023. The article provides that aggregate rent for a five-year lease term in the lease agreement will be no greater than \$485,980. The lease is included in the authorization because the length of the lease, inclusive of extensions, meets the five-year threshold outlined in RIGL 37-6-2.

Department of Human Services - 125 Holden Street, Providence

The article authorizes the Department of Human Services (DHS) to begin a new lease agreement with Paolino Properties for a ten-year period, for 17,000 square feet of office space located at 125 Holden Street in Providence. DHS requires additional office space to accommodate in-person customer service activities. The article provides that aggregate rent for a five-year lease term in the lease agreement will be no greater than \$5.4 million. The lease is included in the authorization because the value of the lease, inclusive of extensions, exceeds the five-year, and \$500,000 thresholds outlined in RIGL 37-6-2.

Department of Children, Youth, and Families – 530 Wood Street, Bristol

The article authorizes the Department of Children, Youth, and Families (DCYF) to renew a lease agreement with WSA Property, Inc. for approximately 15,693 square feet of office space at 530 Wood Street, Bristol. The property serves as an essential location for one of DCYF's regional offices, and the current lease is set to expire on July 31, 2023. The article provides the aggregate base rent not to exceed \$1,718,383.50 for a term not to exceed five (5) years. The annual rent during the renewal term is not to exceed \$337,399.50 in years one (1) through three (3) and \$353,092.50 in years four (4) through five (5).

Department of Revenue – 2000 Diamond Hill Road, Woonsocket

The article authorizes the Department of Revenue (DOR) to renew a lease agreement with Woonsocket Mall, LLC for a term not to exceed five years. The DOR currently holds a lease agreement with Woonsocket Mall, LLC, for an approximately 4,877 square foot space located at 2000 Diamond Hill Road, Woonsocket, which expires on November 30, 2023. The space is used as a satellite customer services center for the Division of Motor Vehicles. The article provides that the annual base rent for a five-year lease term in the lease agreement shall not exceed \$78,519.70 annually.

Department of Elementary and Secondary Education (To Be Determined)

Through the resolution, the General Assembly would approve the lease agreement for an undetermined location, a term not to exceed five years, and an aggregate rent not to exceed a commercially reasonable amount as determined through the procurement process. The lease would enable the Department of Elementary and Secondary Education to move from its current location in the Shepard Building in Providence.

Analyst Note: This section does not appear to meet the requirements of RIGL 37-6-2 requiring that any lease agreement that carries a term of five years or longer "shall provide information relating to ... the agency's current lease or rental costs, ... the range of costs of a new lease or rental agreement, ... and the location and owner of the desired property."

The Department currently occupies 61,044 square feet of State-owned space in the Shepard Building. According to a review conducted by the Department of Administration (DOA), the current space does not meet the needs of the Department. The request for proposals (RFP) is expected to advertise for a space providing 25,000 to 30,000 square feet of office space and parking spaces in Providence.

Analyst Note: The Department of Elementary and Secondary Education requested \$1.3 million for the rental/lease of property in FY2024; however, the request was not included in the Governor's recommendation.

Article 12 - Relating to Effective Date

This article provides that the Act will take effect on July 1, 2023, except as otherwise provided herein.



FY2023 SUPPLEMENTAL BUDGET ARTICLES

Article 1: Relating to Making Revised Appropriations in Support of FY2023

Article 1 outlines the appropriation amounts from all fund sources for the FY2023 Supplemental Budget. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; expenditure limits for internal service funds; and, disbursements of Lottery, Temporary Disability Insurance, Employment Security, and University and College Funds. This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also includes the following items:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,463.5 FTE positions, reflecting a net increase of 8.0 FTE positions, as compared to the authorized level set in the FY2023 Budget as Enacted.
- Details Community Service Objective grant funding recipients and amounts.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2024. In addition, the Office of the Postsecondary Commissioner shall provide \$6.9 million be allocated to the Rhode Island Promise Scholarship program, \$147,000 to support the State's membership in the New England Board of Higher Education, and \$75,000 be allocated to Best Buddies Rhode Island.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.3 million. It requires Judiciary to provide \$230,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- Amends federal funds, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund pursuant to the American Rescue Plan Act of 2021.
- Requires the State Controller to transfer \$4.4 million to the Workers' Compensation Administrative Fund by June 30, 2023.

APPROPRIATIONS

Article 1 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2023.

<u>Expenditures by Source</u>	<u>FY2022 Final</u>	<u>FY2023 Enacted</u>	<u>FY2023 Governor</u>	<u>Change to Enacted</u>
General Revenue	\$5,236.5	\$5,042.2	\$5,266.6	\$224.4
Federal Funds	5,326.6	5,708.4	5,951.3	242.9
Other Funds	2,055.1	2,398.4	2,450.0	51.6
Restricted Receipts	318.4	453.5	470.1	16.6
Total	\$12,936.6	\$13,602.5	\$14,138.0	\$535.5

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

Section 1 also provides language directing the disbursement of specific appropriations including:

- **Administration - State Workforce Compensation and Classification Study:** The Budget requires that \$2.0 million in general revenue be used to support the State Workforce Compensation and Classification Study, of which all unexpended or unencumbered balances, at the end of the fiscal year, shall be reappropriated to FY2024 and made available for the same purposes.

- **Administration - Information Technology Investment Fund:** The Budget requires that of the total available in the Information Technology Investment Fund as of July 1, 2022, these amounts shall be available for the following projects:

Information Technology Investment Fund	
State Hospital Electronic Medical Records System	\$22.4
Replace and Modernization DLT Legacy Mainframe System	19.4
RI Bridges Mobile and Childcare Tracking	6.7
Blockchain Digital Identity	2.5
Enterprise Resource Planning System	2.2
DEM Online Permit and Licensing System	5.8
Adult Correctional Institution WI-FI Technology	3.3
Tax Modernization System	2.3
Total	\$64.6
<i>\$ in millions</i>	

- **Administration – RICAP Transfer:** The Budget includes a one-time transfer of \$257.4 million in general revenue to the Rhode Island Capital Plan (RICAP) fund in FY2023, reflecting an increase of \$242.4 million over the \$15.0 million appropriated in the FY2023 Budget as Enacted. The Budget requires \$60.0 million of the transfer in general revenue from the FY2022 surplus to the Rhode Island Capital Plan fund be used for key capital improvement projects including, Davis Career and Technical School renovations, State House HVAC and building envelope renovations, and state-run group homes.

The Governor includes a one-time transfer of \$157.8 million in general revenue from the FY2022 surplus to the Rhode Island Capital Plan fund for the state match to federal transportation funds. This includes general state match funding as well as replacement revenue for the expected truck toll revenue losses through FY2024 and FY2025. The funding includes:

Loss Coverage	FY2023 Transfer
FY2023 Truck Toll Loss	\$30.0
FY2024 Truck Toll Loss	40.0
FY2025 State Match Shortfall	87.8
Total	\$157.8
<i>\$ in millions</i>	

The Budget also includes an allocation of \$24.6 million in general revenue to hold harmless the Rhode Island Department of Transportation for the expected revenue loss regarding the pause to the scheduled gas tax rate increase.

- **Administration - Transition Costs:** The Budget removes \$350,000 in general revenue for transitions costs associated with the 2022 General Election and instead appropriates the funds within the affected general office agencies.
- **Labor and Training – Direct Care Training:** The Budget requires \$600,000 in general revenue be used for enhanced training for direct care and support services staff to improve the resident quality of care for nursing facility residents.
- **Business Regulation:** The Budget requires that \$1.5 million in general revenue be used for a new initiative where the Office of the Health Insurance Commissioner conducts a comprehensive view of social and human services programs throughout the state. The Office will analyze rates, utilizations, and eligibility standards.
- **EOHHS:** The Budget requires \$250,000 in general revenue to facilitate the planning for the creation of an Early Childhood Governance Working Group, tasked with submitting a report to the Governor and General Assembly by October 1, 2023, with recommendations addressing the coordination and administration of an early childhood program.

The Budget provides \$2.5 million in general revenue through the Graduate Medical Education initiative for a new resident training program at Landmark Hospital, of which \$1.0 million is provided to Lifespan for the Trauma I Center and \$1.0 million to Care New England for the Neonatal Intensive Care Unit.

- **BHDDH – DD Consent Decree:** The State has been under a Consent Decree with the United States Department of Justice since 2014, requiring the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. With the Consent Decree scheduled to end in FY2024, the State has agreed to an action plan to ensure the requirements of the Consent Decree are fulfilled. Article 1 allocates \$13.8 million in general revenue (\$33.6 million all funds) to support direct support professional wage increases and \$5.7 million in general revenue (\$10.8 million all funds) for a Transformation and Technology Fund to remain in compliance with the action plan.
- **RIDE - Rhode Island Vision Education and Services Program:** The Article requires that \$684,000 from the Department of Elementary and Secondary's administrative share of federal funds for Individuals with Disabilities Education Act funds, be allocated to the Sherlock Center on Disabilities to support the Rhode Island Vision Services Program.
- **RIDE - Education Aid:** The Budget provides that the criteria for the allocation of early childhood funds must prioritize prekindergarten seats and classrooms for four-year-olds with a family income at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low performing schools.
- **Public Safety – Body-worn Camera:** The Article includes \$15.0 million of one-time general revenue to support a new statewide body-worn camera program for law enforcement officers. On June 16, 2021, the State's political and law enforcement leadership announced support for a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers, across every municipal police department and the Rhode Island State Police, with body-worn cameras by December 2022. All unexpended or unencumbered balances as of June 30, 2023, shall be reappropriated to FY2024.
- **Corrections – Sex Offender Discharge:** The Budget allocates \$1.0 million to Crossroads Rhode Island for sex offender discharge planning.
- **Environmental Management - Rhode Island Infrastructure Bank:** The Budget requires \$28.5 million in general revenue be allocated to the Rhode Island Infrastructure Bank for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund contingent upon the submission of documentation to the Office of Management and Budget showing the need for the funds to be used as the state match. In addition, \$100,000 is allocated to the Conservation Districts.

INTERNAL SERVICE FUNDS

Article 1 authorizes 15 specific, capped internal service accounts to permit reimbursement of costs for work or other services performed by certain departments or agencies for any other department or agency. The FY2018 Budget as Enacted established centralized accounts for each agency and allows the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Reimbursements may only be made up to the expenditure cap for each account, as outlined below.

Internal Service Account	FY2023 Enacted	FY2023 Governor	Change
State Assessed Fringe Benefits	\$37,370,321	\$37,384,711	\$14,390
Administration Central Utilities	27,355,205	35,379,345	8,024,140
State Central Mail	7,303,550	7,739,779	436,229
State Telecommunications	3,513,931	3,459,819	(54,112)
State Automotive Fleet	12,869,107	12,886,486	17,379
Surplus Property	3,000	44,789	41,789
Health Insurance	272,697,174	272,642,618	(54,556)
Other Post-Employment Benefits	63,858,483	63,858,483	-
Capital Police	1,380,836	1,362,349	(18,487)
Corrections Central Distribution Center	7,524,912	7,458,988	(65,924)
Correctional Industries	8,472,206	8,114,402	(357,804)
Secretary of State Records Center	1,143,730	1,156,743	13,013
Human Resources Internal Service Fund	15,991,654	16,005,094	13,440
DCAMM Facilities Internal Service Fund	47,011,910	54,866,999	7,855,089
Information Technology Internal Service Fund	50,789,409	50,748,407	(41,002)
Total	\$557,285,428	\$573,109,012	\$15,823,584

FTE POSITIONS

Article 1 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. The Budget recommends a net increase of 8.0 FTE positions as compared to the authorized level set in the FY2023 Budget as Enacted. The following table illustrates the FTE levels by government function:

FTE Positions by Function	FY2023 Enacted	FY2023 Governor	Change to Enacted
General Government	2,494.4	2,494.4	0.0
Human Services	3,734.3	3,742.3	8.0
Education	4,223.4	4,223.4	0.0
Public Safety	3,275.6	3,275.6	0.0
Natural Resources	449.0	449.0	0.0
Transportation	755.0	755.0	0.0
Subtotal	14,931.7	14,939.7	8.0
<i>Higher Ed. Sponsored Positions</i>	<i>523.8</i>	<i>523.8</i>	<i>0.0</i>
Total FTE Positions	15,455.5	15,463.5	8.0

Article 2: Relating to Public Service Corporations Tax

Article 2 of the Governors Recommended FY2023 Supplemental Budget provides a rebate on the collection of the public service corporations tax (PSCT) on gross receipts tax for electric and gas utilities for the period of December 2022 through March 2023. Public utilities would continue to collect and remit taxes but will be required to provide a credit to commercial and residential customers for the stated period, effectively reducing their bills during that time.

FISCAL IMPACT

The changes to the PSCT included in Article are estimated to result in a \$35.6 million revenue reduction in FY2023 only.

Impact on PSCT Collections		
Utility	FY2023	FY2024
Natural Gas	(\$10.1)	-
Electricity	(25.5)	-
Total	(\$35.6)	-

\$ in millions

The following table summarizes the estimated savings impact of the program by residential and commercial utility customers.

Commercial and Residential Impact			Avg. Savings	
Customer Type	Customers	Savings	Total	Monthly
Commercial - NG	24,984	\$2,625,553	\$105.09	\$26.27
Residential - NG	247,735	\$7,523,389	\$30.37	\$7.59
Natural Gas Subtotal	272,719	\$10,148,942		
Commercial - Elec	62,207	\$14,699,321	\$236.30	\$59.07
Residential - Elec	445,366	\$10,791,215	\$24.23	\$6.06
Electricity Subtotal	507,573	\$25,490,536		
Commercial	87,191	\$17,334,872		
Residential	693,101	\$18,304,605		
Total	780,292	\$35,639,477		

ANALYSIS AND BACKGROUND

Background: A public service corporation (PSC), also known as a public utility company is a corporation or other non-governmental business entity which delivers certain services considered essential to the public interest. Examples include utility companies such as natural gas, pipeline, electricity, water supply, sewer, and telecommunication companies. They also include services such as transportation of passengers or property as a common carrier, such as airlines, railroads, trucking, bus, and taxicab companies.

In Rhode Island public service corporations are required to pay an annual tax based on their gross earnings or a minimum of \$100, whichever is greater. The tax rate varies by utility and are summarized in the following table:

Activity	Rate
Steamboat/Ferryboat	1.25%
Gas	3.00%
Electric	4.00%
Telegraph	4.00%
Telecommunications	5.00%
Cable (Public Service)	8.00%

PSC's remit estimated tax payments quarterly in equal amounts. Refunds or additional payments are made after true liability is determined at the end of the tax year. All payments are deposited as general revenues.

The consensus November 2022 estimates for public service corporations tax (PSCT) revenue are \$101.0 million and \$95.0 million in FY2023 and FY2024, respectfully. Revenue from the PSCT from electric utility companies averaged \$51.1 million from FY2020 to FY2022, and \$15.8 million from natural gas utilities for the same period. Electric utility PSCT revenue averaged 52.1 percent of total PSCT collections for the same three-year period and gas PSCT revenue averaged 16.4 percent.

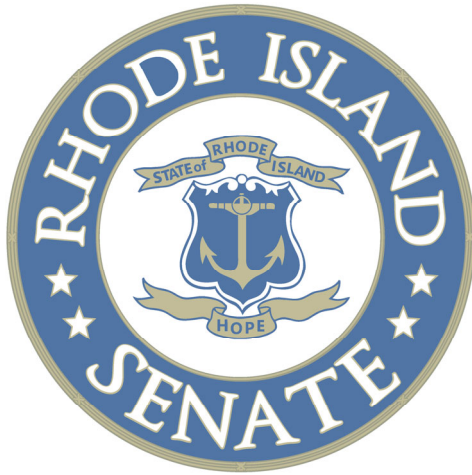
Article 2 Changes: According to the Office of Management and Budget, the PSCT modifications included in Article 2 are intended to provide residential and commercial utility customers with savings on their natural gas and electric bills during the current winter. The savings is accomplished through customer credit and utility rebate mechanism provided for within the article.

- **Eligibility and Period:** Article 2 authorizes the PSCT modification program for the four months beginning December 2022 through March 2022. Eligible customers must be individuals or businesses who purchase electricity and/or natural gas from a public utility company during the authorized months. Similarly, a utility company that may be eligible for a rebate under the program must meet the definitions of both public service company and corporation according to State statute and has sold natural gas and/or electricity to utility customers during the authorized period. The provisions of the article are effective upon passage.

Analyst Note: The Governor's FY2023 Supplemental Budget was submitted to the General Assembly on January 19, 2023, over a month into the authorized time period of the proposed PSCT modification program. Because of this the program will require retroactive implementation. Furthermore, if the customer savings are to be realized in a timely manner, this article or similar legislation would have to be enacted during the first three months of the General Assembly session. It has been indicated by the Office of Management and Budget that a separate standalone bill is expected to be introduced to provide the opportunity for the General Assembly to act on the proposal without impacting the overall timing of the consideration of the budget.

- **Credits and Rebates:** Because the PSCT is collected through a quarterly estimated payment structure, a credit and rebate mechanism is used to provide end savings to the customers. Under the article the mechanism:
 - Requires that an eligible utility company continue to make estimated PSCT payments according to the current law payment schedule during the period of the program.
 - Provides for a rebate payment to be made to eligible utility companies in the amount equal to the PSCT due that would be charged to customers for the authorized period.
 - Requires that eligible utility companies not charge customers the tax, but rather show on customers' bills the amount of what the tax would be based on their utility usage accompanied by a credit equal to that amount.
 - Provides that Taxation must determine the amount of potential rebates and that utility companies must apply to Taxation to receive the rebate. Taxation must develop the formal process and application by May 31, 2023. Rebates will be paid directly to utility companies by Taxation. Rebates cannot be considered offsets or receipts for tax liability calculations.
- **Fraud Provisions:** Article 2 also establishes a \$10 penalty per registered active account against any utility company that submits a fraudulent application or fails to otherwise comply with rules of the program. Rebates received fraudulently must be paid back to Taxation and refunds must be given to customers who erroneously pay the tax.
- **Impact:** The Office of Revenue Analysis (ORA) estimates that the program will result in revenue losses of \$10.1 million and \$25.5 million, from natural gas PSCT changes and electricity PSCT changes, respectively, totaling \$35.6 million less in FY2023. ORA derived the estimates by calculating the increase in the average bill between the same months of the previous year and the months of the proposed rebate (December 2022 – March 2023). ORA determined that the average natural gas bills

for the four-month period increased 19.0 percent and electricity bill grew by 30.4 percent in December and 255.5 percent in January through March. These growth rates were then used to calculate an estimate of gross receipts for each utility for the December-March period. The applicable PSCT rate was then applied to the gross receipt estimate to determine the fiscal impact shown noted above.



APPENDIX

Summary Tables

GENERAL REVENUE BUDGET SURPLUS

	FY2021 Audited	2022 Prelim. Unaudit	FY2023 Enacted	FY2023 Governor	FY2024 Governor
Opening Surplus					
Free Surplus	\$156,188,375	\$374,425,433	\$10,345,571	\$216,589,660	\$257,099,837
Adjustment to Opening Surplus	\$92,645,386	\$155,277,927	\$278,859,677	\$243,666,679	
Reappropriated Surplus	5,336,653	8,446,365	-	19,442,046	
Subtotal	\$254,170,414	\$538,149,725	\$289,205,248	\$479,698,385	\$257,099,837
Total Revenues	4,431,578,564	5,207,845,307	\$4,901,451,905	\$5,211,251,628	\$5,275,435,299
To Cash Stabilization Fund	(137,238,234)	(167,468,122)	(147,353,924)	(162,835,239)	(165,976,054)
From Cash Stabilization Fund					
Total Available Resources	4,548,510,744	\$5,578,526,910	\$5,043,303,229	\$5,528,114,774	\$5,366,559,082
Total Expenditures	4,078,638,946	5,236,495,204	5,042,159,928	5,266,570,493	5,302,778,725
Total Surplus	469,871,798	342,031,706	1,143,301	261,544,281	63,780,357
Free Surplus	\$374,425,433	\$216,589,660	\$1,143,301	\$257,099,837	\$8,780,357
<i>Operating Surplus/(Deficit)</i>	<i>221,038,037</i>	<i>(187,671,654)</i>	<i>(288,061,947)</i>	<i>(198,712,058)</i>	<i>(193,319,480)</i>
Rainy Day Fund	\$227,949,050	\$272,266,928	\$245,589,874	\$271,392,065	\$276,626,757

ALL FUND EXPENDITURES

General Government	FY2022 Final	FY2023 Enacted	FY2023 Governor	Change from Enacted	FY2024 Governor	Change from Enacted
Department of Administration	\$1,204,230,176	\$820,335,630	\$1,097,510,530	\$277,174,900	\$771,042,522	(\$49,293,108)
Department of Business Regulation	26,836,385	38,496,313	37,408,626	(1,087,687)	42,322,903	3,826,590
Executive Office of Commerce	162,351,034	242,690,331	270,263,081	27,572,750	265,444,642	22,754,311
Department of Housing	-	-	-	-	182,155,943	182,155,943
Department of Labor and Training	783,316,484	634,453,996	611,290,000	(23,163,996)	529,467,421	(104,986,575)
Department of Revenue	758,143,749	947,718,512	900,496,149	(47,222,363)	770,572,035	(177,146,477)
General Assembly	44,045,908	50,462,193	59,063,369	8,601,176	53,088,776	2,626,583
Office of Lieutenant Governor	1,073,989	1,353,568	1,366,773	13,205	1,411,331	57,763
Secretary of State	11,692,479	14,033,777	14,283,130	249,353	13,698,034	(335,743)
Office of the General Treasurer	19,118,279	22,848,869	22,781,819	(67,050)	23,706,976	858,107
Board of Elections	2,591,770	6,249,463	6,380,949	131,486	3,637,565	(2,611,898)
Rhode Island Ethics Commission	1,801,742	2,035,145	2,007,481	(27,664)	2,097,059	61,914
Office of the Governor	7,098,447	7,152,280	7,599,267	446,987	8,406,547	1,254,267
Rhode Island Commission for Human Rights	1,836,227	2,152,745	2,207,190	54,445	2,183,303	30,558
Public Utilities Commission	10,930,981	13,569,765	13,720,357	150,592	14,161,300	591,535
Total	\$3,035,067,650	\$2,803,552,587	\$3,046,378,721	\$242,826,134	\$2,683,396,357	(\$120,156,230)
Health and Human Services						
Executive Office of Health and Human Services	\$3,368,795,409	\$3,614,437,518	\$3,551,399,858	(\$63,037,660)	\$3,762,633,501	\$148,195,983
Department of Children, Youth, and Families	264,891,189	314,506,447	317,264,040	2,757,593	342,021,352	27,514,905
Department of Health	491,403,423	373,353,530	396,891,060	23,537,530	319,698,490	(53,655,040)
Department of Human Services	901,174,061	902,135,264	942,306,413	40,171,149	794,704,123	(107,431,141)
Behavioral Healthcare, Developmental Disabilities and Hospitals	501,996,412	597,062,033	587,227,580	(9,834,453)	619,596,683	22,534,650
Governor's Commission on Disabilities	1,358,383	2,215,494	2,269,843	54,349	1,733,720	(481,774)
Commission on the Deaf & Hard of Hearing	815,340	816,876	846,844	29,968	868,675	51,799
Office of the Child Advocate	1,088,617	1,494,065	1,485,060	(9,005)	1,630,743	136,678
Office of the Mental Health Advocate	716,646	973,329	900,494	(72,835)	976,078	2,749
Total	\$5,532,239,480	\$5,806,994,556	\$5,800,591,192	(\$6,403,364)	\$5,843,863,365	\$36,868,809
Education						
Elementary and Secondary Education	\$1,719,406,455	\$2,018,452,386	\$2,112,997,114	\$94,544,728	\$2,073,199,293	\$54,746,907
Public Higher Education	1,254,052,619	1,317,956,820	1,321,923,584	3,966,764	1,399,366,227	81,409,407
Rhode Island Council on the Arts	3,906,261	4,164,995	4,342,869	177,874	4,214,921	49,926
Rhode Island Atomic Energy Commission	1,565,277	1,536,396	1,711,813	175,417	1,578,744	42,348
Historical Preservation and Heritage Commission	2,044,267	3,512,736	3,441,710	(71,026)	3,615,971	103,235
Total	\$2,980,974,879	\$3,345,623,333	\$3,444,417,090	\$98,793,757	\$3,481,975,156	\$136,351,823
Public Safety						
Office of Attorney General	\$35,756,155	\$41,503,027	\$42,149,899	\$646,872	\$41,319,919	(\$183,108)
Department of Corrections	255,846,455	256,314,053	301,090,261	44,776,208	278,842,656	22,528,603
Judiciary	130,247,017	141,442,614	142,371,259	928,645	146,497,976	5,055,362
Military Staff	24,571,053	40,589,974	46,339,948	5,749,974	78,715,353	38,125,379
Rhode Island Emergency Management Agency	15,051,619	37,381,828	48,925,576	11,543,748	50,050,491	12,668,663
Department of Public Safety	129,341,126	188,003,493	191,022,832	3,019,339	176,204,336	(11,799,157)
Office of Public Defender	13,579,225	14,774,472	14,794,868	20,396	15,508,529	734,057
Total	\$604,392,650	\$720,009,461	\$786,694,643	\$66,685,182	\$787,139,260	\$67,129,799
Natural Resources						
Department of Environmental Management	\$121,085,359	\$122,002,644	\$154,903,512	\$32,900,868	\$121,484,120	(\$518,524)
Coastal Resources Management Council	5,392,354	7,557,579	8,487,006	929,427	5,910,769	(1,646,810)
Total	\$126,477,713	\$129,560,223	\$163,390,518	\$33,830,295	\$127,394,889	(\$2,165,334)
Transportation						
Department of Transportation	\$657,427,583	\$796,714,466	\$896,479,742	\$99,765,276	\$827,283,714	\$30,569,248
Grand Total	\$12,936,579,955	\$13,602,454,626	\$14,137,951,906	\$535,497,280	\$13,751,052,741	\$148,598,115

GENERAL REVENUE EXPENDITURES

General Government	FY2022 Final	FY2023 Enacted	FY2023 Governor	Change from Enacted	FY2024 Governor	Change from Enacted
Department of Administration	\$823,590,658	\$270,317,985	\$512,083,251	\$241,765,266	\$306,972,201	\$36,654,216
Department of Business Regulation	19,539,175	26,270,761	25,495,172	(775,589)	25,928,212	(342,549)
Executive Office of Commerce	84,243,173	49,213,482	54,244,460	5,030,978	77,671,142	28,457,660
Department of Housing	-	-	-	-	4,997,895	4,997,895
Department of Labor and Training	15,466,165	22,842,351	22,634,298	(208,053)	17,725,177	(5,117,174)
Department of Revenue	258,598,504	371,897,350	371,233,155	(664,195)	370,390,549	(1,506,801)
General Assembly	42,745,912	48,542,952	57,035,606	8,492,654	50,998,683	2,455,731
Office of Lieutenant Governor	1,073,989	1,353,568	1,366,773	13,205	1,411,331	57,763
Secretary of State	10,137,060	11,867,015	11,940,190	73,175	11,113,799	(753,216)
Office of the General Treasurer	3,424,376	3,558,632	3,685,450	126,818	3,773,498	214,866
Board of Elections	2,591,770	6,249,463	6,380,949	131,486	3,637,565	(2,611,898)
Rhode Island Ethics Commission	1,801,742	2,035,145	2,007,481	(27,664)	2,097,059	61,914
Office of the Governor	7,098,447	7,152,280	7,599,267	446,987	8,406,547	1,254,267
Rhode Island Commission for Human Rights	1,524,555	1,744,334	1,811,976	67,642	1,824,202	79,868
Public Utilities Commission	-	-	-	-	-	-
Total	\$1,271,835,526	\$823,045,318	\$1,077,518,028	\$254,472,710	\$886,947,860	\$63,902,542
Health and Human Services						
Executive Office of Health and Human Services	\$992,631,889	\$1,196,906,846	\$1,121,866,242	(\$75,040,604)	\$1,313,077,538	\$116,170,692
Department of Children, Youth, and Families	171,702,486	206,600,999	204,450,336	(2,150,663)	218,427,815	11,826,816
Department of Health	248,140,610	32,872,378	33,816,016	943,638	34,442,151	1,569,773
Department of Human Services	114,400,672	152,311,791	151,683,553	(628,238)	143,479,731	(8,832,060)
Behavioral Healthcare, Developmental Disabilities and Hospitals	257,410,510	303,000,232	280,980,818	(22,019,414)	291,906,484	(11,093,748)
Governor's Commission on Disabilities	1,014,840	1,752,601	1,835,632	83,031	1,292,951	(459,650)
Commission on the Deaf & Hard of Hearing	863,783	716,876	741,245	24,369	764,208	47,332
Office of the Child Advocate	1,033,943	1,494,065	1,485,060	(9,005)	1,630,743	136,678
Office of the Mental Health Advocate	716,646	973,329	900,494	(72,835)	976,078	2,749
Total	\$1,787,915,379	\$1,896,629,117	\$1,797,759,396	(\$98,869,721)	\$2,005,997,699	\$109,368,582
Education						
Elementary and Secondary Education	\$1,328,151,989	\$1,440,698,219	\$1,442,343,813	\$1,645,594	\$1,476,681,977	\$35,983,758
Public Higher Education	266,718,346	265,876,018	265,364,972	(511,046)	294,567,164	28,691,146
Rhode Island Council on the Arts	2,023,260	2,198,276	2,185,921	(12,355)	2,232,328	34,052
Rhode Island Atomic Energy Commission	1,055,145	1,146,763	1,101,589	(45,174)	1,158,737	11,974
Historical Preservation and Heritage Commission	1,305,113	1,572,452	1,551,670	(20,782)	1,689,697	117,245
Total	\$1,599,253,853	\$1,711,491,728	\$1,712,547,965	\$1,056,237	\$1,776,329,903	\$64,838,175
Public Safety						
Office of Attorney General	\$30,772,379	\$33,505,968	\$33,730,488	\$224,520	\$34,862,891	\$1,356,923
Department of Corrections	242,260,516	245,850,615	286,133,142	40,282,527	271,089,688	25,239,073
Judiciary	109,663,084	116,525,248	116,557,886	32,638	120,987,916	4,462,668
Military Staff	2,891,177	3,365,511	3,333,815	(31,696)	3,819,141	453,630
Rhode Island Emergency Management Agency	4,874,532	4,308,154	4,335,886	27,732	5,138,562	830,408
Department of Public Safety	99,798,069	136,304,942	134,251,894	(2,053,048)	123,513,201	(12,791,741)
Office of Public Defender	13,546,645	14,708,807	14,699,203	(9,604)	15,407,864	699,057
Total	\$503,806,402	\$554,569,245	\$593,042,314	\$38,473,069	\$574,819,263	\$20,250,018
Natural Resources						
Department of Environmental Management	\$71,024,381	\$53,097,245	\$82,430,393	\$29,333,148	\$55,287,605	\$2,190,360
Coastal Resources Management Council	2,659,663	3,327,275	3,272,397	(54,878)	3,396,395	69,120
Total	\$73,684,044	\$56,424,520	\$85,702,790	\$29,278,270	\$58,684,000	\$2,259,480
Transportation						
	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$5,236,495,204	\$5,042,159,928	\$5,266,570,493	\$224,410,565	\$5,302,778,725	\$260,618,797

GENERAL REVENUES

	General Revenues					
	FY 2023	FY 2023		FY 2024	FY 2024	
	Nov 2022 REC	Gov Revised	Change	Nov 2022 REC	Gov Rec	Change
Personal Income Tax	\$1,910.3	\$1,910.3	(\$0.0)	\$1,979.6	\$1,978.4	(\$1.2)
General Business Taxes						
Business Corporations	252.0	252.0	-	261.3	260.2	(1.1)
Public Utilities Gross Earnings	101.0	65.4	(35.6)	95.0	95.0	-
Financial Institutions	38.9	38.9	-	34.5	34.5	-
Insurance Companies	166.7	166.7	-	165.0	165.4	0.4
Bank Deposits	4.5	4.5	-	4.5	4.5	-
Health Care Provider Assessment	39.5	39.5	-	41.2	41.2	-
Sales and Use Taxes	-	-	-	-	-	-
Sales and Use	1,575.0	1,575.0	-	1,580.0	1,549.8	(30.2)
Motor Vehicle	1.0	1.0	-	1.0	-	(1.0)
Cigarettes	133.9	133.9	-	117.2	117.2	-
Alcohol	23.3	23.3	-	23.3	23.3	-
Other Taxes	-	-	-	-	-	-
Inheritance and Gift	58.8	58.8	-	47.0	47.0	-
Racing and Athletics	0.5	0.5	-	0.5	0.5	-
Realty Transfer	21.0	21.0	-	21.0	21.0	-
Total Taxes	\$4,326.4	\$4,290.8	(\$35.6)	\$4,371.1	\$4,337.9	(\$33.2)
Departmental Receipts	\$464.0	\$464.0	-	\$280.0	\$496.3	\$216.3
Taxes and Departmentals	\$4,790.4	\$4,754.8	(\$35.6)	\$4,651.1	\$4,834.2	\$183.1
Other Sources	-	-	-	-	-	-
Other Miscellaneous	37.3	23.8	(13.5)	30.4	17.3	(13.1)
Lottery	418.7	418.7	-	410.7	411.4	0.7
Unclaimed Property	14.0	14.0	-	12.6	12.6	-
Other Sources	470.0	456.5	(13.5)	453.7	441.3	(12.4)
Total General Revenues	\$5,260.4	\$5,211.3	(\$49.1)	\$5,104.8	\$5,275.4	\$170.6
Personal Income Tax	-	-	-	-	-	-
Estimated	306.3	306.3	-	309.1	309.1	-
Finals	520.9	520.9	(0.0)	524.1	524.1	(0.0)
Refunds	(455.0)	(455.0)	-	(435.0)	(435.0)	-
Withholding	1,548.0	1,548.0	-	1,584.0	1,582.8	(1.2)
Net Accrual	(9.9)	(9.9)	-	(2.6)	(2.6)	-
Total Personal Income Tax	\$1,910.3	\$1,910.3	(\$0.0)	\$1,979.6	\$1,978.4	(\$1.2)
Insurance Companies	-	-	-	-	-	-
Personal and Casualty	98.5	98.5	-	96.5	96.5	-
Medical/HMO	68.2	68.2	-	68.5	68.9	0.4
Total Insurance Companies	\$166.7	\$166.7	\$0.0	\$165.0	\$165.4	\$0.4
Cigarettes	-	-	-	-	-	-
Cigarettes	123.0	123.0	-	108.0	108.0	-
Smokeless	10.9	10.9	-	9.2	9.2	-
Total Cigarettes	\$133.9	\$133.9	\$0.0	\$117.2	\$117.2	\$0.0
Lottery	-	-	-	-	-	-
All Games	72.5	72.5	-	72.0	72.7	0.7
VLT	309.6	309.6	-	307.4	307.4	-
Table Games	13.6	13.6	-	13.7	13.7	-
On-Site Sports Betting	9.1	9.1	-	6.3	6.3	-
Remote Sports Betting	13.9	13.9	-	11.3	11.3	-
Total Lottery	\$418.7	\$418.7	\$0.0	\$410.7	\$411.4	\$0.7

\$ in millions

General Government	FY2022 Actual	FY2023 Enacted	FY2023 Revised	Change from Enacted	FY2024 Governor	Change from Enacted
Administration	650.7	662.7	662.7	-	674.7	12.0
Business Regulation	162.0	181.0	181.0	-	181.0	-
Executive Office of Commerce	16.0	20.0	20.0	-	5.0	(15.0)
Housing	-	-	-	-	38.0	38.0
Labor and Training	461.7	461.7	461.7	-	461.7	-
Revenue	570.5	575.5	575.5	-	575.5	-
Legislature	298.5	298.5	298.5	-	298.5	-
Lieutenant Governor	8.0	8.0	8.0	-	8.0	-
Secretary of State	59.0	59.0	59.0	-	59.0	-
General Treasurer	89.0	89.0	89.0	-	89.0	-
Board of Elections	13.0	13.0	13.0	-	13.0	-
Ethics Commission	12.0	12.0	12.0	-	12.0	-
Office of the Governor	45.0	45.0	45.0	-	45.0	-
Commission for Human Rights	14.0	15.0	15.0	-	15.0	-
Public Utilities Commission	54.0	54.0	54.0	-	54.0	-
Total	2,453.4	2,494.4	2,494.4	-	2,529.4	35.0
Human Services						
Office of Health and Human Services	190.0	204.0	204.0	-	225.0	21.0
Children, Youth, and Families	702.5	702.5	702.5	-	705.5	3.0
Health	530.4	535.4	543.4	8.0	556.4	21.0
Human Services	1,047.0	1,067.0	1,067.0	-	1,068.0	1.0
BHDDH	1,190.4	1,200.4	1,200.4	-	1,202.4	2.0
Office of the Child Advocate	10.0	10.0	10.0	-	10.0	-
Governor's Commission on the Deaf	4.0	4.0	4.0	-	4.0	-
Governor's Commission on Disabilities	4.0	5.0	5.0	-	5.0	-
Office of the Mental Health Advocate	4.0	6.0	6.0	-	6.0	-
Total	3,682.3	3,734.3	3,742.3	8.0	3,782.3	48.0
Education						
Elementary and Secondary Education	326.1	326.1	326.1	-	330.1	4.0
Public Higher Education	3,862.5	3,863.5	3,863.5	-	3,874.5	11.0
Council on the Arts	9.6	9.6	9.6	-	9.6	-
Atomic Energy Commission	8.6	8.6	8.6	-	8.6	-
Historical Preservation and Heritage Commission	15.6	15.6	15.6	-	15.6	-
Total	4,222.4	4,223.4	4,223.4	-	4,238.4	15.0
Public Safety						
Attorney General	247.1	249.1	249.1	-	249.1	-
Corrections	1,424.0	1,427.0	1,427.0	-	1,459.0	32.0
Judiciary	726.3	739.3	739.3	-	739.3	-
Military Staff	92.0	93.0	93.0	-	93.0	-
Emergency Management	33.0	35.0	35.0	-	35.0	-
Public Safety	628.6	632.2	632.2	-	632.2	-
Public Defender	99.0	100.0	100.0	-	102.0	2.0
Total	3,250.0	3,275.6	3,275.6	-	3,309.6	34.0
Natural Resources						
Environmental Management	401.0	417.0	417.0	-	425.0	8.0
Coastal Resources Management Council	30.0	32.0	32.0	-	32.0	-
Total	431.0	449.0	449.0	-	457.0	8.0
Transportation						
Transportation	755.0	755.0	755.0	-	755.0	-
Higher Education Sponsored Research						
Office of Higher Education	1.0	1.0	1.0	-	1.0	-
CCRI	89.0	89.0	89.0	-	89.0	-
RIC	76.0	76.0	76.0	-	76.0	-
URI	357.8	357.8	357.8	-	353.8	(4.0)
Total	523.8	523.8	523.8	-	519.8	(4.0)
Grand Total	15,317.9	15,455.5	15,463.5	8.0	15,591.5	136.0

MUNICIPAL AID: DIRECT AID FY2024

FY2024- Direct Municipal Aid to Cities and Towns							
Municipality	FY2023 Enacted	Payment in Lieu of Taxes	Distressed Communities Relief Fund	Motor Vehicle Excise Tax	Library Grant-in-Aid ⁴	Governor's FY2024	Change from FY2023 Enacted
Barrington	\$6,240,700	\$18,606	-	\$5,894,822	\$379,347	\$6,292,775	\$52,075
Bristol	4,534,938	1,305,958	-	2,905,818	206,100	4,417,875	(117,064)
Burrillville	5,361,277	59,483	-	5,053,933	224,266	5,337,682	(23,596)
Central Falls	2,350,082	-	263,947	2,077,974	36,917	2,378,839	28,757
Charlestown	1,085,273	-	-	1,020,877	64,266	1,085,143	(130)
Coventry	6,096,797	-	-	5,872,396	251,550	6,123,945	27,148
Cranston	29,440,805	4,029,628	-	22,312,247	797,557	27,139,431	(2,301,374)
Cumberland	6,411,068	-	-	6,073,469	353,926	6,427,395	16,328
East Greenwich	3,326,928	804,431	-	2,417,332	149,839	3,371,602	44,674
East Providence	7,997,414	286,708	-	11,433,479	445,181	12,165,367	4,167,953
Exeter	2,298,694	-	-	2,241,381	56,782	2,298,163	(531)
Foster	1,691,712	-	-	1,652,251	41,835	1,694,087	2,375
Glocester	2,477,279	-	-	2,381,941	95,338	2,477,279	-
Hopkinton	1,671,398	-	-	1,629,259	44,300	1,673,559	2,161
Jamestown	751,594	-	-	622,793	120,781	743,574	(8,019)
Johnston	10,514,625	-	-	10,382,785	133,453	10,516,238	1,613
Lincoln	5,917,375	-	-	5,683,015	259,616	5,942,631	25,256
Little Compton	410,492	-	-	366,775	42,594	409,369	(1,123)
Middletown	2,144,665	-	-	1,976,448	180,903	2,157,351	12,686
Narragansett	1,807,362	-	-	1,831,251	210,276	2,041,527	234,165
Newport	4,398,912	1,739,666	-	2,223,671	486,394	4,449,731	50,819
New Shoreham	260,580	-	-	163,298	108,269	271,567	10,987
North Kingstown	5,725,344	50	-	5,378,818	353,799	5,732,666	7,322
North Providence	10,935,636	-	1,168,448	9,619,286	246,714	11,034,448	98,812
North Smithfield	4,493,854	-	-	4,398,531	95,325	4,493,856	2
Pawtucket	18,535,211	3,061	1,799,105	16,495,506	474,735	18,772,406	237,195
Portsmouth	2,546,430	-	-	2,414,242	134,841	2,549,083	2,652
Providence	77,591,924	37,514,510	7,069,428	34,131,596	1,551,521	80,267,055	2,675,130
Richmond	1,479,884	-	-	1,448,455	32,206	1,480,661	777
Scituate	2,107,036	-	-	1,977,127	133,807	2,110,934	3,898
Smithfield	8,373,559	1,170,041	-	7,098,694	363,925	8,632,660	259,101
South Kingstown	4,409,542	187,050	-	3,930,455	258,400	4,375,906	(33,636)
Tiverton	1,856,745	-	-	1,748,175	147,750	1,895,925	39,180
Warren	2,167,590	-	-	2,090,911	73,963	2,164,873	(2,717)
Warwick	27,559,761	1,578,435	-	25,246,254	778,781	27,603,470	43,709
Westerly	6,374,157	152,031	-	5,765,523	441,250	6,358,803	(15,354)
West Greenwich	1,388,010	-	-	1,331,725	61,668	1,393,393	5,383
West Warwick	6,940,792	-	1,167,490	5,673,744	201,979	7,043,212	102,420
Woonsocket	10,868,198	351,755	916,041	9,324,776	240,870	10,833,442	(34,755)
SRL ¹	1,101,101	-	-	-	1,123,123	1,123,123	22,022
ILG ²	62,609	-	-	-	71,172	71,172	8,563
MVET Adjustment ³	421,271	-	-	-	-	-	-
Fire Districts	635,357	-	-	421,271	-	421,271	(214,086)
Total	\$304,623,653	\$49,201,412	\$12,384,458	\$234,712,302	\$13,593,868	\$309,892,039	\$5,268,387

¹SRL: Statewide Reference Library Resources Grant²ILG: Grant-in-Aid to Institutional Libraries³Up to \$500,000 in total to be provided as a supplemental payment per proposed RIGL 44-34.1-5 for municipalities and fire districts that would have had a motor vehicle levy above their FY 2018 Baseline in FY 23 and that also budgeted for this additional revenue, subject to review and certification by the Department of Revenue.⁴Total Library Grant-in-Aid includes \$2.1 million in Library Construction Aid

MUNICIPAL AID: DIRECT AID FY2023**FY2023 Direct Municipal Aid to Cities and Towns**

Municipality	FY2023 Enacted	Payment in Lieu of Taxes	Distressed Communities Relief Fund	Motor Vehicle Excise Tax³	Library Grant-in-Aid	FY2023 Governor	Change from FY2023 Enacted
Barrington	\$6,240,700	\$18,133		5,894,822	\$327,745	\$6,240,700	\$0
Bristol	4,534,938	1,408,285		2,905,818	220,836	4,534,938	-
Burrillville	5,361,277	105,242		5,053,933	202,102	5,361,277	-
Central Falls	2,350,082		235,462	2,077,974	36,645	2,350,082	-
Charlestown	1,085,273			1,020,877	64,396	1,085,273	-
Coventry	6,096,797			5,872,396	224,402	6,096,797	-
Cranston	29,440,805	5,004,163	1,342,778	22,312,247	781,617	29,440,805	-
Cumberland	6,411,068			6,073,469	337,599	6,411,068	-
East Greenwich	3,326,928	774,131		2,417,332	135,464	3,326,928	-
East Providence	7,997,414	282,016		7,203,608	513,132	7,998,755	1,342
Exeter	2,298,694			2,241,381	57,313	2,298,694	-
Foster	1,691,712			1,652,251	39,461	1,691,712	-
Glocester	2,477,279			2,381,941	95,338	2,477,279	-
Hopkinton	1,671,398			1,629,259	42,139	1,671,398	-
Jamestown	751,594			622,793	128,801	751,594	-
Johnston	10,514,625			10,382,785	131,840	10,514,625	-
Lincoln	5,917,375			5,683,015	234,360	5,917,375	-
Little Compton	410,492			366,775	43,716	410,492	-
Middletown	2,144,665			1,976,448	168,217	2,144,665	-
Narragansett	1,807,362			1,831,251	100,000	1,931,251	123,889
Newport	4,398,912	1,688,961		2,223,671	486,280	4,398,912	-
New Shoreham	260,580			163,298	97,282	260,580	-
North Kingstown	5,725,344	1,149		5,378,818	345,378	5,725,344	-
North Providence	10,935,636		1,075,446	9,619,286	240,904	10,935,636	-
North Smithfield	4,493,854			4,398,531	95,323	4,493,854	-
Pawtucket	18,535,211	3,061	1,651,225	16,495,506	385,419	18,535,211	-
Portsmouth	2,546,430			2,414,242	132,188	2,546,430	-
Providence	77,591,924	35,772,362	6,171,331	34,131,596	1,516,635	77,591,924	-
Richmond	1,479,884			1,448,455	31,429	1,479,884	-
Scituate	2,107,036			1,977,127	129,909	2,107,036	-
Smithfield	8,373,559	910,957		7,098,694	363,908	8,373,559	-
South Kingstown	4,409,542	217,065		3,930,455	262,022	4,409,542	-
Tiverton	1,856,745			1,748,175	146,250	1,894,425	37,680
Warren	2,167,590			2,090,911	76,680	2,167,590	-
Warwick	27,559,761	1,578,435		25,246,254	735,072	27,559,761	-
Westerly	6,374,157	197,328		5,765,523	411,306	6,374,156	-
West Greenwich	1,388,010			1,331,725	56,285	1,388,010	-
West Warwick	6,940,792		1,063,602	5,673,744	203,446	6,940,792	-
Woonsocket	10,868,198	472,304	844,614	9,324,776	226,504	10,868,197	-
SRL ¹	1,101,101	-	-	-	1,101,101	1,101,101	-
ILG ²	1,922,282	-	-	-	1,922,282	1,922,282	-
MVET Adjustment ⁴	421,271	-	-	135,357	-	135,357	(285,914)
Fire Districts	635,357	-	-	421,271	-	421,271	(214,086)
Total	\$304,623,653	\$48,433,591	\$12,384,458	\$230,617,792	\$12,850,722	\$304,286,563	(\$337,090)

¹ SRL: Statewide Reference Library Resources Grant² ILG: Grant-in-Aid to Institutional Libraries. Includes \$1.9 million in Library Construction Aid
Total Library Construction Aid FY2023 is \$1.9 million³ Combines MVET Phase-Out Reimbursement and Original Base Reimbursement⁴ Up to \$500,000 in total to be provided as a supplemental payment per proposed R.I. Gen. Laws § 44-34.1-5 for municipalities and fire districts that would have had a motor vehicle levy above their FY 2018 Baseline in FY 23 and that also budgeted for this additional revenue, subject to review and certification by the Department of Revenue.

MUNICIPAL AID: INDIRECT AID FY2024**FY2024- Indirect Municipal Aid to Cities and Towns**

Municipality	FY2023 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees¹	Governor's FY2024	Change from FY2023 Enacted
Barrington	\$411,247	\$199,439	\$5,161	\$191,552	-	396,153	(\$15,094)
Bristol	923,004	273,410	98,866	646,702	-	1,018,978	95,974
Burrillville	448,604	206,687	278	270,157	-	477,122	28,518
Central Falls	407,725	240,792	508	205,268	-	446,567	38,842
Charlestown	376,425	97,025	91,961	225,535	-	414,521	38,096
Coventry	1,084,207	430,457	127,526	612,878	-	1,170,861	86,654
Cranston	3,410,325	1,006,575	53,344	2,676,606	-	3,736,525	326,200
Cumberland	1,049,801	433,343	1,068	706,596	-	1,141,007	91,206
East Greenwich	1,017,849	162,262	3,830	941,538	-	1,107,631	89,782
East Providence	1,925,658	587,726	90,672	1,398,079	-	2,076,477	150,819
Exeter	218,865	83,138	479	154,616	-	238,233	19,368
Foster	83,569	58,498	2,086	26,624	-	87,208	3,639
Glocester	225,001	126,386	4,826	107,452	-	238,663	13,662
Hopkinton	165,699	100,469	3,127	70,685	-	174,281	8,582
Jamestown	209,067	68,061	54,506	102,829	-	225,397	16,330
Johnston	1,221,048	363,300	14,257	991,132	-	1,368,689	147,641
Lincoln	1,328,131	269,979	173,927	979,564	25,000	1,448,469	120,338
Little Compton	143,404	43,310	38,763	69,776	-	151,848	8,444
Middletown	2,410,544	197,990	1,545,749	1,041,251	35,601	2,820,590	410,046
Narragansett	1,330,835	191,412	400,791	919,239	-	1,511,442	180,607
Newport	6,173,869	305,954	3,781,685	3,285,057	-	7,372,696	1,198,827
New Shoreham	1,214,466	10,790	855,114	537,747	47,267	1,450,918	236,452
North Kingstown	1,253,898	325,676	166,894	849,110	64,642	1,406,322	152,424
North Providence	908,767	403,017	4,963	591,602	-	999,581	90,814
North Smithfield	542,956	154,581	5,313	441,066	-	600,960	58,004
Pawtucket	2,139,574	889,741	127,036	1,319,962	-	2,336,739	197,165
Portsmouth	575,442	214,714	36,613	391,133	-	642,461	67,019
Providence	11,158,331	2,223,355	2,503,041	7,609,925	-	12,336,322	1,177,991
Richmond	285,480	95,675	23,963	200,029	-	319,667	34,187
Scituate	219,892	132,171	10,222	92,626	-	235,019	15,127
Smithfield	1,471,923	269,260	233,246	1,136,445	25,000	1,663,951	192,028
South Kingstown	1,719,047	379,714	314,814	1,228,189	-	1,922,717	203,670
Tiverton	547,377	194,868	22,497	401,895	-	619,259	71,882
Warren	520,680	129,780	2,802	458,360	-	590,942	70,262
Warwick	6,625,637	1,003,986	1,506,307	4,005,004	742,618	7,257,915	632,278
Westerly	2,435,166	278,749	1,267,553	1,269,701	59,974	2,875,978	440,812
West Greenwich	372,159	78,009	167,939	169,681	-	415,629	43,470
West Warwick	1,002,051	358,481	183,496	552,204	-	1,094,181	92,130
Woonsocket	1,268,489	515,552	77,883	787,809	-	1,381,245	112,756
Total	\$58,826,212	\$13,104,333	\$14,003,106	\$37,665,625	\$1,000,102	\$65,773,166	\$6,946,954

¹Airport Impact Aid is based on Calendar Year 2021 landing data that was made available in May 2022. Final FY2024 distribution amounts will be adjusted based upon updated data in May 2023.

MUNICIPAL AID: INDIRECT AID FY2023**FY2023 - Indirect Municipal Aid to Cities and Towns**

Municipality	FY2023 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees¹	FY2023 Governor	Change to Enacted
Barrington	\$411,247	\$199,439	\$4,768	\$181,559	-	385,766	(\$25,481)
Bristol	923,004	273,410	96,880	612,963	-	983,253	60,249
Burrillville	448,604	206,687	257	256,063	-	463,007	14,403
Central Falls	407,725	240,792	469	194,559	-	435,820	28,095
Charlestown	376,425	97,025	86,232	213,768	-	397,025	20,600
Coventry	1,084,207	430,457	126,066	580,904	-	1,137,427	53,220
Cranston	3,410,325	1,006,575	52,302	2,536,967	-	3,595,845	185,520
Cumberland	1,049,801	433,343	987	669,733	-	1,104,063	54,262
East Greenwich	1,017,849	162,262	3,594	892,418	-	1,058,274	40,425
East Providence	1,925,658	587,726	89,205	1,325,140	-	2,002,072	76,414
Exeter	218,865	83,138	442	146,550	-	230,130	11,265
Foster	83,569	58,498	2,053	25,235	-	85,786	2,217
Glocester	225,001	126,386	4,732	101,846	-	232,964	7,963
Hopkinton	165,699	100,469	2,973	66,997	-	170,440	4,741
Jamestown	209,067	68,061	50,996	97,464	-	216,521	7,454
Johnston	1,221,048	363,300	14,068	939,424	-	1,316,792	95,744
Lincoln	1,328,131	269,979	172,131	928,460	25,000	1,395,570	67,439
Little Compton	143,404	43,310	36,714	66,136	-	146,159	2,755
Middletown	2,410,544	197,990	1,522,511	986,928	35,601	2,743,031	332,487
Narragansett	1,330,835	191,412	383,109	871,282	-	1,445,803	114,968
Newport	6,173,869	305,954	3,724,083	3,113,674	-	7,143,712	969,843
New Shoreham	1,214,466	10,790	825,105	509,693	47,267	1,392,855	178,389
North Kingstown	1,253,898	325,676	162,516	804,811	64,642	1,357,646	103,748
North Providence	908,767	403,017	4,584	560,737	-	968,339	59,572
North Smithfield	542,956	154,581	5,229	418,056	-	577,866	34,910
Pawtucket	2,139,574	889,741	125,349	1,251,099	-	2,266,189	126,615
Portsmouth	575,442	214,714	34,725	370,728	-	620,167	44,725
Providence	11,158,331	2,223,355	2,466,498	7,212,914	-	11,902,767	744,436
Richmond	285,480	95,675	23,059	189,594	-	308,327	22,847
Scituate	219,892	132,171	10,079	87,794	-	230,044	10,152
Smithfield	1,471,923	269,260	230,731	1,077,156	25,000	1,602,147	130,224
South Kingstown	1,719,047	379,714	307,426	1,164,114	-	1,851,254	132,207
Tiverton	547,377	194,868	21,438	380,928	-	597,234	49,857
Warren	520,680	129,780	2,589	434,447	-	566,816	46,136
Warwick	6,625,637	1,003,986	1,488,066	3,796,062	742,618	7,030,731	405,094
Westerly	2,435,166	278,749	1,246,976	1,203,461	59,974	2,789,160	353,994
West Greenwich	372,159	78,009	166,157	160,829	-	404,995	32,836
West Warwick	1,002,051	358,481	181,490	523,396	-	1,063,366	61,315
Woonsocket	1,268,489	515,552	76,923	746,709	-	1,339,184	70,695
Total	\$58,826,212	\$13,104,334	\$13,753,515	\$35,700,599	\$1,000,102	\$63,558,546	\$4,732,334

¹ Airport Impact Aid is based on Calendar Year 2021 landing data that was made available in May 2022. Final FY2023 distribution amounts will be adjusted based upon updated data in May 2023.

FY2024 Governor Recommended Education Aid - Change to FY2023 Budget as Enacted²

Districts	FY2023 Enacted (includes group home and categoricals)	Seats										FY2024 Education Aid		
		FY2024		Transition		Temporary		High-cost		English Learners	Stabilization Funding		Total Change	
		Formula Change	Homeless Categorical	FY2023 Density Aid	FY2023 Enrollment Assistance	Transportation	Special Education	Group Home ¹						
Barrington	\$8,828,606	\$1,710,325	\$3,741	\$0	\$0	\$106,682	\$230,808	\$0	\$4,539	\$0	\$2,056,095	\$10,884,701		
Burrillville	14,410,118	(911,110)	57,081	55,757	399,136	(18,575)	91,245	0	4,446	-	(322,019)	14,088,098		
Charlestown	1,341,689	61,935	1,348	-	-	-	-	-	-	-	63,283	1,404,972		
Coventry	25,098,897	877,006	40,922	-	-	26,449	229,543	(4,740)	4,416	-	1,173,596	26,272,494		
Cranston	72,154,949	1,233,932	63,570	210,698	-	(174,439)	26,727	-	285,277	-	1,645,765	73,800,713		
Cumberland	22,263,569	1,691,522	38,514	(6,000)	-	(81,233)	129,503	-	34,770	-	24,070,645	24,070,645		
East Greenwich	4,841,875	778,953	515	-	-	(26,307)	260,048	-	1,324	-	1,014,533	5,856,408		
East Providence	38,149,384	(2,043,788)	82,358	-	980,715	93	436,440	(5,257)	62,953	-	(486,486)	37,662,897		
Foster	1,137,350	45,054	-	-	-	0	(22,387)	-	-	-	22,667	1,160,011		
Glocester	2,551,793	220,509	-	-	-	-	(25,901)	-	-	-	194,608	2,746,400		
Hopkinton	5,826,634	553,762	10,486	-	-	-	-	-	-	-	564,248	6,390,882		
Jamestown	391,663	37,617	-	-	-	-	323,376	-	161	-	361,154	752,817		
Johnston	20,720,127	1,037,332	39,044	3,470	-	(12,178)	201,472	-	62,010	-	1,331,151	22,051,277		
Lincoln	17,055,188	(281,264)	19,812	(2,500)	130,726	-	(53,065)	(2,155)	12,835	-	(175,611)	16,879,578		
Little Compton	448,878	(171,947)	-	-	85,973	-	-	-	-	-	(85,973)	362,904		
Middletown	8,476,388	(1,287,038)	45,407	-	620,816	-	58,921	-	30,443	-	(531,451)	7,944,936		
Narragansett	2,271,278	(121,417)	899	-	60,259	-	33,471	-	310	-	(26,477)	2,244,801		
Newport	15,698,952	(662,362)	54,643	-	303,859	-	8,469	(57,208)	103,551	-	(249,048)	15,449,904		
New Shoreham	240,792	(121,014)	-	-	60,507	-	(21,221)	-	713	-	(81,015)	159,777		
North Kingstown	11,547,833	(113,125)	23,625	-	44,750	-	42,328	-	11,965	-	9,543	11,557,376		
North Providence	28,223,849	(960,554)	64,725	177,793	351,768	(12,476)	111,176	(8,427)	108,241	-	(167,754)	28,056,095		
North Smithfield	6,533,858	815,348	2,149	29,084	-	7,733	28,862	-	2,119	-	885,295	7,419,152		
Pawtucket	99,145,207	(4,593,101)	173,755	34,931	2,182,458	27,344	244,606	(13,218)	641,691	-	(1,301,534)	97,843,674		
Portsmouth	3,772,245	(506,706)	596	-	253,055	(17,886)	193,047	(197,623)	486	-	(275,031)	3,497,215		
Providence	277,923,361	(10,238,760)	815,846	6,028,111	1,490,651	36,694	351,659	(79,304)	3,917,976	-	2,322,873	280,246,234		
Richmond	5,415,636	534,468	18,103	-	-	-	-	-	2,114	-	554,685	5,970,322		
Scituate	2,603,876	1,073,666	-	-	-	20,778	(105,256)	-	553	-	989,740	3,593,617		
Smithfield	7,281,434	1,361,762	66,017	-	-	(1,431)	25,472	73,562	4,173	-	1,529,556	8,810,990		
South Kingstown	5,140,323	500,284	8,656	-	-	(31,507)	206,494	(121,823)	2,671	-	564,774	5,705,097		
Tiverton	7,236,769	(1,489,235)	-	-	744,617	-	429,346	(22,257)	2,019	-	(313,253)	6,923,516		
Warwick	41,873,277	2,957,213	79,276	26,353	-	(5,461)	198,294	(22,257)	37,078	-	3,270,496	45,143,773		
Westerly	8,379,537	(114,519)	20,236	-	47,142	-	253,293	-	8,116	-	214,267	8,593,804		
West Warwick	32,123,086	1,895,253	45,595	-	-	11,327	63,811	-	39,660	-	2,055,646	34,178,732		
Woonsocket	72,528,817	7,664,476	339,372	308,915	-	(5,410)	236,641	-	473,381	-	9,017,376	81,546,192		
Bristol-Warren	14,008,318	(585,925)	10,500	-	287,713	314,896	274,847	(5,107)	7,173	-	304,096	14,312,414		
Exeter-West Greenwich	6,213,654	377,269	3,202	-	107,594	328,442	80,855	(3,054)	1,787	-	896,094	7,109,748		
Charlho	2,405,627	-	-	-	-	602,216	154,030	-	970	-	757,216	3,162,842		
Foster-Glocester	5,961,182	326,998	4,706	-	-	272,025	(47,977)	-	(364)	-	555,388	6,516,570		
Central Falls	49,633,418	825,273	167,721	508,050	-	(6,366)	114,507	-	742,818	(340,765)	2,011,238	51,644,656		
District Total	\$949,859,438	\$2,378,090	\$2,302,420	\$7,374,663	\$8,151,739	\$1,361,409	\$4,763,484	(\$446,611)	\$6,612,376	(\$340,765)	\$32,156,806	\$982,016,244		
Charter School Total	138,323,012	20,634,579	194,642	-	391,951	-	50,064	-	1,108,375	-	22,379,611	160,702,623		
Davies	14,779,131	487,386	17,860	-	-	-	-	-	7,733	-	612,138	15,904,248		
Met School	9,813,606	383,712	18,728	-	-	-	-	-	24,158	-	1,394,733	11,208,339		
Urban Collaborative	1,701,440	75,039	-	-	-	-	-	-	8,905	-	83,943	1,785,383		
Youth Build Academy	1,727,458	982,146	-	-	-	-	-	-	-	-	982,146	2,709,603		
Total	\$1,116,204,084	\$24,940,951	\$2,533,650	\$7,374,663	\$8,543,690	\$1,361,409	\$4,813,548	(\$446,611)	\$7,761,546	\$1,239,508	\$58,122,356	\$1,174,326,440		

¹ Based on final 1/3/2023 report from the Department of Children, Youth and Families.

² Based on March 2022 adjusted for 2022-23 and 2023-24 PSOC.

Source: Rhode Island Department of Education

COMMUNITY SERVICE OBJECTIVE GRANTS (GENERAL REVENUE FUNDS)

Agency	Grant Recipient	FY2023 Enacted	FY2023 Revised Governor	Change	FY2024 Governor	Change
Administration	City Year - Whole School Whole Child Program	\$130,000	\$130,000	-	\$130,000	-
Executive Office of Commerce	STAC Research Alliance	900,000	900,000	-	900,000	-
	Polaris Manufacturing Technical Assistance Program	450,000	450,000	-	450,000	-
	East Providence Waterfront Commission	50,000	50,000	-	50,000	-
	Urban Ventures	140,000	140,000	-	140,000	-
	Chafee Center at Bryant	476,200	476,200	-	476,200	-
		\$2,016,200	\$2,016,200	\$0	\$2,016,200	\$0
Labor and Training	Year-Up	\$200,000	\$200,000	\$0	\$200,000	\$0
Secretary of State	Rhode Island Historical Society	125,000	125,000	-	125,000	-
	Newport Historical Society	18,000	18,000	-	18,000	-
		\$143,000	\$143,000	\$0	\$143,000	\$0
Human Services - Office of Health Aging	Diocese of Providence - Elder Services	325,000	325,000	-	325,000	-
	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-	40,000	-
	Elderly Housing Security	85,000	85,000	-	85,000	-
	Elderly Nutrition	50,000	50,000	-	50,000	-
	Meals on Wheels	530,000	530,000	-	630,000	100,000
	Senior Center Support	1,000,000	1,000,000	-	1,200,000	200,000
		\$2,030,000	\$2,030,000	\$0	\$2,330,000	\$300,000
Human Services	Coalition Against Domestic Violence	400,000	400,000	-	400,000	-
	Project Reach - Boys and Girls Club	350,000	350,000	-	450,000	100,000
	RI Alliance of Boys and Girls Clubs	750,000	750,000	-	-	(750,000)
	Day One	267,000	267,000	-	267,000	-
	RI Community Food Bank	450,000	450,000	-	450,000	-
	Crossroads Rhode Island	500,000	500,000	-	500,000	-
	Institute for the Study and Practice of Nonviolence	250,000	250,000	-	250,000	-
	Operation Stand Down	-	0	-	50,000	50,000
	Veterans' Organizations	200,000	200,000	-	200,000	-
	Community Action Fund	600,000	600,000	-	600,000	-
	Community Action Fund- Pandemic Relief	1,400,000	1,400,000	-	-	(1,400,000)
	Higher Ground International	50,000	50,000	-	75,000	25,000
	Refugee Dream Center	50,000	50,000	-	50,000	-
		\$5,267,000	\$5,267,000	\$0	\$3,292,000	(\$1,975,000)
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-	90,000	-
	Child Opportunity Zones	395,000	395,000	-	395,000	-
		\$485,000	\$485,000	\$0	\$485,000	\$0
Office of Postsecondary Commissioner	Rhode Island College Crusade	355,000	355,000	-	355,000	-
	Best Buddies Rhode Island	75,000	75,000	-	75,000	-
	Rhode Island School for Progressive Education	200,000	200,000	-	-	(200,000)
		\$630,000	\$630,000	\$0	\$430,000	(\$200,000)
University of Rhode Island	Small Business Development Center	700,000	700,000	-	700,000	-
	Institute for Labor Studies & Research	100,000	100,000	-	100,000	-
	Special Olympics Rhode Island	50,000	50,000	-	50,000	-
		\$850,000	\$850,000	\$0	\$850,000	\$0
Arts Council	WaterFire Providence	375,000	375,000	-	375,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-	30,000	-
	Rhode Island Slave History Medallions	-	-	-	25,000	25,000
Corrections	Crossroads- Sex Offender Discharge Planning	1,050,000	1,050,000	-	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	230,000	230,000	-	230,000	-
	Rhode Island Legal Services	90,000	90,000	-	90,000	-
		\$320,000	\$320,000	\$0	\$320,000	\$0
Environmental Management	Conservation Districts	50,000	50,000	-	50,000	-
	Wildlife Rehabilitators Association	100,000	100,000	-	100,000	-
		\$150,000	\$150,000	\$0	\$150,000	\$0
Grand Total		\$13,676,200	\$13,676,200	\$0	\$11,826,200	(\$1,850,000)

STATE FISCAL RECOVERY FUNDS

Project	Agency	FY2022 Final Enacted (A)	Enacted FY2023 (B)	FY2022 Actuals (C)	FY2022 to FY2023 Re- Appropriation (A-C)	FY2023 Revised (B+(A-C))	FY2024 Recommended	Total
9-8-8 Hotline	BHDDH	\$0	\$1,875,000	\$0	\$0	\$1,875,000	\$1,600,000	\$3,475,000
Adult Education Providers	RIDE	-	2,000,000	-	-	2,000,000	3,000,000	5,000,000
Affordable Housing Predevelopment Program	Housing	-	2,500,000	-	-	2,500,000	7,500,000	10,000,000
Aid to the Convention Center	Administration	5,000,000	5,000,000	-	5,000,000	10,000,000	-	10,000,000
Assistance to Impacted Industries	Commerce	13,328,000	-	8,199,000	5,129,000	5,129,000	-	13,328,000
Auto-Enrollment Program	Administration	-	1,288,710	-	-	1,288,710	1,325,358	2,614,068
Bioscience Investments	Commerce	-	5,000,000	-	-	-	45,000,000	45,000,000
Blue Economy Investments	Commerce	-	10,000,000	-	-	-	-	-
Butler Hospital Short Term Stay Unit	EOHHS	-	8,000,000	-	-	8,000,000	-	8,000,000
Certified Community Behavioral Health Clinics	EOHHS	-	30,000,000	-	-	30,000,000	-	30,000,000
Child Care Support	Human Services	19,000,000	21,283,000	12,624,421	6,375,579	27,658,579	1,717,000	42,000,000
COVID Baseline	Health	-	-	-	-	-	34,909,578	34,909,578
Crisis Intervention Trainings	BHDDH	-	550,000	-	-	550,000	1,650,000	2,200,000
Destination Marketing	Commerce	-	1,500,000	-	-	1,500,000	1,500,000	3,000,000
Development of Affordable Housing	Housing	15,000,000	30,000,000	14,740,825	259,175	30,259,175	55,000,000	100,000,000
Down Payment Assistance	Housing	-	10,000,000	-	-	10,000,000	20,000,000	30,000,000
Early Intervention Recovery	EOHHS	5,500,000	5,500,000	4,051,215	1,448,785	6,948,785	-	11,000,000
Electric Heat Pump Grant Program	Administration	-	5,000,000	-	-	5,000,000	20,000,000	25,000,000
Enhanced Real Jobs	Labor and Training	-	10,000,000	-	-	10,000,000	20,000,000	30,000,000
Foster Home Lead Abatement & Fire Safety	DCYF	-	1,500,000	-	-	1,500,000	375,000	1,875,000
Health Care Facilities	Administration	-	77,500,000	-	-	77,500,000	-	77,500,000
Home Repair and Community Revitalization	Housing	-	15,000,000	-	-	15,000,000	10,000,000	25,000,000
Homelessness Assistance Program	Housing	1,500,000	7,000,000	-	1,500,000	8,500,000	13,000,000	21,500,000
Homelessness Infrastructure	Housing	-	-	-	-	15,000,000	30,000,000	45,000,000
Minority Business Accelerator	Commerce	-	2,000,000	-	-	2,000,000	4,000,000	6,000,000
Municipal Roads Grant Program	Administration	-	-	-	-	-	20,000,000	20,000,000
Nonprofit Assistance	Administration	-	20,000,000	-	-	20,000,000	-	20,000,000
Ongoing COVID-19 Response	Administration	-	73,000,000	-	-	61,049,180	-	61,049,180
Out-of-School Time Learning Grants	RIDE	-	-	-	-	-	4,000,000	4,000,000
Pandemic Recovery Office	Administration	7,011,307	4,948,839	6,093,604	917,703	5,866,542	6,918,788	18,878,934
Pediatric Recovery	EOHHS	7,500,000	7,500,000	5,965,100	1,534,900	9,034,900	-	15,000,000
Port of Davisville	QDC	-	6,000,000	-	-	6,000,000	54,000,000	60,000,000
Predevelopment and Capacity Building	Housing	500,000	500,000	78,609	421,391	921,391	500,000	1,500,000
Provider Workforce Stabilization	DCYF	12,500,000	2,500,000	6,827,796	5,672,204	8,172,204	-	15,000,000
Psychiatric Residential Treatment Facility	DCYF	-	12,000,000	-	-	12,000,000	-	12,000,000
Public Health Clinics	Health	-	4,000,000	-	-	4,000,000	-	4,000,000
Public Health Response Warehouse Support	Administration	-	2,000,000	-	-	2,000,000	1,400,000	3,400,000
RI Reconnects	OPC	-	-	-	-	-	8,000,000	8,000,000
RIPTA R-Line Free Service Pilot	Transportation	-	2,500,000	-	-	2,500,000	-	2,500,000
Site Acquisition	Housing	12,000,000	3,000,000	6,000,000	6,000,000	9,000,000	10,000,000	25,000,000
Small Business Assistance	Commerce	31,672,000	-	18,414,432	13,257,568	13,257,568	5,000,000	36,672,000
South Quay Marine Terminal	Commerce	-	12,000,000	-	-	12,000,000	48,000,000	60,000,000
Statewide Broadband Planning and Mapping	Commerce	500,000	-	269,200	230,800	230,800	-	500,000
Statewide Housing Plan	Housing	-	2,000,000	-	-	2,000,000	-	2,000,000
Support for Survivors of Domestic Violence	Public Safety	-	3,500,000	-	-	3,500,000	7,000,000	10,500,000
Turnpike and Bridge Authority – Safety Barriers Study	Transportation	-	1,000,000	-	-	1,000,000	-	1,000,000
Unemployment Insurance Trust Fund Contribution	Labor and Training	-	100,000,000	-	-	100,000,000	-	100,000,000
Woonsocket Public Safety Complex	Administration	-	-	-	-	-	7,000,000	7,000,000
Workforce Housing	Housing	-	12,000,000	-	-	12,000,000	8,000,000	20,000,000
Totals		\$131,011,307	\$520,945,549	\$83,264,203	\$47,747,104	\$556,741,833	\$450,395,724	\$1,090,401,760
Remaining SFRF Balance								\$40,659,297
*New Projects								

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Commission on Disabilities
Convention Center Authority
General Treasurer
Governor
Historic Preservation and Heritage Commission
Human Rights Commission
I-195 Redevelopment Commission
Lieutenant Governor
Military Staff
Public Utilities Commission
Quonset Development Corporation
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Coastal Resources Management Council
Elementary and Secondary Education
Environmental Management
Executive Office of Health and Human Services
Health & Educational Building Corporation
Higher Education
Judiciary
Narragansett Bay Commission
Resource Recovery Corporation
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