



SENATE FISCAL OFFICE

**FY2025 Budget as Passed by the House of Representatives
(2024-H-7225 Substitute A as amended)**

JUNE 7, 2024

The following report provides a summary of the floor amendments to 2024-H-7225 Substitute A as amended, as passed by the House of Representatives. The table below summarizes the FY2024 and FY2025 appropriations as included in the amended legislation.

Expenditures by Source	FY2024 Enacted	FY2024 Governor	FY2024 Supp.	Change to Enacted	FY2025 Governor	FY2025 Budget	Change to Enacted
General Revenue	\$5,425.1	\$5,378.9	\$5,334.9	(\$90.2)	\$5,500.1	\$5,594.9	\$169.7
Federal Funds	5,643.0	5,793.7	5,608.3	(34.7)	4,929.2	5,066.5	(576.5)
Restricted Receipts	392.1	443.0	435.7	43.5	450.9	463.1	71.0
Other Funds	2,550.6	2,793.4	2,753.6	203.1	2,795.9	2,838.7	288.1
Total	\$14,010.8	\$14,409.1	\$14,132.5	\$121.7	\$13,676.1	\$13,963.2	(\$47.6)
FTE Authorization	15,636.9	15,652.8	15,652.8	15.9	15,725.8	15,772.8	135.9

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

GENERAL REVENUE BUDGET SURPLUS STATEMENT

	FY2023 Audited	FY2024 Enacted	FY2024 Supplemental	FY2025 Budget
Opening Surplus				
Free Surplus	\$209,649,745	\$368,706,714	\$412,262,966	\$272,488,554
Adjustment to Opening Surplus	\$270,762,495	\$5,055,846	\$14,717,153	
Reappropriated Surplus	19,442,046		45,152,130	
Subtotal	\$499,854,286	\$373,762,560	\$472,132,249	\$272,488,554
Total Revenues	\$5,212,664,935	\$5,276,275,288	\$5,373,862,738	\$5,496,769,311
To Cash Stabilization Fund	(162,669,440)	(169,349,460)	(173,583,771)	(173,077,736)
From Cash Stabilization Fund				
Total Available Resources	\$5,549,849,781	\$5,480,688,388	\$5,672,411,216	\$5,596,180,129
Total Expenditures	5,074,929,254	5,425,140,429	5,334,922,662	5,594,861,257
Total Surplus	474,920,527	55,547,959	337,488,554	1,318,872
Transfer to Supp. State Budget Reserve Fund	(6,530,493)	(55,000,000)	(55,000,000)	
Repeal transfer to SRD/Homelessness			(10,000,000)	(100,000)
Free Surplus	412,262,966	\$547,959	\$272,488,554	\$1,218,872
Operating Surplus/(Deficit)	(5,491,713)	(318,214,601)	(89,491,565)	(271,169,682)
Rainy Day Fund	\$271,115,733	\$282,249,100	\$289,306,285	\$288,462,893

* FY2024 and FY2025 revenues corrected

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ARTICLE 1: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY2025 (LC004145/8)

Revenue Changes

Medicaid Proposals – Provider Tax: This floor amendment assumes an additional \$1.2 million in general revenue receipts from provider taxes as a result of the rate review changes that impact overall medical provider income.

Executive Office of Commerce

Blackstone Valley Visitor Center: The amendment adds \$75,000 in general revenue expenditures within the Quasi-Public Appropriations program to provide a grant to the Blackstone Valley Visitor Center (BVVC). The BVVC, located in Pawtucket, houses the offices of the Blackstone Valley Tourism Council and is a one-stop information resource and gateway for visitors and residents to the Blackstone River Valley National Heritage Corridor.

Secretary of State

Election Seasonal Workers: This amendment adds \$60,000 in general revenue for additional election day workers.

Executive Office of Health and Human Services

Initiative Implementation Support: The amendment adds an additional \$500,000 in general revenue and \$1.5 million in federal funds for system changes and contractor support that may be needed implemented new FY2025 initiatives. This brings total funding to \$7.0 million, including \$1.8 million in general revenue and \$5.3 million in federal funds.

Ambulatory Dental Rates: The amendment reduces funding provided to increase Medicaid reimbursement rates for dental procedures performed in an ambulatory surgical center to 95.0 percent of the rates listed on the Medicare Part B Hospital Outpatient Prospective Payment System (OPPS) to more accurately reflect projected costs. Total funding decreases from \$800,000 to \$608,300, including a decrease of \$77,676 in general revenue and \$114,024 in federal funds (\$191,700 total funds).

Nursing Facility Conversion Assistance: The amendment adds \$50,000 general revenue (\$275,000 total) to support nonprofit nursing facilities in converting licensed nursing home beds to assisted living beds, and specifies that \$200,000 of the total will be provided to Linn Health & Rehabilitation.

Medicare Savings Program Expansion - Qualified Individuals (QI): The amendment adds \$12.5 million in federal funds to increase the eligibility threshold from 135.0 of federal poverty level (FPL) to 185.0 percent FPL for the Qualified Individuals (QI) Medicare Savings Program, effective January 1, 2025. Article 9 authorizes the Secretary of the Executive Office of Health and Human Services (EOHHS) to pursue any waiver or state plan amendments, and/or changes to department rules and regulations to expand the program for QIs; however, if the federal funding needed to support this program is not available, EOHHS will prioritize the lowest income levels to ensure that no state funds are required. The Medicare Savings Program pays the monthly Part B premium for QI enrollees.

Mobile Response and Stabilization Services (MRSS): The amendment clarifies that the \$5.0 million for Mobile Response and Stabilization Services (MRSS) is for children ages two through 21 and will be delivered through care coordination agreements with an organization that is certified as an Emergency Service Provider and has previously participated in the State's children's MRSS pilot program.

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Olmstead Plan: The amendment moves the funding for the Olmstead Plan into restricted receipts since it is not eligible for federal funds.

Department of Children, Youth, and Families

Child Welfare Program: The amendment adds \$300,000 in federal funds within the Child Welfare program for child care rate increases.

Department of Human Services

Grants: The amendment includes an increase of \$350,00 in general revenue to support grants provided to the Rhode Island Food Bank and the Substance Use and Mental Health Leadership Council of Rhode Island. The Rhode Island Food Bank will receive a total of \$800,000 in funding, an increase of \$200,000 in general revenue from 2024-H-7225 Sub A. The Substance Use and Mental Health Leadership Council of Rhode Island was not included as a grant recipient under 2024-H-7225 Sub A, resulting in a \$100,000 increase in grant funding to the Council from the Department.

Elementary and Secondary Education

CRAFT Program: The amendment eliminates the funding formula adjustment for group home beds associated with the CRAFT program at Bradley Hospital and includes an additional \$162,443 in funding to East Providence to account for this change.

Career and Technical Education: Proviso language is added to clarify that the \$2.0 million in additional career and technical categorical funding added by the House Finance Committee will be directed, through the Career and Technical Education Board of Trustees, to new workforce training for jobs that do not currently have active programs.

Office of the Attorney General

Healthcare Litigation: This amendment provides an additional \$800,000 in restricted receipts collected from non-multistate initiatives, to expand and further fund the Office's healthcare litigation efforts. The additional funding will support experts that the Office believes are necessary for litigation within the Civil Division. The House Finance Committee provided an additional \$200,000 for this initiative, reflecting a total increase of \$1.0 million from the Governor's Budget.

ARTICLE 2: RELATING TO STATE FUNDS (LC004146/3)

This amends the new Medical Debt Relief Program in section 1, by removing language requiring Treasury to contract with a non-profit corporation, and inserting language giving Treasury the flexibility to enter into any type of contract to effectuate the needs of the program. The amendment adds language permitting the General Treasurer to promulgate regulations necessary to effectuate the Medical Debt Relief Program.

ARTICLE 5: RELATING CAPITAL DEVELOPMENT (LC004149/7)

This amendment shifts \$10.0 million from the Affordable Housing allocation to the Homeownership allocation, adjusting the proposed funding as follows. The total value of the proposed bond remains unchanged.

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Housing and Community Opportunity Bond	2024-H-7225	
	Substitute A	As Amended
<i>Affordable Housing</i>	\$90.0	\$80.0
<i>Acquisition and Revitalization</i>	10.0	10.0
<i>Homeownership</i>	10.0	20.0
<i>Site Acquisition</i>	5.0	5.0
<i>Housing Related Infrastructure</i>	4.0	4.0
<i>Municipal Planning</i>	1.0	1.0
Total	\$120.0	\$120.0

\$ in millions

The amendment also makes several adjustments to language within the initiatives. It updates a previous description of the overall focus of the bond from increasing affordable and middle-income housing to increasing the availability of housing. It also updates the qualification of “affordable” housing to “low, moderate, and middle-income” housing within both the Affordable Housing and Homeownership allocations. The amendment does not specify the income thresholds for each of these categories, but per the Department of Housing “generally, low and moderate-income implies up to 80% AMI for rentals and up to 120% for homeownership. Middle-income is intended to include units for up to 140% AMI”.

Finally, the amendment updates the language related to an appropriation within the Affordable Housing allocation. The previous language included up to \$10.0 million of the total funding to be available to support public housing development; the amendment specifies that this funding may be used to support such development through a new program.

ARTICLE 6: RELATING TO TAXES AND FEES (LC004150/8)

This floor amendment clarifies the electronic nicotine delivery systems (ENDS) tax. The House Finance Committee budget erroneously adopted a combined wholesale and per-milliliter tax rate. The amendment levies a two-tiered excise tax based on the characteristics of the ENDS product being purchased. Article 6 Substitute A established the following two-tiers:

- **Closed System:** ENDS products that are “prefilled, sealed by the manufacturer, and not refillable” are to be taxed at “\$0.50 per milliliter of the e-liquid and/or e-liquid products contained therein.
- **Open System:** Any other ENDS products are to be taxed at “10.0 percent of the wholesale cost of such products, “whether or not sold at wholesale, and if not sold, then at the same rate upon the use of the wholesaler.”
- **Inventory Floor Tax:** The amendment also provides for the tax to be similarly applied to existing floor inventory based on whether the ENDS products in stock are open or closed systems.

The floor amendment also makes technical corrections to the provisions that exempt cigar manufacturers, distributors, and importers from certain licensing and regulatory provisions, consistent with current law.

The floor amendment clarifies the effective date for ENDS regulation and taxation is January 1, 2025. The amendment also includes several technical fixes and typo corrections.

ARTICLE 7: RELATING TO ECONOMIC DEVELOPMENT AND HOUSING (LC004151/3)

This floor amendment makes technical changes that remove obsolete effective date language in sections headings of existing statutes.

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ARTICLE 8: RELATING TO EDUCATION (LC004152/3)

This floor amendment makes the following changes to Article 8 Substitute A:

- Requires local education agencies to report annually to the Department of Elementary and Secondary Education on the planned and prior use of MLL funding and the Department to review the use of funds to ensure the use is consistent with best practices.
- Eliminates the funding formula adjustment for group home beds associated with the CRAFT program at Bradley Hospital and includes an additional \$162,443 in funding to East Providence to account for this change.
- Requires former individuals in foster care after their 14th birthday to retain academic eligibility through the academic year in which the youth/student reaches their 23rd birthday and also repeals previous language outlining eligibility requirements that are obsolete due to existing postsecondary requirements.

ARTICLE 9: RELATING TO MEDICAL ASSISTANCE (LC004153/4)

This floor amendment clarifies the hospital licensing fee on and the disproportionate share payments to state-owned hospitals. The amendment also caps the DSH to state-owned hospitals at \$19.9 million.

In addition, the amendment authorizes the Secretary of the Executive Office of Health and Human Services (EOHHS) to pursue any waiver or state plan amendments, and/or changes to department rules and regulations to implement income disregards for the Qualified Individuals (QI) Medicare Savings Program to increase eligibility from 135.0 of federal poverty level (FPL) to 185.0 percent FPL, effective January 1, 2025. If the federal funding needed to support this program is not available, EOHHS will prioritize the lowest income levels to ensure that no state funds are required. The Medicare Savings Program pays the monthly Part B premium for QI enrollees.

ARTICLE 11: HEALTH AND HUMAN SERVICES (LC004155/3)

This floor amendment makes numerous technical amendments and drafting corrections. Existing law was inadvertently repeated and this amendment removes duplicated language.

ARTICLE 12: RELATING TO PENSIONS (LC004156/2)

The amendment provides technical changes to clarify the impact of the cost of living adjustment (COLA) restoration. For state employees, teachers, and municipal employees, who retired before July 1, 2012, retirees will begin receiving a COLA in FY2025.

Those retiring after July 1, 2012, will maintain the current-law annual reduced COLA until the retirement plans in aggregate exceed a fund value of 75.0 percent, estimated to occur in 2030.

The amendment adds the funded ratios of judicial and state police retirement systems into the equation to calculate when the retirement plans exceed an aggregate fund value of 75.0 percent. The restoration of the COLA is not contingent on individual plans, rather it is determined on the aggregate of all of the retirement plans. Therefore, all retirees (state employees, teachers, municipal employees, judges, state police) after July 1, 2012, will receive the full COLA when all plans exceed 75.0 percent.