



SENATE FISCAL OFFICE
REPORT

**GOVERNOR'S FY2026 AND FY2025
SUPPLEMENTAL BUDGET**

2025-H-5076 AND 2025-H-5075

FIRST LOOK

JANUARY 21, 2025

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Overview

The Governor's FY2026 Budget recommendation totals \$5,743.1 million in general revenue; \$148.2 million greater than the FY2025 Budget as Enacted. The recommendation includes \$14,216.1 million in all funds; an increase of \$252.8 million from the FY2025 Budget as Enacted.

Expenditures by Source	FY2024 Unaudited	FY2025 Enacted	FY2025 Governor	Change to Enacted	FY2026 Governor	Change to Enacted
General Revenue	\$5,236.1	\$5,594.9	\$5,610.7	\$15.8	\$5,743.1	\$148.2
Federal Funds	4,936.5	5,066.5	5,660.4	593.8	5,090.2	23.7
Restricted Receipts	473.7	463.1	491.0	27.8	446.2	(16.9)
Other Funds	2,383.7	2,838.7	3,171.1	332.5	2,936.6	97.9
Total	\$13,030.0	\$13,963.2	\$14,933.2	\$970.0	\$14,216.1	\$252.8

Expenditures by Function

General Government	\$2,294.6	\$2,286.0	\$2,795.4	\$509.4	\$2,354.9	\$68.9
Human Services	5,688.7	6,265.9	6,340.9	75.0	6,431.2	165.3
Education	3,425.8	3,483.3	3,579.9	96.6	3,584.7	101.4
Public Safety	729.1	888.6	938.1	49.5	824.0	(64.5)
Natural Resources	118.8	149.9	173.9	24.0	170.1	20.2
Transportation	773.0	889.6	1,105.0	215.5	851.2	(38.4)
Total	\$13,030.0	\$13,963.2	\$14,933.2	\$970.0	\$14,216.1	\$252.8

FTE Authorization	15,652.8	15,772.8	15,772.8	-	15,806.8	34.0
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\$ in millions. Totals may vary due to rounding.

The Governor submitted two budget bills this year: the FY2026 proposal and a distinct FY2025 Supplemental Budget. The Governor's proposal for the current year (FY2025) increases the estimated year-end surplus from \$131,067, to \$187.4 million. The increase is driven by a higher opening surplus, significant reappropriations, and increased revenue estimates.

The FY2026 Budget is \$252.8 million more than the FY2025 Budget as Enacted. Significant drivers of the increase include growth in health and human services spending, including Medicaid, increased education aid, and state employee contracts.

ARPA STATE FISCAL RECOVERY FUNDS

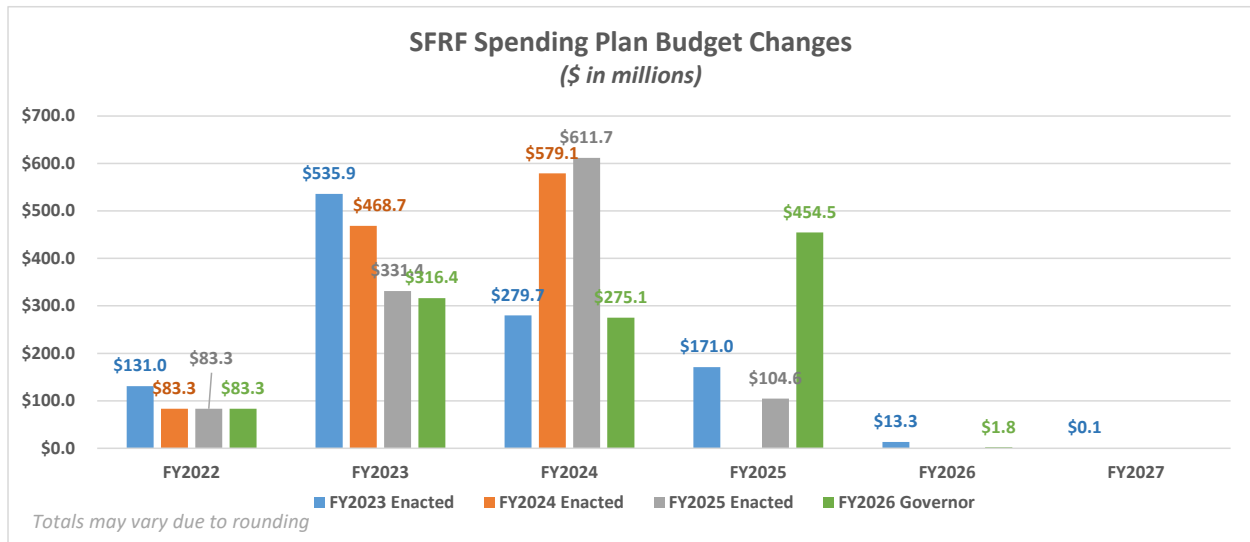
The FY2024 Budget includes significant increases in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF). In the FY2023 Budget as Enacted the General Assembly scheduled SFRF over fiscal years FY2022 through FY2027. The FY2024 Budget as Enacted shifted all outyear funding into FY2024 over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

The Governor's budget appropriates \$454.4 million in FY2025 and \$1.8 million in FY2026, for total SFRF spending and appropriations of \$1,131.1 million in FY2022 through FY2026. This represents the entirety of the State's federal allocation.

Of note, the Governor reduces funding for three existing SFRF programs and shifts funding to an existing state, but new SFRF, program: the SNAP Retail Incentive Pilot program. According to the RI Pandemic Recovery Office, the U.S. Treasury allows for reallocation of SFRF after the December 31, 2024 obligation deadline under two narrow circumstances:

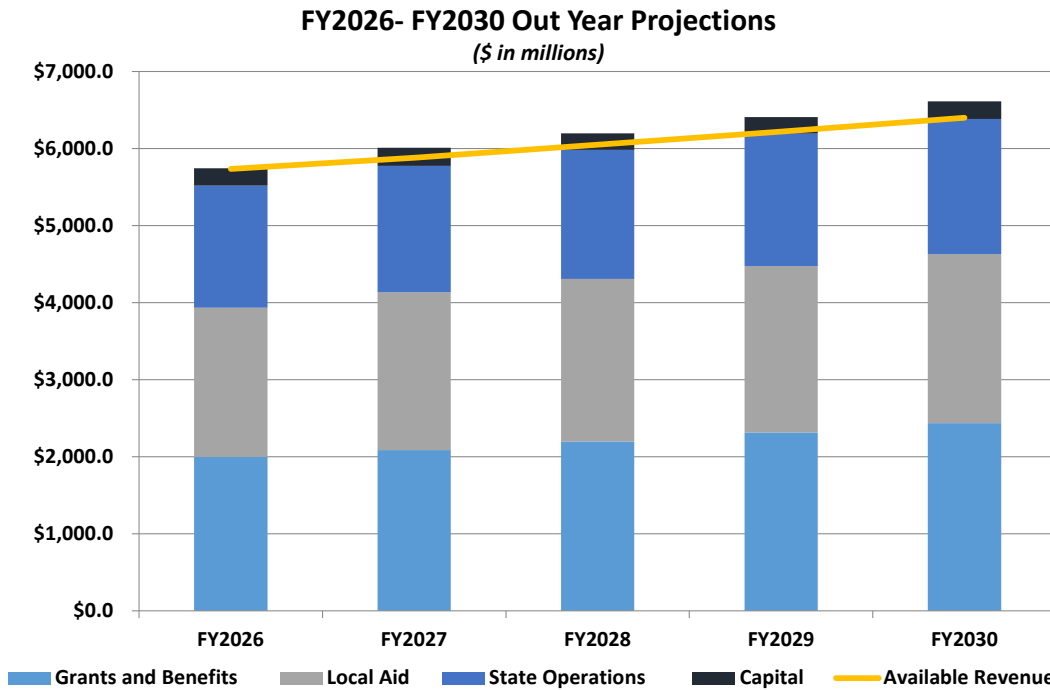
- If an SFRF project that was obligated by December 31, 2024, experiences cost overruns, and the method for obligating the project allows for such cost overruns, then unexpended SFRF monies from other SFRF projects can be used to cover the cost overruns.
- The State can use SFRF funds that were initially obligated before December 31, 2024, but are not ultimately expended for an eligible activity to “reclassify” the SFRF funds from the original activity to another project that would be eligible under SFRF program rules, if that project also incurred an obligation by December 31, 2024, and expend funds on the other activity. Generally, the activity that is reclassified as SFRF would have been funded from a source other than SFRF, such as general revenues.

The Governor proposes to shift \$4.5 million for SNAP under the second rule, and shifts funding from three projects: \$1.0 million from the Certified Community Behavioral Health Clinics; \$600,000 from the Electric Heat Pump Grant Program; and, \$2.9 million from the Psychiatric Residential Treatment Facility project.

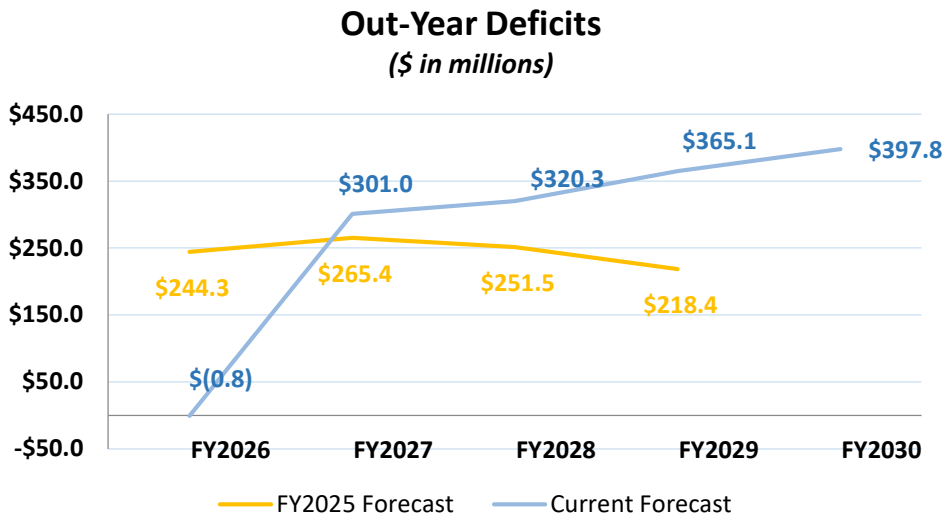


FIVE-YEAR FORECAST

The Budget projects out-year deficits increasing from \$265.4 million in FY2027 to \$397.8 million in FY2030 (3.3 percent of spending). Projected average annual revenue growth of 2.8 percent, coupled with a projected average annual increase in expenditures of 3.6 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 increased significantly from what was forecast one year ago. Major drivers of the outyear deficit include anticipated additional funding for human services rates, as well as additional K-12 education funding.



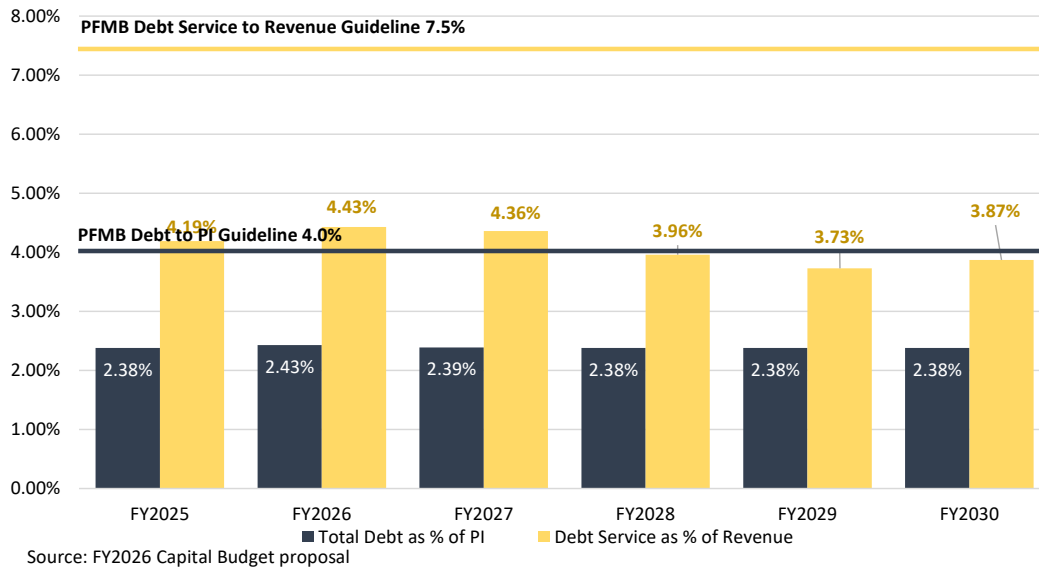
TAX-SUPPORTED DEBT

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 FY2025 through FY2030. It is probable that these figures will change as projects and issuance timelines are adjusted.



RAINY DAY FUND

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

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

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

The Governor's proposal projects a Rainy Day Fund balance of \$294.7 million at the end of FY2025, increasing to \$296.1 million in FY2026. Of note, these balances do not reflect funds in the State Supplemental Budget Reserve Account, discussed below.

Supplemental Budget Reserve Account: The Governor and General Assembly created 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 State transferred \$55.0 million in surplus funding by July 14, 2023, into a "State Supplemental Budget Reserve Account". Expenditures from the supplemental account are subject to the same limitations as the existing Rainy Day Fund, and deposits are subject to appropriation.

In the FY2024 Budget as Enacted, the General Assembly added language to direct one-half of any year-end revenue surplus to the Supplemental Budget Reserve Account. FY2023 closed with a \$13.0 million revenue surplus, so one-half of that (\$6.5 million) is slated to be deposited into the reserve account in FY2024. In the FY2025 Supplemental Budget, the Governor proposes to waive this transfer requirement for FY2025 only, and retaining \$21.6 million to be available as general revenues.

GENERAL REVENUE SURPLUS STATEMENT

	FY2023 Audited	FY2024 Preliminary Audited	FY2025 Enacted	FY2025 Governor	FY2026 Governor
Opening Surplus					
Free Surplus	\$209,649,745	\$412,262,973	\$279,019,055	\$326,355,052	\$187,403,011
Adjustment to Opening Surplus	\$270,762,495	\$23,811,475			
Reappropriated Surplus	19,442,046	45,152,130		34,569,423	
Subtotal	\$499,854,286	\$481,226,578	\$279,019,055	\$360,924,475	\$187,403,011
Total Revenues	\$5,212,664,935	\$5,418,477,089	\$5,489,117,361	\$5,567,200,000	\$5,734,084,512
To Cash Stabilization Fund	(162,669,440)	(174,922,202)	(173,044,092)	(176,806,652)	(177,644,626)
From Cash Stabilization Fund					
Total Available Resources	\$5,549,849,781	\$5,724,781,465	\$5,595,092,324	\$5,751,317,823	\$5,743,842,897
Total Expenditures	5,074,929,246	5,236,111,564	5,594,861,257	5,610,670,520	5,743,054,676
Total Surplus	474,920,535	488,669,901	231,067	140,647,303	788,221
Intrafund Transfers to restricted receipts	(4,444,444)	(91,000,000)	(100,000)	3,479,788	
Transfer to Retirement System	(6,530,494)	(21,637,960)		21,637,960	
Transfer to Supp. State Budget Reserve Fund	(6,530,494)	(21,637,960)		21,637,960	
Repeal of surplus transfer to Supp. State Budget Reserve Fund		6,530,494			
Reappropriations	(45,152,130)	(34,569,423)			
Free Surplus	\$412,262,973	\$326,355,052	131,067	\$187,403,011	\$788,221
Rainy Day Fund	\$271,115,733	\$291,537,003	\$288,406,820	\$294,677,753	\$296,074,377

Revenue Changes

The Governor's FY2026 Budget increases net general revenue collections by an estimated \$267.0 million over the November 2024 revenue estimate. New revenue initiatives include the repeal of certain underutilized tax incentives, the imposition of a new digital advertising tax, an increase in the cigarette tax, an exemption from the sales tax for firearm safety products, an increase in the amount the state charges to administer restricted receipts accounts, various Medicaid savings efforts and changes to the fee paid to the state by the Eleanor Slater Hospital. Lastly, the Governor recommends the transfer of reserve funds from the Rhode Island Student Loan Authority (RISLA).

Governor's Recommended General Revenue Initiatives	
Impact of EOHHS Initiatives	\$237.9
Business, Sales, and Excise Tax Changes	19.0
Indirect Cost Recovery Changes	6.9
Reserve Transfer - RISLA	2.9
Underutilized Tax Incentives	0.2
Total	\$267.0

\$ in millions
Totals may vary due to rounding.

Impact of EOHHS Initiatives

\$237.9 million

The Governor recommends a net \$237.9 million increase related to revenue changes associated with certain EOHHS initiatives.

Initiative	Impact
Hospital Licensing Fee	\$232,549,633
DSH Payment	\$5,900,000
Nursing Facilities Rate Reduction	(\$365,750)
Parent/Caregiver Eligibility	(\$90,000)
Inpatient/Outpatient Hospital Rate Reduction	(\$42,888)
e-Consults Program	\$14,650
Total	\$237,965,645

- **Hospital Licensing Fee:** The Governor recommends adjusting the base year revenues on which the annual hospital licensing fee required of private hospitals is determined from 2022 to 2023 (the state hospital is also 2023). The changes is estimated to yield \$232.5 million in FY2026.
- **DSH Payment Increase:** The Governor recommends requiring the Eleanor Slater Hospital to make an increased disproportionate share hospital (DSH) payment within the Medical Assistance program. The proposal increases the payment from \$7.0 million to \$12.9 million. The payment is split between general revenue and federal funds, with \$5.9 million from the general fund. According to the Office of Management and Budget (OMB), the increase represents current best estimates for the hospital's uncompensated care.
- **Nursing Facilities Rate Reduction:** The Governor recommends decreasing the nursing facilities annual inflation adjustment (resulting in a decrease in expenditures relative to the November 2024 Caseload estimates) . This change results in a reduction in revenue from the health care provider tax of \$365,750.
- **Parent/Caregiver Eligibility:** The Governor's FY2026 Budget proposal includes a correction to the state's regulations and enrollment system for the parent/caretaker eligibility pathway. This adjustment

results in a \$90,000 reduction in general revenue collections from the insurance premium tax on health maintenance organizations.

- **Inpatient /Outpatient Hospital Rate Reduction:** For FY2026, the Governor decreases the annual inflation adjustment for inpatient/outpatient hospital rates. The reduction in expenditures leads to a \$42,888 reduction in revenue collected under the state’s insurance premium tax on health maintenance organizations.
- **e-Consults Program:** The Governor recommends the creation of an e-Consults program in the Medicaid Fee for Service program to help direct more patients to more internet-based specialist consultations. This \$152,283 general revenue savings initiative, however, results in a \$14,650 revenue loss under the state’s insurance premium tax on health maintenance organizations.

Business, Sales, and Excise Tax Changes

\$19.0 million

The Budget includes a net \$19.0 million increase related to revenue changes associated with the following changes to business, sales and use, and excise taxes.

Initiative	Impact
Digital Advertising Tax	\$9,464,191
Financial Institutions Data Matching Initiative	5,250,000
Cigarette Tax Increase	4,376,900
Sales Tax Exemption for Firearm Safety Devices	(85,714)
Total	\$19,005,377

- **Digital Advertising Tax:** The Governor recommends establishing a new 10.0 percent flat tax to be levied on gross revenue from digital advertising that is sourced in Rhode Island. Taxpayers subject to this new digital advertising tax must have worldwide revenue of at least \$1.0 billion. The new tax is estimated to generate \$9.5 million in FY2026 and grow to \$19.6 million in FY2027.
- **Financial Institutions Data Matching Initiative:** The Governor recommends that Division of Taxation be authorized to establish a new compliance tool that would match data on non-compliant taxpayers with an outstanding Rhode Island tax liability with data from financial institutions around the country. According to Taxation, the proposal would improve tax collection for the many debtors who live out of state. The initiative is estimated to increase revenue by \$5.2 million in FY2026 and \$8.0 million in FY2027.
- **Cigarette Tax Increase:** The Governor also recommends increasing the excise tax on cigarettes by \$0.50 per pack, which would raise the tax from \$4.50 to \$5.00 per pack of twenty. Floor stock tax is assessed at the same rate per pack of cigarettes. The additional excise, floor, and associated sales taxes from this change is estimated to generate an additional \$4.4 million in revenue based on a September 1, 2024 start date.
- **Sales Tax Exemption for Firearm Safety Devices:** The Governor also recommends establishing a sales tax exemption for firearm safety products. These include goods such as lock boxes, safes, and barrel/trigger locks. This is proposed as part of a larger gun control package, including an assault weapons ban that the Governor is recommending as part of the budget. The proposal is estimated to reduce revenue by \$85,714 in FY2026 and \$115,438 in FY2027.

Indirect Cost Recovery to 15.0 Percent

\$6.8 million

The Governor recommends increasing the percentage of restricted receipt collections the state retains as general revenue to help defray the indirect costs associated administering the accounts. The increase would bring the percentage to 15.0 percent, up from the current 10.0 percent. The proposal is estimated to yield \$6.8 million in FY2026 and \$7.0 million in FY2027.

Reserve Transfer – RISLA**\$2.9 million**

The Governor recommends transferring \$2.9 million from the reserves of the Rhode Island Student Loan Authority (RISLA) in FY2026. According to the Office of Management and Budget (OMB), the quasi-public agency had an unrestricted fund balance at the close of FY2024 of \$81.3 million. The Governor indicates that the transfers from RISLA correspond to resources needed to fund the state's dual and concurrent enrollment programs.

Underutilized Tax Incentives**\$219,874**

The Governor recommends eliminating several underutilized tax expenditures. These include:

Tax Incentive	Impact
Repeal New R&D Facilities Tax Expenditures	\$211,835
Repeal Small Business Capital Investment Deduction	6,551
Repeal Jobs Growth Act	1,489
Total	\$219,875

- **Repeal New R&D Facilities Tax Expenditures:** The Governor recommends repealing the New R&D Facilities Deduction and Property Credits. The State has allowed eligible taxpayers to deduct expenditures related to the development of any new tangible property related to research and development, including construction and acquisition costs. Eligible taxpayers may also claim a 10.0 percent credit against certain business taxes for tangible property primarily used for R&D. Taxpayers must choose either the deduction or the credit. According to the Office of Revenue Analysis (ORA), these tax expenditures are underutilized. The fiscal impact of repealing them is shown below.

Tax Expenditure	FY2026	FY2027
Deduction	\$136,993	\$273,984
Property Credit	74,842	149,683
Total	\$211,835	\$423,667

- **Small Business Investment Deduction/Modification Repeal:** The Governor recommends repealing the Small Business Investment Deduction and Modification. Taxpayers may take a deduction or modification to offset their business or income tax liability if they have made a qualifying investment in a certified venture capital partnership. According to ORA this is an underutilized tax expenditure. The revenue impact of repealing this tax expenditure is \$6,551 in FY2026 and \$13,102 in FY2027.
- **Jobs Growth Act Repeal:** The Governor also recommends repealing the Job Growth Act (JGA) tax incentive. The JGA incentive allows eligible employees of qualified companies lower their adjusted gross income for tax purposes by up to 50.0 percent of their income earned from bonuses. According to ORA, the modification is taken by fewer than 10 taxpayers annually. The revenue impact of eliminating this underutilized tax expenditure for FY2026 is \$1,489 and is \$2,979 in FY2027.

Electric Vehicle Fee**\$90,497**

The Governor also recommends establishing a new \$150 annual fee for battery electric vehicles and a new \$75 annual fee for plug-in hybrid vehicle. The new assessments are intended to offset losses in the gas tax collections as the number of electric vehicles increase. The proposal is estimated to generated \$1.7 million in state Highway Maintenance Funds and \$90,497 in general revenue in FY2026. These estimates grow to \$5.1 million and \$267,166, respectively, in FY2027. According to the Office of Management and Budget (OMB), these new Highway Maintenance Funds will be used to support the state's municipal road program.

FY2025 SUPPLEMENTAL CHANGES

The Budget includes a \$14.2 million increase in revenues above the November 2024 revenue estimate. Initiatives impacting FY2025 revenue are summarized below.

Governor's Recommended General Revenue Initiatives

Reserve Transfers	\$8.3
Eleanor Slater Hospital DSH Payment Increase	5.9
Total	\$14.2

\$ in millions

Totals may vary due to rounding.

Reserve Transfers**\$8.3 million**

The Governor recommends transferring \$8.3 million from the reserves of quasi-public agencies and other sources to the general fund in FY2025.

Source	Transfer
Underground Storage Tank Fund	\$3,000,000
RI Student Loan Authority	2,700,000
RI Infrastructure Bank	2,000,000
Marijuana Trust Fund	579,788
Total	\$8,279,788

Eleanor Slater Hospital DSH Payment Increase**\$5.9 million**

The Governor recommends requiring the Eleanor Slater Hospital to make an increased disproportionate share hospital (DSH) payment within the Medical Assistance program. The proposal increases the payment from \$7.0 million to \$12.9 million. The payment is split between general revenue and federal funds, with \$5.9 million going to the general fund. According to the Office of Management and Budget (OMB), the increase represents current best estimates for the hospital's uncompensated care.

Expenditure Changes by Agency

State Employee COLAs: The current state employee collective bargaining agreements (CBAs) between the State and the state employee bargaining units included a 3-year contract. Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed contract, the Budget includes the following cost-of-living adjustments (COLAs): 5.0 percent effective July 1, 2024, 4.0 percent effective July 1, 2025, and 3.0 percent effective on July 1, 2026. The COLAs were extended to non-union employees as well. The Governor includes statewide personnel COLA adjustments in the FY2026 Budget (4.0 percent COLA) and in the FY2025 Revised Budget (5.0 percent COLA).

In the State Budget report dated October 24, 2024, the Budget Office provided a cost estimate on the impact of the COLA over the next three years:

State Employee COLA Cost Estimates			
COLA Percentage	5.0%	4.0%	3.0%
General Revenue	\$45.9	\$84.5	\$114.6
All fund	\$72.1	\$131.8	\$180.0

\$ in millions

Source: State Budget Office October 24, 2024

In addition, the Governor includes in the budget for the Department of Administration a COLA Reserve for the yet to be ratified collective bargaining units at RIDE, the Department of Corrections, and the Department of Public Safety. This includes an appropriation of \$19.0 million in recommended FY2026 Budget and \$11.2 million as part of the FY2025 Revised Budget.

Offsetting the increase in personnel costs are reductions to employee health benefit rates.

Administration: The Governor recommends \$262.8 million in general revenue expenditures (\$497.7 million all funds) for the Department in FY2026, increasing general revenue expenditures by \$7.8 million. All fund expenditures decrease \$56.4 million reflecting reduced federal SFRF and ARPA funds for pandemic and recovery items and activities.

- **COLA Reserve for Non-ratified Unions:** The Governor includes \$19.0 million as a statewide contract reserve for the COLA adjustment in unions within the Department of Corrections, Department of Public Safety, and the Department of Elementary and Secondary Education that have yet to ratify their new contracts.
- **Debt Service:** The Governor includes \$26.3 million in general revenue for debt service, reflecting an increase of \$21.4 million to support the project debt service on the new general obligation bonds.
- **Central Falls School Project:** The Governor includes \$10.7 million in general revenue for debt service to support the \$93.5 million in bonds issued for the Central Falls school project. This reflects an increase of \$3.5 million in general revenue from the previous year.
- **RICAP Projects:** The Budget includes \$31.0 million for the acquisition and redevelopment of property located at 115 Tripps Lane in East Providence, including moving costs for state agencies; \$26.1 million for the proposed new Long-Term Acute Care Hospital on the Zambarano Campus; \$25.8 million for infrastructure improvements at the Pastore Campus; \$5.4 million for Group Home consolidation; and, \$2.9 million for renovations to structures at the Zambarano Campus.
- **Energy Resources:** The Governor transfers all funding for the Office of Energy Resources from the Department as the Office will become a standalone state agency. This reflects a reduction of \$44.8 million in all funds, including \$250,000 in general revenue previously appropriated to maintain the

Erika Niedowski memorial E-Bike Rebate Program to provide a rebate towards the purchase of e-bikes, and a reduction of \$250,000 in general revenue for the electric leaf blower rebate program.

- **DCAMM Project Managers:** The Governor recommends turnover savings of \$2.0 million in general revenue by shifting the personnel costs for DCAMM Project Managers from a general revenue expense and charge the personnel expenses directly to the RICAP project costs.
- **New FTE positions:** The Governor recommends a net decrease of 14.0 FTE positions to the department, including 16.0 FTE positions in the Office of Energy Resources (OER) program transferred to the new OER separate state agency and a decrease of 2.0 FTE positions reflecting the transfer of the RICLAS positions to BHDDH. The Governor recommends adding 2.0 FTE positions to the Office of Internal Audit and Program Integrity and adds 2.0 FTE positions in the Division of Enterprise Technology and services for the Integrated Data Systems initiative.
- **SFRF and ARPA Funds:** The Budget includes \$35.0 million in federal SFRF and ARPA funds for pandemic and recovery items and activities.

SFRF and ARPA Response	FY2025 Enacted	FY2026 Governor	Change
ARP CPF: Administration (OMB)	\$484,149	\$530,582	\$46,433
ARP ERA: Emergency Rental Assistance	33,000,000	33,000,000	-
ARP SFRF: Community Learning Center Grants	2,000,000	-	(2,000,000)
ARP SFRF: Health Care Facilities	10,000,000	-	(10,000,000)
ARP SFRF: Pandemic Recovery Office (OMB)	1,345,998	1,436,547	90,549
ARP SFRF: Public Health Response Warehouse Support	778,347	-	(778,347)
Total	\$47,608,494	\$34,967,129	(\$12,641,365)

- **Emergency Rental Assistance:** The Governor includes \$33.0 million to continue supporting the State's COVID-19 emergency rental assistance program administered in partnership with RI Housing.
- **Pandemic Recovery Office:** The Budget includes \$1.4 million from the ARPA SFRF funds to finance the personnel and operations of the Pandemic Recovery Office.
- **CPF Administration:** The Budget includes \$530,582 from the ARPA Capital Projects Fund to administer the federal Capital Projects Fund.

Office of Energy Resources: The Governor establishes the Office of Energy Resources as a standalone agency and includes \$76.8 million in all funds for the Department in FY2026, an increase in all funds of \$32.0 million. There are no general revenue expenses recommended for FY2026.

- **E-Bike Program:** The Governor removes funding to maintain the Erika Niedowski Memorial E-Bike Rebate Program. This is a decrease of \$250,000 in general revenue for the E-Bike Rebate Program, as compared to FY2025 Budget as Enacted.
- **Electric Leaf Blower Rebates:** The Governor does not recommend funding of the electric leaf blower rebate program, reflecting a decrease of \$250,000 in general revenue for the electric leaf blower rebate program. The program is intended to encourage commercial landscapers to use zero-emission technology in order to reduce air and noise pollution.
- **Federal Program Administrators:** The Governor adds \$288,498 in federal funds to support two additional FTE positions to administer two federal grants, the Solar for All and the Home Electrification and Appliance rebate program.

Department of Business Regulation: The Budget includes \$25.6 million in general revenue (\$35.1 million in all funds) for the Department in FY2026. This represents a general revenue increase of \$1.5 million when compared to the FY2025 Budget as Enacted, and is attributable to the following:

- **Dental Insurance Loss Ratio:** The Governor recommends a general revenue increase of \$150,000 related to RIGL 27-82.6 The Dental Insurance Loss Ratio Reporting and Study Act. The Act mandates the Office of the Health Insurance Commissioner to provide the General Assembly with an analysis of reported information related to the incurred claims and earned premiums as reported by dental insurers, on or before October 1, 2026. The analysis will provide recommendations related to dental loss ratios and requirements for comprehensive dental benefits plans. Funds are provided through an assessment on dental insurers.
- **Rhode Island Cannabis Control Commission:** The Governor recommends that the Office of Cannabis Regulation become an independent agency called the Rhode Island Cannabis Control Commission.

Cannabis Control Commission: The Budget includes \$7.5 million in restricted receipts (\$7.5 million in all funds) to support the newly established Cannabis Control Commission in FY2026. The Commission cannot be supported by general revenue as Cannabis remains a federally classified schedule I drug under the Controlled Substances Act. Although this is a newly established, independent agency, the Commission's FY2025 Enacted Budget, under the Department of Business Regulation totaled \$6.7 million, representing an \$858,844 increase in the FY2026 recommended Budget.

- **Current Operations:** The Governor recommends a \$508,797 restricted receipt increase to support current operations and enacted staffing authorizations. This represents a 7.2 percent increase to the Commission's FY2025 Enacted budget under the Department of Business Regulation.
- **Additional Personnel for the Cannabis Control Commission:** The Governor recommends an additional \$253,063 in restricted receipts to support 2.0 FTE positions including Senior Legal Counsel and an Administrative officer. The Senior Legal Counsel position will oversee compliance with state and federal laws, litigation, and the drafting of regulations, as well as, aid in litigation. The Administrative Officer position will manage day to day functioning of the CCC, overseeing interagency coordination and regulatory filing requirements. As the cannabis market continues to expand, the CCC believes that these positions are essential to the long-term efficiency and sustainability of the Commission.

Department of Labor and Training: The Governor recommends \$20.4 million of general revenue (\$637.0 million in all funds) to support the Department of Labor and Training, reflecting an increase of \$2.6 million relative to the FY2025 enacted level. Significant budgetary adjustments include the following:

- **Job Development Fund Assessment:** The Governor recommends applying the 0.21 percent Job Development Fund assessment to non-profits with 500 or more employees. The assessment is estimated to generate \$2.6 million in restricted receipts throughout FY2026, of which, \$2.3 million will be allocated to the Job Development Fund and \$244,000 will support the administration of the unemployment insurance program.
- **Rhode to Prosperity:** The Governor recommends \$2.0 million of general revenue to fund work-based learning opportunities for the State's youth through the Rhode to Prosperity initiative. The funding will provide 1,300 young adults with meaningful work experience through programs such as Real Skills for Youth and the PrepareRI High School Internship, in addition to supplementing the existing Job Development Fund programming.

Department of Revenue: The Budget includes \$403.9 million in general revenue for the Department of Revenue (DOR) in FY2026, a net \$3.4 million increase over the enacted level. The increase is primarily related to increased personnel costs associated recently negotiated contracts that contained cost of living increases. This change and other major budget initiatives include:

- **Digital Advertising Tax:** The Governor recommends establishing a new 10.0 percent flat tax to be levied on gross revenue from digital advertising that is sourced in Rhode Island. Taxpayers subject to this new digital advertising tax must have worldwide revenue of at least \$1.0 billion. According to the Office of

Revenue Analysis (ORA), the new tax is estimated to generate \$9.5 million in FY2026 and grow to \$19.6 million in FY2027. The proposal is modeled on a similar initiative in Maryland.

- **Cigarette Tax Increase:** The Governor recommends increasing the excise tax on cigarettes by \$0.50 per pack, which raises the tax from \$4.50 to \$5.00 per pack of twenty. Floor stock tax is assessed at the same rate per pack of cigarettes. The additional excise, floor, and associated sales taxes from this change is estimated to generate a net increase of \$4.4 million in revenue based on a September 2, 2025, start date.
- **Hotel Tax Changes - Whole-Home Short-Term Rentals:** The Governor recommends expanding the State's 5.0 percent state hotel tax to whole-home short-term rentals. Under current law the hotel tax currently applies to hotels, motels, and partial home short-term rentals (i.e., renting a room in a home) – but not whole-home short-term rentals. The Governor again proposes eliminating this exception and applying the 5.0 percent tax to whole-home short-term rentals effective January 1, 2026, with proceeds allocated to homelessness services. The proposal is estimated to generate \$2.1 million in Housing Resources and Homelessness Funds in FY2026 and another \$4.7 million in FY2027 with a full-year of implementation.
- **DMV Technology Surcharge:** The Governor recommends increasing the technology surcharge imposed by the Division of Motor Vehicles (DMV) on registry transactions by \$1.00, from \$2.50 to \$3.50. According to the DMV the annual costs for its computer system are outpacing the revenue from the surcharge. The increase is estimated to increase restricted receipts funds at the DMV by \$1.6 million in FY2026 and FY2027 and offset general revenue expenses by \$695,341.
- **State Aid:** The Governor includes \$326.2 million in general revenue for the State Aid programs, a \$981,119 increase over the enacted level. This increase is attributable to required additional funding under the property revaluation program to accommodate a larger volume of revaluation. Some State Aid program highlights are here with greater details provided in the Local Aid section of this report.
 - **Tangible Property Reimbursement:** The Governor recommends \$25.9 million in tangible property tax relief in FY2025 (\$2.1 million less than the FY2025 Budget as Enacted) and the same in FY2026. Article 4 of the FY2024 Budget as Enacted provides for a new state aid program that reimburses municipalities the foregone revenue associated with a statewide tangible property tax exemption. The implementation and related data collection schedule meant that the first known reimbursement amounts by municipality would not be available until the FY2025 Governor's Supplemental Budget recommendation (previous budget had included a placeholder estimate of \$28.0 million).
 - **Motor Vehicle Excise Tax Reimbursement:** The Governor recommends \$234.9 million in total general revenue reimbursement funding for cities and towns, \$140,860 more than the FY2025 enacted level. The General Assembly repealed the motor vehicle excise tax in the FY2023 Budget as Enacted. Municipalities are reimbursed annually for lost revenue. The Governor also recommends eliminating the sales tax inflator for FY2026 and beyond (it would remain in effect for FY2025). The proposal, contained in Article 5, would set the annual reimbursement at the FY2024 or FY2025, whichever is higher. Eliminating this calculation removes the would reduce general revenue expenditures by \$9.7 million in FY2026 and \$17.8 million in FY2027.
 - **Payment in Lieu of Taxes (PILOT):** The Governor budgets \$49.2 million for the State's Payment In Lieu of Taxes (PILOT) program in FY2026, level with the FY2025 enacted amount. 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. According to the Division of Municipal Finance (DMF), the budgeted amount represents 25.9 percent.

General Treasurer: The Governor recommends \$4.6 million in general revenue expenditures (\$26.0 million all funds) for the Office of the General Treasurer in FY2026, reflecting a decrease of \$315,110 in general revenue expenditures. All fund expenditures have a net increase \$2.1 million, reflecting increased restricted receipt expenses in the administration of the retirement program.

- **Cybersecurity Manager:** The Governor adds \$41,343 in general revenue (\$206,714 all funds) to support a new 1.0 Cybersecurity Manager position in Treasury, to assist in the security of personally Identifiable information (PII) of state employees, state retirement system participants, and Unclaimed Property and Crime Victim Compensation Program data.
- **RI Baby Bond Trust:** The Governor establishes the Rhode Island Baby Bond Trust to be administered by the Office of the General Treasurer. The purpose is to provide a \$3,000 trust for each Rhode Island child (beneficiary) born on or after January 1, 2026, to a family enrolled in the Rhode Island Works Program. Commencing July 1, 2026, the General Treasurer will deposit revenues from the State's Unclaimed Property program into the Trust for each designated beneficiary, and shall administer and invest the Trust's funds until the child's 18th birthday. When the child reaches age 18 and has been a resident of the State for the previous two-years, they will be eligible up to age 35 to withdraw the funds and proceeds for use on eligible expenses. Because the transfer of funds from the Unclaimed Property program does not begin until FY2027, there is no fiscal impact to FY2026, and an impact of \$750,000 to general revenue in FY2027.

Executive Office of Commerce: The Governor includes \$31.9 million in general revenue funding in FY2026 to support economic development programming within the Executive Office of Commerce (EOC) and the Rhode Island Commerce Corporation. This is a net \$8.5 million less than the enacted level. The reduction is primarily related to one-time investments in FY2025 that do not reoccur in FY2026. Important FY2026 budget initiatives include:

- **RI Innovation Ecosystem:** The Governor recommends \$250,000 of general revenue to for a new initiative that supports innovation in Rhode Island. According to the EOC, the RI Innovation Ecosystem program is intended to strengthen collaboration between higher education institutions and private industry to develop talent pipelines and innovative businesses.
- **Reauthorization of Incentives:** Article 6 reauthorizes the EOC's incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2025, to December 31, 2026. It permanently authorizes the Small Business Assistance Program.
- **Rebuild RI:** The Governor recommends level funding the Rebuild RI Tax Credit and Sales Tax Exemption program at \$10.1 million in general revenue in FY2026. 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.
- **Wavemaker:** The Governor recommends \$1.0 million for the Stay Invested in Rhode Island Wavemaker Fellowship program in FY2026, \$3.1 million less 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, mathematics, health care, mental health care, and teacher fields in Rhode Island. According to the EOC the funding level is sufficient to cover existing cohorts and fund 85 new fellows in FY2026.
- **Air Service Development Fund:** The Governor recommends \$2.7 million in total general revenue (\$1.5 million more than enacted) to support the development of additional direct airline routes to major metropolitan areas through the Air Service Development Fund. This increase is related primarily to the growth in the expansion of the Breeze Airlines hub at Rhode Island T.F. Green International Airport.
- **Destination Marketing:** The Governor includes \$1.4 million in general revenue in FY2026 to continue to market Rhode Island tourism out-of-state in a manner that supports airline routes out of Rhode Island

T.F. Green International Airport. This represent level funding relative to the FY2025 Budget as Enacted. This program has previously been funded in FY2023 and FY2024 through SFRF and Commerce Corporation matching funds.

Department of Housing: The Governor includes \$10.7 million in general revenues (\$42.9 million all funds) for the Department of Housing. This represents an increase of \$868,869 in general revenue as compared to the FY2025 Budget as Enacted and includes the following changes:

- **Low-Income Housing Tax Credit:** The Governor includes \$4.0 million in general revenue for the Low-Income Housing Tax Credit (LIHTC) program, a program intended to increase the development of affordable housing in the state.
- **Real Estate Conveyance Tax (restricted receipts):** The Budget recommends \$2.3 million in restricted receipts for the Housing Resources and Homelessness restricted receipt account. The funding is proposed to come from an additional 0.33 percent real estate conveyance tax (RECT) on properties over \$800,000. This would bring the new total RECT for such properties to 1.25 percent from the current rate of 0.92 percent. The restricted receipt account is intended to support housing stability and homelessness efforts.
- **Whole-Home Short-Term Rental Tax (restricted receipts):** The Budget recommends \$2.1 million in restricted receipts for the Housing Resources and Homelessness restricted receipt account. The funding is proposed to come from the addition of a 5.0 percent tax to whole-home short-term rentals, which were previously exempted from a similar tax applied to partial home short-term rentals. The restricted receipt account is intended to support housing stability and homelessness efforts.
- **Data Operations:** The Budget includes \$250,000 for the expansion of policy and program evaluation, planning, and analytics capacity within the Department.

Executive Office of Health and Human Services: The Budget includes \$1,408.9 million from general revenues (\$3,968.8 million all funds) for the Executive Office of Health and Human Services (EOHHS) in FY2026. This represents a general revenue increase of \$94.7 million (\$153.8 million all funds) when compared to the FY2025 Budget as Enacted. The major changes include the following:

- **Eliminate Upper Payment Limit (UPL Payment):** Through Article 8, the Governor recommends eliminating the UPL payment made to hospitals for in-patient and out-patient services to Medicaid participants that was established to make Medicaid rates comparable to Medicare rates. The Governor asserts that the State-Directed Payment program established in FY2024 sufficiently addresses hospital rate disparities. Eliminating UPL payments would reduce general revenue expenditures by \$6.7 million (\$18.3 million all funds).
- **Annual Adjustments to Medicaid Rates for Nursing Facilities and Hospitals:** As a cost containment measure, the article reduces the annual inflationary increases on rates paid to hospitals and nursing homes to 2.3 percent to match state revenue growth. Current law, which require rate changes based on national price indices, would have increased payments to hospitals by 3.4 percent for fee-for-services and 2.9 percent for managed care, while nursing facility payments were set to increase by 4.2 percent. This recommendation reduces general revenue expenditures by \$4.9 million (\$13.0 million in all funds), relative to the adopted November Caseload Estimating Conference (CEC) estimates, and provides an increase of \$67.8 million in all funds, relative to the FY2025 Revised Budget recommendation.
- **Home and Community Based Services (HCBS):** Since home-care providers are included in the biennial rate review process conducted by the Office of Health the Insurance Commissioner (OHIC), the article eliminates the annual rate increase provided in statute. Home care was the only provider type included in the rate review that was also receiving a secondary rate adjustment. Through amendments in Article 8, this proposal is estimated to generate \$4.3 million in general revenue savings (\$10.1 million all funds)..

- **DSH Payments to Eleanor Slater Hospital:** Based on updated estimates reported at the November Caseload Estimating Conference (CEC), the Budget increases DSH payments to Eleanor Slater Hospital by \$2.5 million in general revenue (\$5.9 million all funds) for a total of \$12.9 million. In FY2025, the increase is \$2.6 million (\$5.9 million all funds).
- **Pharmacy Cost Containment (4.0 new FTE positions):** The Governor recommends an increase of \$255,299 in general revenue (\$510,598 in all funds) and 4.0 new FTE positions to evaluate and implement cost containment strategies in the Medicaid pharmacy program. The proposal is estimated to save \$3.7 million in general revenue costs in FY2027, and \$8.0 million in FY2028.
- **Shift Disproportionate Share (DSH) Hospital Payments to State Directed Payments:** Since the federal government is phasing out the DSH program, the Governor recommends shifting \$13.7 million in all funds from DSH payments to SDP program. This shift would reduce general revenue expenditures by \$1.8 million.
- **Enhanced Program Integrity (4.0 new FTE positions):** The Budget includes \$380,265 in general revenue (\$760,526 all funds) to support five FTE positions, including four new FTE positions and one previously unfunded position, to enhance program integrity and compliance functions for Medicaid by proactively training providers to prevent fraud, waste, and abuse in the Medicaid program. The initiative is estimated to generate \$2.9 million in general revenue savings. An additional FTE position is provided in the Office of Internal Audit and Program Integrity in the Department of Administration to support this initiative.
- **Medicaid 1115 Demonstration Waiver Renewal Costs:** The Budget provides an increase of \$221,346 in general revenue (\$442,692 all funds) to support the renewal of the waiver.
- **Department of Children, Youth, and Families (DCYF) Consent Decree Court Monitor:** To support costs required by the consent decree with the United States Department of Justice pertaining to the hospitalization of children with behavioral health disabilities under DCYF care, the Budget includes an increase of \$175,000 in general revenue for a court monitor to oversee the State's compliance.
- **Establish an Interprofessional Consultation Program:** The Governor includes \$20,765 in general revenue (\$83,059 all funds) to implement an interprofessional consultation program for Medicaid fee-for-service beneficiaries. The initiative is estimated to reduce general revenue costs by \$189,094.
- **Integrated Data Systems (2.0 new FTE positions):** The Governor recommends the reallocation of contract services financing to support 2.0 new FTE positions toward creating an integrated data system that is less reliant on contract employees. This proposal is budget neutral.
- **Hospital Licensing Fee (HLF) and State Directed Payments (SDP):** For FY2026, the Governor advances the base year for the HLF and increases the SDP. These two initiatives are expected to have a net zero impact of the hospital system.
- **RIBridges:** The Governor recommends consolidating the operating, personnel, and contract costs of RIBridges within EOHHS to make the expenditures more transparent. There is no recommended change in the governance or management of the system.
- **Opioid Crisis Response Funding:** The Budget includes \$11.8 million in restricted receipts for FY2026 and \$18.8 million in FY2025 for continued support of new and ongoing initiatives to address the opioid and substance use disorder crisis in Rhode Island.

Department of Children, Youth, and Families: The Governor includes \$263.0 million in general revenues (\$397.2 million all funds) and a net decrease of 1.0 FTE position for the Department of Children, Youth, and Families. This represents an increase of \$1.6 million in general revenue as compared to the FY2025 Budget as Enacted and includes the following changes:

- **Congregate Care Reductions:** The Governor recommends a reduction of \$6.9 million in general revenue to support the reduction of congregate care placements, both in and out-of-state, for youth in DCYF custody. The proposal includes a \$2.4 million decrease for the reduction of congregate care placements, and an additional \$4.5 million decrease for the reduction of out-of-state placements. Prior year investments in the Department’s provider services are expected to enhance the ability to place children in foster care placements and home-based settings, therefore decreasing the need for congregate care.
- **Emergency Housing:** The Budget includes \$6.1 million in federal funds for emergency hotel housing for DCYF-involved families. The Department had previously funded emergency hotel stays for unhoused families in instances where housing was a barrier to reunification through general revenues. The Governor’s proposed budget reduces general revenue funding by utilizing a mechanism to transfer available Temporary Assistance for Needy Families (TANF) funds to Social Services Block Grant (SSBG) funding. SSBG funding is allowed for use for programs and services to children or families with an income less than 200 percent of the federal income poverty level (FPL).
- **Unclaimed LEA Costs:** The Budget includes \$3.0 million in general revenue savings resulting from the reduction of annual uncollected receivables due from Local Education Authorities (LEAs). Currently, the State makes upfront payments to providers educating DCYF youth in residential treatment centers. LEAs are required to pay established rates towards these costs, and this proposal seeks to ensure a timelier reimbursement process.
- **Financial Consultant Support:** The Governor proposes a \$1.0 million reduction in general revenues (\$1.5 million all funds) related to contractor costs from the rate setting process. The rate setting review for Child Welfare and Children’s Behavioral Health is expected to be complete in FY2025, removing the need for additional funding for a consultant.
- **Overtime Reduction:** The Budget proposes an \$800,000 decrease in general revenue for reductions in overtime. The savings is estimated based on historical data and operational requirements for the Department.
- **Consent Decree Consultant:** The Governor recommends \$750,000 in general revenue for a consultant to oversee compliance with the consent decree which the State formally entered into with the United States Department of Justice on January 7, 2025. The consent decree is in relation to the State’s hospitalization of children with behavioral health disabilities, and requires a consultant to conduct a review of Rhode Island’s children’s behavioral health system. An increase has also been proposed in the Executive Office of Health and Human Services’ budget for a court monitor.
- **Comprehensive Needs Study:** The Budget includes \$250,000 in general revenues for a comprehensive needs assessment for the Department, a \$50,000 increase over the enacted level. The comprehensive needs assessment is intended to focus on client accessibility, data development for service array determination, and overall development for least restrictive services in State.
- **Early Childhood System Coordinator:** The Governor proposes the transfer of an Early Childhood Systems Coordinator from DCYF to DHS. The transfer is intended to facilitate interagency coordination on early childhood goals, and is a reduction of \$186,570.

Department of Health: The Budget includes \$38.1 million in general revenue (\$292.1 million in all funds) for the Department in FY2026. This represents a general revenue decrease of \$1.9 million when compared to the FY2025 Budget as Enacted, and is attributable to the following changes:

- **COVID-19 Response:** The Governor recommends \$15.2 million in federal funds for COVID-19 response, a decrease of \$53.7 million from FY2025 Enacted.

- **Opioid Crisis Response Funding:** The Governor recommends \$6.9 million in restricted receipts to support the States response to the Opioid epidemic afflicting the State. Of these funds, \$1.4 million derive from Opioid Stewardship Funds, and \$5.5 derive from Statewide Opioid Abatement Funds
- **Controlling Growth:** The Governor recommends adjustments to the agencies contracted services, and operating expenses, resulting in a net general revenue decrease of \$5.1 million.
- **Health Professional Loan Repayment Program:** The Governor recommends a \$200,000 general revenue (\$400,000 all funds) increase for loan repayment assistance specifically targeted towards primary care physicians and pediatricians in underserved communities.
- **Workforce Efficiency:** The Governor recommends a general revenue decrease of \$173,608 (\$180,269 in all funds), reflecting a decrease of 1.0 FTE position and 1.0 contractor position. The department will be able to absorb the responsibilities performed by these positions through consolidation and streamlining. The personnel reduction will be managed through expected attrition.
- **Cannabis Testing Oversight FTE:** The Governor includes a restrict receipt increase of \$154,300 to support the Marijuana Trust Fund, adding 1.0 FTE Data Analyst I position. The position will be tasked with oversight of cannabis testing laboratories, ensuring compliance with State regulations, managing cannabis testing responsibilities, and responding to compliance investigations
- **Food Inspector FTE:** The Governor proposes shifting \$127,874 in general revenue funds to restricted receipts to preserve 1.0 FTE Food Inspector position for FY2026. The position is responsible for ensuring food safety and sanitation in licensed food businesses, including restaurants, hospitals, schools, cottage foods, etc. In its Budget request, Department noted that the position would be removed in FY2027, potentially jeopardizing Rhode Island businesses that sell shellfish and milk interstate, as well as interstate and interdepartmental collaborations.
- **Gloria Gemma Breast Cancer Resource Foundation:** The Governor recommends a general revenue increase of \$50,000 to support the Gloria Gemma Breast Cancer Resource Foundation and the organizations new survivorship and well-being center in Lincoln.
- **Streamline Certificate Of Need Process:** The Governor changes the certificate of need process by removing various outpatient services and low-cost alternatives to traditional care from review, raises the capital expenditure threshold to \$50.0 million, eliminates the reapproval requirement for minor cost increases, adds exemptions for state projects, and limits procedural delays by competitors post-approval – aligning Rhode Island’s policy with other States, reducing regulatory burdens, fostering new healthcare entrants, and expanding access to underserved communities.

Department of Human Services: The Budget includes \$135.5 million in general revenue (\$829.2 million in all funds) for the Department in FY2026. This represents a general revenue decrease of \$7.2 million when compared to the FY2025 Budget as Enacted, and is attributable to the following:

- **Controlling Growth:** The Governor recommends a net general revenue decrease of \$10.3 million in operating, contracted, and capital expenses to manage expenditure growth in FY2026.
- **RIBridges Operating Cost Consolidation:** The Governor transfers \$8.1 million in general revenue funds, and \$16.3 million in all funds, to the Executive Office of Health and Human Services (EOHHS), consolidating all operating and contracted expenditures for RIBridges. This funding transfer does not represent any governance or management change to the RIBridges system. Additionally, salaries for eligibility staff will not be impacted by the transfer and will remain in DHS
- **Shift Field Operation Expenses to Block Grants:** The Governor shifts \$2.0 million in general revenue to account for a shift in operating and personnel funds to the Temporary Assistance to Needy Families (TANF) Block grant and social services block grant, which supports administrative funding up to 15.0

percent. According to the Department, this shift could jeopardize meeting the State's Maintenance of Effort (MOE) of \$64.4 million and potentially decrease future TANF Block grants.

- **Reduction of Operational Expenses:** The Governor recommends a \$519,011 decrease in general revenue to reduce operational expenses such as record retention and software maintenance.
- **Child Support Enforcement Case Management System Transition:** The Governor recommends a \$300,000 increase, including \$102,000 from restricted receipts and \$198,000 from federal funds, to support the transfer of RIKidsBridge, the primary mainframe utilized by the Office of Child Support Enforcement, off the mainframe and into a web-based platform. While the mainframe is utilized by the Office, it has become outdated (designed in the early 1990s). Additionally, by CY2028, the Office will be the only tenant following the end of the current contract. The system supports approximately 70,000 child support cases, collecting about \$93.0 million in child support annually.
- **Housing Security and Senior Centers:** The Governor recommends eliminating the Security for Housing for the Elderly program, and reinvests \$85,000 in general revenue savings to help provide \$200,000 in additional community grant funding for senior centers across Rhode Island.
- **Early Childhood Systems Coordinator:** The Governor recommends a general revenue increase of \$186,570 for the transfer of 1.0 FTE Administrator – Operations Management position from DCYF to DHS. The position will act as an interagency coordinator between DHS, RIDE, RIDOH, and EOHHS to advance the State's early childhood goals. The Coordinator will oversee initiatives such as federal grant applications, interagency contracts, and Children's Cabinet coordination.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals: The Governor's Budget includes \$316.3 million in general revenues and a net increase of 2.0 FTE positions (\$704.2 million all funds) for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals. This represents an increase of \$10.6 million in general revenue as compared to the FY2025 Budget as Enacted and includes the following changes:

- **ESH and Zambarano Operational Savings:** The Governor recommends a general revenue reduction of \$3.5 million related to operational savings within Eleanor Slater and Zambarano Hospitals. The savings are the result of optimizing billable patient head counts, Medicare Part D and other non-Medicaid revenue sources billing, and decreased expenditures on overtime and contracting costs.
- **RISPH Operational Savings:** The Governor recommends a general revenue reduction of \$2.5 million related to operational savings within the Rhode Island State Psychiatric Hospital. The savings are the result of optimizing Medicare Part D billing, as well as decreased expenditures on overtime, operating expenses, and contracting services.
- **Caseload Adjustment:** The Budget includes an increase of \$2.4 million in general revenue (\$16.1 million all funds) to reflect the caseload adopted at the November 2024 Caseload Estimating Conference. This increase captures continued growth in residential services, as well as increases to the Federal Medical Assistance Percentage (FMAP) rate.
- **Transformation and Technology Funds:** The Budget includes an increase of \$928,200 for infrastructure and technology costs related to the Department's consent decree. This increase represents the shift of unspent funds from FY2024, pursuant to the Consent Decree Action Plan. A total \$1.9 million unspent balance is proposed to be split between FY2025 and FY2026.
- **RICLAS FTE Transfer:** The Governor proposes the transfer of 2.0 facilities management FTEs from the Department of Administration to the Rhode Island Community Living and Supports (RICLAS) program within the Services for the Developmentally Disabled program. The positions are associated with state-owned group homes and represent an increase of \$222,868 in FY2026.

- **CCBHC Contracting Oversight:** The Governor proposes \$208,363 in general revenues for contracting services within the Behavioral Healthcare Services program. The services are to support oversight and licensing of the Certified Community Behavioral Health Centers (CCBHCs). The proposal has a corresponding partial reduction in State Fiscal Recovery Funds (SFRR) within the Executive Office of Health and Human Services to reflect previously budgeted funds for this purpose that have been reallocated.
- **FMAP Adjustment and Hospital Billing (federal funds):** The Budget includes a total of \$61.5 million in federal Medicaid funds for the Eleanor Slater Hospital and Zambarano Hospital. The recommendation reflects an increase of the blended Federal Medical Assistance Percentage (FMAP) rate, which for hospital programs is 57.30 percent in FY2026.
- **FMAP Adjustment and RICLAS Billing (federal funds):** The Budget includes a total of \$19.6 million in federal Medicaid funds for the Rhode Island Community Living and Supports (RICLAS) program within the Services for the Developmentally Disabled program. The recommendation reflects an increase of the Federal Medical Assistance Percentage (FMAP) rate from 55.99 percent to 57.20 percent in FY2026.
- **Opioid Crisis Response (restricted receipts):** The Budget includes restricted receipts in the amount of \$1.3 million in Opioid Stewardship Funds and \$4.0 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 \$1.3 million in Opioid Stewardship Funds, \$450,000 is distributed equally to the seven Regional Substance Abuse Prevention Task Forces to fund priorities as determined by each Task Force. This is a \$50,000 reduction to the Task Forces.

Office of the Child Advocate: The Governor includes \$2.3 million in general revenues for the Office of the Child Advocate, an increase of \$373,187 as compared to the FY2025 Budget as Enacted. This represents full financing for current operations and staffing authorizations.

Office of the Mental Health Advocate: The Governor’s Budget includes \$1.1 million in general revenues for the Office of the Mental Health Advocate, an increase of \$135,556 in general revenue as compared to the FY2025 Budget as Enacted. This represents full financing for current operations and staffing authorizations.

Elementary and Secondary Education: The Governor increases funding in the Department by \$54.2 million in general revenue (a net decrease of \$22.0 million all funds) and provides 2.0 new FTE positions. The major changes include the following:

- **Education Aid Funding Formula:** The Governor recommends an increase of \$39.7 million in education aid, relative to the FY2025 Budget as Enacted, including the funding formula distribution and categorical aid.
- **Davies Career and Technical School (2.0 new FTE positions):** The Budget provides \$335,308 in general revenue to support 2.0 new FTE positions needed to meet the new graduation requirements passed by the Board of Education in November 2022 that begin with the graduating class of 2028.

FY2026 Governor's Education Aid		
Categorical	Change from	
	Enacted	Total Funding
Formula Formula	\$41.4	\$1,244.5
Transportation	1.2	12.5
Early Childhood	(1.0)	28.9
High-Cost Special Education	-	15.0
Career & Tech. Schools	(2.0)	4.5
Regionalization Bonus	-	-
Group Home Aid	0.0	1.9
Total	\$39.7	\$1,307.2

\$ in millions

- **Learn365RI:** The Governor recommends \$2.5 million in general revenue to support out-of-school programming with a focus on critical skill development.

- **School Housing Aid:** The Governor recommends \$119.9 million for the school housing aid program, an increase of \$13.7 million.
- **Teacher Retirement:** Teacher retirement increases by \$5.7 million, providing \$138.0 million total.
- **Central Falls:** The Governor recommends a decrease of \$494,863 in education aid and that Central Falls School District transition finances and governances back to local control.
- **School Breakfast and Lunch:** The Governor fully funds the State's share of administrative costs for the school breakfast program (\$270,000). These administrative costs include hiring servers needed to effectively run the program and encourage participation. In addition, the Budget includes \$812,952 in general revenue to provide free school meals to all students in public schools eligible for reduced-price meals.

Higher Education: The Budget increases funding over the FY2025 Budget as Enacted by \$14.5 million in general revenue (\$123.3 million all funds) for Public Higher Education and provides a net increase of 2.0 new FTE positions, with a total salary of \$250,323 located within the Office of the Postsecondary Commissioner to support a new federated data system. Major changes in funding include the following:

- **Office of the Postsecondary Commissioner:** The increase of \$4.2 million in general revenue (\$4.5 million all funds) is attributable to the following:
 - **Hope Scholarship:** The Governor recommends a general revenue increase of \$2.1 million for the continued support of the Hope Scholarship program at Rhode Island College, bringing total funding in FY2026 to \$5.5 million.
 - **Rhode Island Promise Scholarship:** The Governor recommends a general revenue increase of \$958,645 for the continued support of the Rhode Island Promise Scholarship at CCRI, bringing in totaling funding in FY2026 to \$8.6 million.
 - **Dual and Concurrent Enrollment:** The Governor recommends \$2.9 million in general revenue, an increase of \$600,000 from FY2025 Budget as Enacted, to support dual and concurrent enrollment. These funds are sourced from a proposed transfer of Rhode Island Student Loan Authority reserves. In 2023-2024, 6,241 students were enrolled in early college opportunities.
 - **Integrated Data Systems:** The Governor recommends a \$250,323 increase in restricted receipts to support 2.0 new FTE positions within the Office of the Postsecondary Commissioner (OPC). These positions will support the Integrated Data Systems initiative, which will create an amalgamated data system. The positions will aid in development, data integration, and data analysis efforts.
 - **Rhode to Prosperity Data Systems:** The Governor recommends \$200,000 in general revenue to support data systems and adjustments essential to the sustainability and efficiency of education and workforce programs.
 - **Rhode Island School for Progressive Education:** The Governor recommends a \$100,000 general revenue decrease for grant funding which supported the Rhode Island School for Progressive Education, resulting in a total of \$100,000 going towards the school.
- **College Visions:** The Governor recommends an increase of \$50,000 in general revenue to support expanded college access to the College Visions summer college planning, career awareness, and academic preparation program.
- **University of Rhode Island:** The FY2026 Budget includes an increase of \$4.5 million in general revenue (\$90.7 million increase in all funds) for the University of Rhode Island. Of these funds, \$1.0 million will support the 4.0 percent cost of living adjustment (COLA) for eligible non-union employees due to the most recent contract negotiations; \$2.5 million will support rising costs for personnel and operating expenditures; \$874,069 will support programming relative to career readiness, career placement, internships, and work-based learning; and \$101,609 will support centralized services.
- **Community College of Rhode Island:** The Budget includes an increase of \$3.3 million in general revenue (\$16.7 million increase in all funds) for the Community College of Rhode Island in FY2026.

Of these funds, \$800,000 supports the Rhode to Prosperity Initiative, which will launch pre-apprenticeship pathways to building trades; 668,135 will finance the 4.0 percent cost of living adjustment (COLA) for eligible non-union employees due to the most recent contract negotiations; \$1.4 million will support rising costs for personnel and operating expenditures; and \$391,175 will fund programming related to career readiness, career placement, internships, and work-based learning; and \$59,244 will fund centralized services.

- **Rhode Island College:** The Budget includes an increase of \$2.8 million in general revenue (\$11.3 million increase in all funds) for Rhode Island College in FY2026. Of these funds, \$710,342 will finance the 4.0 percent cost of living adjustment (COLA) for eligible non-union employees due to the most recent contract negotiations; \$1.5 million will support rising costs for personnel and operating expenditures; \$874,069 will fund career readiness, career placement, internships, and work-based learning; and \$95,773 will fund centralized services.

Rhode Island State Council on the Arts: The Governor's Budget includes \$2.4 million in general revenue (\$4.2 million all funds) for the Rhode Island State Council on the Arts, an increase of \$19,474 in general revenue as compared to the FY2025 Budget as Enacted. This represents full financing for current operations and staffing authorizations.

Department of Corrections: The Governor recommends \$322.6 million in total funding for the Department of Corrections in FY2026, \$296.7 million of which, is general revenue. The recommendation represents a \$5.6 million reduction in all funds and a \$3.0 million increase in general revenue relative to the FY2025 enacted level. Significant budgetary adjustments include the following:

- **Minimum Security Facility Closure:** The Governor recommends the construction of a new housing module at the Medium Security Facility, the closure of the Minimum Security Facility, and the transfer of its population to the newly built module. The Minimum Security Facility, which can house up to 710 inmates, held an average population of 169 through August 2024. The Governor recommends consolidating the two facilities and constructing a new housing module at the Medium Security Facility to separate the populations. The Governor recommends \$1.0 million of RICAP funds to build the housing module and general revenue savings of \$6.2 million in FY2026.
- **COLA Reserve:** The Governor recommends holding funds in reserve at the Department of Administration to support cost-of-living adjustments (COLA) for union members at the Department of Corrections, the Department of Public Safety, and RIDE, who have yet to ratify new contracts. The Budget includes \$19.0 million in general revenue (\$20.6 million in all funds) statewide for FY2026.

Judiciary: The Budget includes \$133.5 million in general revenue (\$159.2 million all funds), an increase of \$9.2 million in general revenue (\$11.3 million all funds) relative to the FY2025 Budget as Enacted, and 4.0 new FTE positions, including 1.0 new Court Interpreter I position, 1.0 new Deputy Clerk, 1.0 new Deputy Clerk position in the Traffic Tribunal, and 1.0 new Administrative Clerk of Office Services position in the Workers' Compensation Court.

Emergency Management: The Governor recommends \$7.5 million in general revenue expenditures (\$43.7 million all funds) for the Rhode Island Emergency Management Agency in FY2026, reflecting an increase of \$449,782 in general revenue expenditures and \$7.1 million in all funds.

- **Public Safety Warehouse:** The Budget adds \$592,016 in general revenue to fund a Rhode Island Emergency Management Agency public safety warehouse, reflecting an increase of \$292,516 from the FY2025 Budget as Enacted. Article 9 of the recommended budget authorizes a lease agreement for warehouse space to be administered by the Rhode Island Emergency Management Agency. The warehouse is 73,770 square feet of space located at 2700 Plainfield Pike in the City of Cranston and owned by EIM Plainfield Pike LLC. The existing lease expires on July 31, 2025, and the warehouse needs continue. The warehouse space has been co-administered between the Department of

Administration and the Rhode Island Emergency Management Agency as part of the State's pandemic response using federal funding from the ARPA SFRF for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. The lease terms state that the length of the lease is not to exceed 10 years and the aggregate base rent is not to exceed \$7.2 million.

Department of Public Safety: The Governor recommends \$126.6 million of general revenue (\$191.3 million in all funds) to support the Department of Public Safety, representing an \$8.8 million decrease (\$19.9 million in all funds) from the FY2025 enacted level. The reduction in general revenue is mainly attributable to the \$11.5 million body-worn camera expenditure occurring in FY2025. Additional budgetary adjustments include the following:

- **COPS Anti-Heroin Task Force Grant:** The Governor recommends utilizing \$966,252 of the federal FY2024 Community Oriented Policing Services (COPS) Anti-Heroin Task Force grant in FY2026. The Department was awarded \$4.0 million to direct a program focused on eradicating the suppliers of opioids within the State's communities. The Budget includes expenditures of \$1.8 million in FY2025 and \$966,252 in FY2026.
- **Capitol Police Screener FTE:** The Governor recommends 1.0 FTE position and \$89,972 in general revenue to support the salary and benefits of a new Capitol Police screener position in the Security Services program. The new position will screen and inspect all visitors as well as provide general security.
- **State Forfeiture Funds:** The Governor recommends a one-time use of \$459,805 in restricted receipts from the residual forfeiture account balances of the Gaming and High Intensity Drug Trafficking Area Units to support overtime costs in FY2026. The adjustment will reduce general revenue expenditures by an equivalent amount.
- **COLA Reserve:** The Governor recommends holding funds in reserve at the Department of Administration to support cost-of-living adjustments (COLA) for union members at the Department of Corrections, the Department of Public Safety, and RIDE, who have yet to ratify new contracts. The Budget includes \$19.0 million in general revenue (\$20.6 million in all funds) statewide for FY2026.

Department of Environmental Management: The Governor increases general revenue funding relative to the FY2025 Budget as Enacted by \$1.1 million, a net increase of \$16.7 million in all funds, with no change in FTE positions. Changes in funding include the following:

- **Shift Personnel Costs from General Revenue to Other Funding Sources:** The Governor recommends shifting \$744,539 in personnel costs from general revenue to other funding sources including federal funds and restricted receipts.
- **Local Agriculture and Seafood Act (LASA) Grants:** The includes \$500,000 in general revenue for the LASA grant program to support the growth, development, and marketing of local food and seafood within Rhode Island.
- **Seafood Marketing Collaborative:** The Budget provides \$100,000 in general revenue to continue support for local fishermen and small seafood business, and to increase awareness and consumption of locally fished species.
- **Litter-Free Rhody:** The Governor recommends \$100,000 in general revenue to continue the Litter-Free Rhody program to encourage community involvement in the removal of trash and litter from state parks, beaches, and management areas.
- **Repeal Paint Stewardship Program:** Article 3 would repeal the paint stewardship program.

Coastal Resources Management Council: The Budget provides \$3.7 million in general revenue (\$9.7 million all funds), and increase of \$97,428 in general revenue (\$3.5 million) all funds relative to FY2025

Budget as Enacted), including \$25,000 in general revenue to implement the 2023 shoreline access legislation.

Department of Transportation: The Governor recommends \$851.2 million in all funds to support the Department of Transportation, representing a \$38.4 million reduction from the FY2025 enacted level. Significant budgetary adjustments include the following:

- **Rhode Works Truck Tolling Reimplementation:** The Governor recommends reimplementing the Rhode Works truck tolling program and assumes revenue of \$10.0 million in FY2026 and \$40.0 million in out-year FY2027. Established in 2016, the Rhode Works program collected toll revenue from tractor-trailers on six highways throughout the State. The program included three statutory caps that benefitted local trucks: a truck cannot pay a toll more than once in each direction, a truck cannot pay more than \$40 per day, and a truck cannot pay more than \$20 for making a single through trip from Connecticut to Massachusetts. The State was ordered to cease the program in 2022 due to a court-ordered injunction, which the State appealed. The federal First Circuit Court of Appeals ruled in favor of the State in December of 2024, and authorized the program to resume, so far as the statutory caps were removed. The Governor recommends the reimplementation of the Rhode Works program and assumes \$10.0 million of toll revenue will be collected in the final quarter of FY2026.

Analyst Note: The Governor did not submit legislation concerning Rhode Works and the elimination of the statutory caps.

- **RhodeRestore:** The Governor recommends investing \$6.5 million of other funds in the RhodeRestore program, which will replace the existing Municipal Roads Grant program. Funded with \$27.0 million of State Fiscal Recovery Funds, the Municipal Roads Grant program provides matching funds to municipalities to help supplement their costs for infrastructure projects. The program requires municipalities to contribute 67.0 percent of the overall cost and the State matches the remaining 33.0 percent. RhodeRestore is funded entirely with State revenue but will function similarly to the existing program.
- **Electric Vehicle Fee:** The Governor recommends assessing a biennial registration fee for electric vehicles and assumes it will generate revenue of \$1.7 million in FY2026. The fee will supplement the State's declining motor fuel tax revenue due to the adoption of electric vehicles and will be required for battery and hybrid electric vehicles. A battery electric vehicle, which operates solely by use of a battery, will be subject to a \$300 registration fee every two years. A hybrid electric vehicle, which can deliver power to wheels solely by a battery but also incorporates the use of fuel to power a combustible engine, will be subject to a \$150 fee every two years. Additionally, the Governor recommends the fee be subject to the same CPI-U adjustment as the motor fuel tax. The revenue collected will be deposited to the Highway Maintenance Account to fund the State's transportation infrastructure program.
- **Municipal Road and Bridge Revolving Fund:** The Governor recommends legislation authorizing cities and towns to issue bonds, notes, and other financial instruments to procure funding from the Rhode Island Infrastructure Bank's Municipal Road and Bridge Revolving Fund. Additionally, the Governor recommends expanding the eligibility of projects that may be financed by the Municipal Road and Bridge Revolving Fund and authorizing the agency to provide financial assistance to projects that are not listed on the project priority list.

State Aid and Education Aid

STATE AID

State Aid to Cities and Towns

Tangible Property Reimbursement: Article 4 of the FY2024 Budget as Enacted provides for a new state aid program that reimburses municipalities the foregone revenue associated with a statewide tangible property tax exemption. The implementation and related data collection schedule meant that the first known reimbursement amounts by municipality would not be known until the FY2025 Governor's Supplemental Budget recommendation (previous budget had included a placeholder estimate of \$28.0 million). The Governor recommends \$25.9 million in tangible property tax relief in FY2025 (\$2.1 million less than the FY2025 Budget as Enacted) and the same in FY2026.

Distressed Communities Relief Fund: The Governor recommends level funding the Distressed Community Relief Fund in FY2026 at \$12.4 million in general revenue.

Payment in Lieu of Taxes (PILOT): The Governor budgets \$49.2 million for the State's Payment In Lieu of Taxes (PILOT) program in FY2026, level with the FY2025 enacted amount. 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. According to the Division of Municipal Finance (DMF), the budgeted amount represents 25.9 percent.

Motor Vehicle Excise Tax Reimbursement: The General Assembly repealed the motor vehicle excise tax in the FY2023 Budget as Enacted. Municipalities are reimbursed annually for lost revenue. For FY2026 the Budget includes \$234.9 million in total general revenue reimbursement funding for cities and towns, \$140,860 more than the FY2025 enacted level. The Governor also recommends eliminating the sales tax inflator for FY2026 and beyond (it would remain in effect for FY2025). The proposal, contained in Article 5, would set the annual reimbursement at the FY2024 or FY2025, whichever is higher. Eliminating this calculation removes the would reduce general revenue expenditures by \$9.7 million in FY2026 and \$17.8 million in FY2027.

Library Grant-in-Aid: The Governor recommends \$11.9 million in State Aid to Libraries in FY2026, level with the FY2025 enacted appropriation

Library Construction Aid: The Governor recommends \$2.1 million in FY2026 (\$117,191 less than the FY2025 enacted level) to reimburse communities for up to 50.0 percent of eligible costs of approved library construction projects.

Public Service Corporation Tax: The FY2026 Budget provides \$14.8 million to be distributed to municipalities on July 31, 2025. This estimate is subject to change upon the receipt of final (December 2023) data in the spring of 2025.

Meals & Beverage Tax: The 1.0 percent tax on gross receipts from the sale of food and beverages is estimated to generate \$39.6 million in FY2025 and \$41.4 million in FY2026 for distribution to cities and towns.

Hotel Tax: A 1.0 percent local hotel tax and 25.0 percent of the local share of the State 5.0 percent tax is expected to generate \$14.6 million in FY2025 and \$15.0 million in FY2026 for distribution to cities and towns.

Airport Impact Aid: The Budget level funds state aid to communities that host airports at \$1.0 million in FY2025. The funding is provided annually through Article 1 of the Budget and flows through the Rhode Island Commerce Corporation.

Property Revaluation Reimbursement: The Governor includes \$712,190 in FY2026 to reimburse municipalities for a portion of the cost of conducting statistical property revaluations. This is \$1.2 million less than the FY2025 Budget as Enacted, reflecting reduced revaluation activity in FY2026.

EDUCATION AID

Formula and Categorical Aid

The Governor provides an additional \$39.7 million in education aid through the funding formula distribution and categorical aid.

Funding Formula: The Budget includes an increase of \$41.4 million in education aid formula distribution relative to the FY2025 Budget as Enacted, bringing total formula aid funding to \$1,277.9 million. Article 7 modifies the education aid funding formula by increasing the student success factor weight from 40.0 percent to 43.0 percent for those districts with a pre-kindergarten through 6th grade poverty density at or above 60.0 percent. This impacts five districts in FY2026: Central Falls, Newport, Pawtucket, Providence, and Woonsocket. In addition, the article caps the local tuition reduction for mayoral academies to 14.0 percent.

Categorical	FY2026 Governor's Education Aid	
	Change from Enacted	Total Funding
Formula Formula	\$41.4	\$1,244.5
Transportation	1.2	12.5
Early Childhood	(1.0)	28.9
High-Cost Special Education	-	15.0
Career & Tech. Schools	(2.0)	4.5
Regionalization Bonus	-	-
Group Home Aid	0.0	1.9
Total	\$39.7	\$1,307.2

\$ in millions

Transportation: This category provides funding for transporting students to out-of-district, non-public schools for districts that participate in the statewide transportation system, and for 50.0 percent of the local costs associated with transporting students within regional school districts. The Governor recommends funding this category at \$12.4 million in FY2025, an increase of \$1.2 million.

Early Childhood Education: This category provides funding for early childhood education programs. The Governor funds this category at \$28.9 million in FY2026, a decrease of \$1.0 million from the enacted budget.

High-Cost Special Education: The aid category provides funding to districts for high-cost special education students. The Governor funds this category at \$15.0 million, level with FY2025.

Career and Technical Education: This category provides a state grant program to help districts with certain start-up and maintenance expenditures for career and technical education programs. The Governor funds this category at \$4.5 million, a decrease of \$2.0 million from the enacted level.

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

Group Homes: The Governor's FY2026 Budget includes \$1.9 million to fund group home beds, \$24,312 more than the FY2025 Budget as Enacted. This increase is based on shifts in bed counts and the statute requiring that the average daily membership of a district be decreased by the number of group home beds used in the group home calculation.

Other Aid to Local Education Agencies (LEAs)

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

Telecommunications Education Access Fund (E-Rate): The Governor eliminates the \$400,000 in general revenue funding for the Telecommunication Education Access Fund (E-Rate), and recommends the Department use restricted receipt funding for this program. The purpose of the Rhode Island Telecommunications Education Access Fund (RITEAF or E-rate) is to fund a basic level of internet access for all qualified schools (kindergarten through grade 12) and libraries in the State.

Textbook Reimbursement: The Governor reduces funding for the state Textbook Reimbursement Program by \$180,000 relative to the enacted budget, providing \$60,000 in total funding. Currently, the State provides reimbursement to school districts for the cost of furnishing textbooks in the fields of English/language arts and history/social studies to resident students in grades K-12 attending non-public schools.

School Breakfast Program: The Governor fully funds the State's share of administrative costs for the school breakfast program (\$270,000). These administrative costs include hiring servers needed to effectively run the program and encourage participation. In addition, the Budget includes \$812,952 in general revenue to provide free school meals to all students in public schools eligible for reduced-price meals.

School Housing Aid: The Governor fully funds the school housing aid program, based on updated project completion projections, at \$119.9 million, an increase of \$13.7 million.

Teacher Retirement: The Governor recommends \$138.0 million for the State's share of teacher retirement, an increase of \$5.7 million from the enacted budget.

FY2025 Supplemental

Administration: The Governor includes \$239.4 million in general revenue expenditures (\$648.3 million all funds) for the Department in FY2025, decreasing general revenue expenditures by \$15.6 million, but resulting in increasing all fund expenditures by \$94.2 million.

- **COLA Reserve for Non-ratified Unions:** The Governor includes \$11.2 million as a statewide contract reserve for the COLA adjustment in unions within the Department of Corrections, Department of Public Safety, and the Department of Elementary and Secondary Education that have yet to ratify their new contracts.
- **SFRF and ARPA Funds:** The Budget includes \$79.6 million in federal SFRF and ARPA funds for Municipal and Higher Ed Matching Grant program, to renovate or construct community wellness centers that meet the U. S. Treasury's guidance for workforce development, education, and health maintenance.
- **Covid-19 Reserve and Contingency:** The Budget maintains \$5.0 million in general revenue for Federal Emergency Management Agency (FEMA) reserve and contingency payments
- **Energy Resources:** The Governor transfers all funding for the Office of Energy Resources from the Department as the Office will become a standalone state agency. This reflects a reduction of \$44.8 million in all funds.
- **Debt Service:** The Budget decreases \$4.9 million in general revenue reflecting a delay in issuing the planned general obligation bond issuance to May 2025.
- **RICAP Projects:** The Budget includes \$73.2 million for demolition and infrastructure improvements at the Pastore Campus, \$25.0 million for hospital consolidation, \$13.9 million for renovations to structures at the Zambarano Campus, and \$8.6 million for the proposed new Long-Term Acute Care Hospital on the Zambarano Campus, and \$4.3 million for Group Home consolidation.
- **RICAP Projects:** The Budget includes \$26.1 million for the proposed new Long-Term Acute Care Hospital on the Zambarano Campus, \$25.8 million for infrastructure improvements at the Pastore Campus, \$5.4 million for Group Home consolidation, and \$2.9 million for renovations to structures at the Zambarano Campus.

Office of Energy Resources: The Governor establishes the Office of Energy Resources as a standalone agency and includes \$68.4 million in all funds for the Department in FY2025, including \$500,000 in general revenue for the E-Bike rebate program and the Electric Leaf Blower Rebate program.

- **E-Bike Program:** The Governor continues funding \$250,000 in general revenue to maintain the Erika Niedowski Memorial E-Bike Rebate Program.
- **Electric Leaf Blower Rebate:** The Budget includes \$250,000 in general revenue to fund a new electric leaf blower rebate program, administered through the Office of Energy Resources. The program is intended to encourage commercial landscapers to use zero-emission technology in order to reduce air and noise pollution.

Department of Business Regulation: The Budget includes \$24.7 million in general revenue (\$44.9 million in all funds) for the Department in FY2025 revised budget. This represents a general revenue increase of \$630,864 million when compared to the FY2025 Budget as Enacted, and is attributable to the following:

- **Dental Insurance Loss Ratio:** The Governor recommends a general revenue increase of \$150,000 related to RIGL 27-82.6 The Dental Insurance Loss Ratio Reporting and Study Act. The Act mandates the Office of the Health Insurance Commissioner to provide the general assembly with

an analysis of reported information related to the incurred claims and earned premiums as reported by dental insurers, on or before October 1, 2026. The analysis will provide recommendations related to dental loss ratios and requirements for comprehensive dental benefits plans.

Department of Labor and Training: The Governor recommends \$20.5 million of general revenue and \$627.5 million in total funding for the Department of Labor and Training in FY2025. The recommendation represents a general revenue increase of \$2.7 million and an overall increase of \$33.5 million relative to the FY2025 enacted level. The general revenue increase is mainly attributed to the reappropriation of \$2.2 million. Significant budgetary adjustments include the following:

- **Unemployment Insurance Administration:** The Governor recommends an additional \$250,000 of general revenue to support the administration of the Unemployment Insurance program.

Department of Revenue: The Governor recommends \$402.3 million in total general revenue funding in FY2025 which is a net reduction of \$1.83 million from the enacted level. Revised budget initiatives include:

- **State Aid:** The Governor recommends \$25.9 million for the tangible property tax reimbursements to cities and towns, \$2.1 million less than the enacted. The FY2025 Budget as Enacted included a \$28.0 million placeholder for the program until data became available in August 2024. The Budget decreases state aid based on the actual data reported to DOR by municipalities. State aid is further reduced in the property valuation reimbursement program based on a reduction in the number of municipalities conducting revaluations.

Executive Office of Health and Human Services: The Budget includes \$1,390.9 million from general revenues (\$3,967.1 million all funds) for the Executive Office of Health and Human Services (EOHHS) in FY2026. This represents a general revenue decrease of \$25.5 million (\$50.6 million all funds) when compared to the FY2025 Budget as Enacted. The major changes include the following:

- **Income Verification Software:** Due to the delayed implementation of the income verification software, The Work Number (TWN), the Budget reduces general revenue costs by \$1.2 million (\$4.8 million all funds) to reflect unrealized vendor costs. This initiative is intended to increase the timeliness and accuracy of payroll data utilized in the income verification process for Medicaid benefits.

Department of Children, Youth, and Families: The Governor recommends \$261.4 million in general revenues (\$412.1 million all funds) in FY2025, which is a \$5,744 decrease from the enacted level. Revised budget initiatives include:

- **Emergency Housing:** The Budget includes \$6.8 million in federal funds for emergency hotel housing for DCYF-involved families. The Department had previously funded emergency hotel stays for unhoused families in instances where housing was a barrier to reunification through general revenues. The Governor's proposed budget reduces general revenue funding by utilizing a mechanism to transfer available Temporary Assistance for Needy Families (TANF) funds to Social Services Block Grant (SSBG) funding. SSBG funding is allowed for use for programs and services to children or families with an income less than 200 percent of the federal income poverty level (FPL).
- **Financial Consultant Support:** The Governor proposes an increase of \$700,00 in general revenues related to contractor costs from the rate setting process. The rate setting review for Child Welfare and Children's Behavioral Health is expected to be complete in FY2025.
- **Consent Decree Consultant:** The Governor recommends \$500,000 in general revenue for a consultant to oversee compliance with the consent decree which the State formally entered into with the United States Department of Justice on January 7, 2025. The consent decree is in relation to the State's hospitalization of children with behavioral health disabilities, and requires a consultant to conduct a review of Rhode Island's children's behavioral health system.

- **Comprehensive Needs Study:** The Budget includes \$350,000 in general revenues for a comprehensive needs assessment for the Department, a \$150,000 increase over the enacted level. The comprehensive needs assessment is intended to focus on client accessibility, data development for service array determination, and overall development for least restrictive services in State.
- **Psychiatric Residential Treatment Facility (federal funds):** The Governor recommends \$6.4 million in federal State Fiscal Recovery Funds (SFRF) for the expansion of a psychiatric residential treatment facility (PRTF) at Bradley Hospital. The PRTF project originally totaled \$11.0 million in SFRF funds and a contract was provided to St. Mary's Home for Children for the construction and operation of the facility. Due to the closure of the facility in August 2024 the contract was ended. This recommendation shifts unspent funds from that project to the expansion and maintenance of a similar facility at Bradley Hospital.

Department of Health: The Budget includes \$40.5 million in general revenue (\$387.8 million in all funds) for the Department in FY2025 Revised Budget. This represents a general revenue increase of \$479,410 when compared to the FY2025 Budget as Enacted, and is attributable to the following changes:

- **COVID-19 Response:** The Governor recommends \$100.6 million in federal funds for COVID-19 response, of which \$12.2 million is comprised of State Fiscal Recovery Funds.
- **Opioid Crisis Response Funding:** The Governor recommends \$8.2 million in restricted receipts to support the State's response to the opioid epidemic. Of these funds, \$2.4 million are Opioid Stewardship Funds, \$5.7 are Statewide Opioid Abatement Funds, and \$135,646 are from McKinsey Opioid Settlement Funds.

Department of Human Services: The Budget includes \$147.3 million in general revenue (\$860.5 million in all funds) for the Department in FY2025 Revised Budget. This represents a general revenue increase of \$4.5 million when compared to the FY2025 Budget as Enacted, and is attributable to the following:

- **SNAP Eat Well Be Well Pilot:** The Governor recommends funding changes to the SNAP Eat Well Be Well Pilot, which originally consisted of \$8.3 million in general revenue. Rather than complete general revenue funding, the Governor proposes utilizing \$4.5 million in unspent State Fiscal Recovery Funds (SFRF) and \$3.8 million in general revenue.
- **Restricted Receipts:** The Governor proposes shifting \$4.0 million in general revenue to restricted receipts. These funds support operating and contracted expenditures.
- **2024 Reappropriation:** The Governor proposes an additional \$1.5 million in general revenue for expenses related to:
 - **Shepard Building Reorganization** - \$1.2 million
 - **RIVETS Digitization Project** - \$250,000
 - **Office of Healthy Aging Delayed Invoices from Vendors** - \$30,495
- **Child Support Enforcement Case Management System Transition:** The Governor recommends shifting \$70.833 in general revenue to restricted receipts, to support the transfer of RIKidsBridge, the primary mainframe utilized by the Office of Child Support Enforcement, off the mainframe and into a web-based platform. While the mainframe is utilized by the Office, it has become outdated (designed in the early 1990s). Additionally, by CY2028, the Office will be the only tenant following the end of the current contract. The system supports approximately 70,000 child support cases, collecting about \$93.0 million in child support annually.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals: The Governor recommends:

- **Caseload Adjustment:** The Budget includes an increase of \$3.7 million in general revenue (\$7.3 million all funds) to reflect the caseload adopted at the November 2024 Caseload Estimating Conference. This increase captures continued growth in residential services, as well as increases to the Federal Medical Assistance Percentage (FMAP) rate.
- **RISPH Operational Savings:** The Governor recommends a general revenue reduction of \$1.7 million related to operational savings within the Rhode Island State Psychiatric Hospital. The savings are the result of decreased expenditures on various operating and contracting expenses.
- **Transformation and Technology Fund:** The Budget includes an increase of \$982,957 for infrastructure and technology costs related to the Department's consent decree. This increase represents the shift of unspent funds from FY2024, pursuant to the Consent Decree Action Plan. A total \$1.9 million unspent balance is proposed to be split between FY2025 and FY2026.
- **CCBHC Contracting Oversight:** The Governor proposes \$120,955 in general revenues for contracting services within the Behavioral Healthcare Services program. The services are to support oversight and licensing of the Certified Community Behavioral Health Centers (CCBHCs). The proposal has a corresponding partial reduction in State Fiscal Recovery Funds (SFRF) within the Executive Office of Health and Human Services to reflect previously budgeted funds for this purpose that have been reallocated.
- **FMAP Adjustment and Hospital Billing (federal funds):** The Budget includes a total of \$55.3 million in federal Medicaid funds for the Eleanor Slater Hospital and Zambarano Hospital. The recommendation reflects an increase of the blended Federal Medical Assistance Percentage (FMAP) rate, which for hospital programs is 56.09 percent in FY2026.
- **9-8-8 Hotline (federal funds):** The Budget includes \$3.5 million in State Fiscal Recovery Funds (SFRF), an increase of \$1.6 million over the enacted level, and \$1.0 million in other federal funds for the 9-8-8 National Suicide Prevention Lifeline. The SFRF funds represent the reappropriation of unspent funds from the same purpose in FY2024, and the other federal funds includes \$875,975 from federal Substance Abuse and Mental Health Services Administration (SAMHSA) grant funding.
- **Opioid Crisis Response (restricted receipts):** The Budget includes restricted receipts in the amount of \$3.8 million in Opioid Stewardship Funds, \$10.3 million in Statewide Opioid Abatement Funds, and \$247,937 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 \$3.8 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.

Commission on Disabilities: The Budget includes \$2.3 million in general revenue (\$2.7 million in all funds) reflecting an increase of \$801,272 in general revenue.

- **Livable Home Modification Grant Program:** The Governor recommends the reappropriation of \$640,565 in unspent funds from FY2024 for home modification grants.

Higher Education: The Revised Budget increases funding over the FY2025 Budget as Enacted by \$1.3 million in general revenue (\$83.6 million all funds) for Public Higher Education. Major changes in funding include the following:

- **Office of the Postsecondary Commissioner:** The increase of \$659,173 in general revenue (a \$11.4 million increase in all funds) is attributable to the following:
 - **Dual and Concurrent Enrollment:** The Governor recommends \$2.7 million in general revenue, an increase of \$400,000 from FY2025 Enacted to support dual and concurrent enrollment. These funds are sourced from the Rhode Island Student Loan Authority reserves.

- **Hope Scholarship:** The Governor recommends a general revenue increase of \$198,601 for the continued support of the Hope Scholarship program and Rhode Island College, bringing total funding in FY2025 to \$3.6 million.
- **Rhode Island Promise Scholarship:** The Governor recommends a general revenue increase of \$6,015 for the continued support of the Rhode Island Promise Scholarship, bringing in totaling funding in FY2025 to \$7.4 million.
- **University of Rhode Island:** The revised budget includes an increase of \$177,145 in general revenue (\$40.2 million increase in all funds). Of these funds, \$566,492 million will support the 5.0 percent cost of living adjustment (COLA) for eligible non-union employees due to the most recent contract negotiations, partially offset by a reduction of \$395,667 in savings related to centralized services.
- **Community College of Rhode Island:** The revised budget includes an increase of \$247,881 in general revenue (\$11.3 million increase in all funds). Of these funds, \$363,114 will finance the 5.0 percent cost of living adjustment (COLA) for eligible non-union employees due to the most recent contract negotiations, partially offset by a reduction of \$115,233 in savings related to centralized services.
- **Rhode Island College:** The revised budget includes an increase of \$272,475 in general revenue (\$20.7 million increase in all funds). Of these funds, \$386,059 will finance the 5.0 percent cost of living adjustment (COLA) for eligible non-union employees due to the most recent contract negotiations, partially offset by a reduction of \$113,584 in savings related to centralized services.

Department of Corrections: The Governor recommends \$295.7 million of general revenue and \$345.4 million in total funding for the Department of Corrections in FY2025. The recommendation represents a \$17.2 million increase in all funds and a \$2.0 million increase in general revenue relative to the FY2025 enacted level. Significant budgetary adjustments include the following:

- **COLA Reserve:** The Governor recommends holding funds in reserve at the Department of Administration to support cost of living adjustments (COLA) for union members at the Department of Corrections, the Department of Public Safety, and RIDE, who have yet to ratify new contracts. The Budget includes \$11.2 million in general revenue (\$12.2 million in all funds) statewide for FY2025.

Judiciary: The Budget includes \$133.0 million in general revenue (\$158.8 million all funds), an increase of \$8.6 million in general revenue (\$10.9 million all funds) relative to the FY2025 Budget as Enacted, including the reappropriation of \$3.9 million in unspent general revenue from FY2024 into FY2025.

Department of Public Safety: The Governor recommends \$138.1 million of general revenue and \$218.6 million in total funding for the Department of Public Safety in FY2025. The recommendation represents a \$7.5 million increase in overall funding, \$2.7 million of which, is general revenue. Significant budgetary adjustments include the following:

- **Vehicle Replacement Plan:** The Governor recommends using \$3.3 million in general revenue, realized through personnel savings, to purchase vehicles for the Department instead of utilizing the State Fleet Revolving Loan Fund. The recommendation includes \$2.4 million for the State Police, \$785,000 for the Sheriffs, and \$121,000 for Capitol Police.
- **COLA Reserve:** The Governor recommends holding funds in reserve at the Department of Administration to support cost of living adjustments (COLA) for union members at the Department of Corrections, the Department of Public Safety, and RIDE, who have yet to ratify new contracts. The Budget includes \$11.2 million in general revenue (\$12.2 million in all funds) statewide for FY2025.

Department of Environmental Management: The Governor increases general revenue funding relative to the FY2025 Budget as Enacted by \$1.2 million, a net increase of \$18.9 million in all funds, with no change in FTE positions. Changes in funding include the following:

- **Underground Storage Tank Transfer:** The Budget includes the transfer of \$3.0 million in restricted receipts to general revenue.
- **Redirection of General Revenue to Restricted Receipts:** The Budget includes \$2.3 million in general revenue savings due to the one-time use of restricted receipts for personnel costs.
- **Redirection of General Revenue to Federal Funds:** The Budget includes \$500,000 in general revenue savings due to the one-time shift of costs to federal indirect cost recoveries.

Department of Transportation: The Governor recommends \$1.1 billion in total funding for the Department of Transportation in FY2025, reflecting an increase of \$215.5 million from the FY2025 enacted level. Significant budgetary adjustments include the following:

- **Federal Discretionary Grants:** The Governor recommends that the Department utilize \$54.8 million in federal discretionary grants in FY2025, reflecting a \$27.8 million increase from the enacted level. In recent years, the Department received a \$95.5 million Infrastructure for Rebuilding America (INFRA) grant, a \$125.4 million MEGA grant, and a \$251.0 million Federal Bridge Investment Program grant.
- **Winter Maintenance:** The Governor recommends \$15.9 million of other funds for winter maintenance in FY2025, reflecting a \$1.9 million increase from the enacted level.

Articles

FY2026

Article 1: Relating to Making Appropriations in Support of FY2026

This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also makes the following changes:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,806.8 FTE positions reflecting a net increase of 34.0 FTE positions as compared to the authorized level set in the FY2025 Budget as Enacted.
- Details Community Service Objective (CSO) 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 FY2027. In addition, the Office of the Postsecondary Commissioner shall provide \$8.3 million be allocated to the Rhode Island Promise Scholarship program, and \$5.5 million be allocated to the Rhode Island Hope Scholarship Program, \$455,000 to support the Onward We Learn, \$100,000 to the Rhode Island School for Progressive Education, \$151,410 to support the State's membership in the New England Board of Higher Education, \$75,000 to Best Buddies Rhode Island, and \$50,000 to College Visions.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.4 million. It requires the Judiciary to provide \$500,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- Requires that Rhode Island Housing and Mortgage Finance Corporation continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires a report be provided to the Director of Administration, chair of the Housing Resources Commission, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and funding.
- Clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021. Requires that all unexpended or unencumbered balances relating to the State Fiscal Recovery Fund and Capital Projects Fund be reappropriated to FY2026 and made available for the same purposes.
- Extends the quarterly reporting period to January 31, 2025, for the Pandemic Recovery Office to identify programs that are at risk of significant under spending or noncompliance with federal or state requirements. The reports are provided to the chairpersons of the House and Senate Finance Committees. Commencing with the report due on April 30, 2025, the report will be made on a biannual basis until October 31, 2026. The report must include an assessment on how programs that are at risk can be remedied.
- Allows the Governor to reclassify any State Fiscal Recovery Funds that are at risk of forfeiture from the SFRF program to other eligible uses as determined by the U. S. Treasury. The Governor is required to notify the General Assembly within 30 days of any such reclassification.
- Includes the appropriation mechanism necessary for incremental tax revenues collected from State economic activity taxes generated in Pawtucket's Downtown Redevelopment district to be made

available to the City. Legislation enacted in 2019 established several geographical districts within downtown Pawtucket that would constitute the City of Pawtucket's Downtown Redevelopment project. Any incremental tax revenues generated in these districts related to new economic development are to be made available to the City once an agreement is made between City and the State. This agreement was entered into in December 2020. Since the passage of the legislation, the Commerce Corporation has been certifying these revenues and the Division of Taxation has segregated them into their own account. The language makes the formal appropriation in the Budget to disburse the funds to the City of Pawtucket.

- Requires the Rhode Island Student Loan Authority to transfer \$2.9 million to the State Controller by June 30, 2026.

Article 2: Relating to State Funds

This article amends various statutes related to State funds and financing, significant changes include:

- **Municipal Road and Bridge Revolving Fund:** Authorizes cities and towns to issue bonds, notes, and other financial instruments to procure funding from the Rhode Island Infrastructure Bank's Municipal Road and Bridge Revolving Fund, if the funding serves as a match to collect additional federal, state, local, or other funds. Additionally, the article expands the eligibility of projects that may be financed by the Municipal Road and Bridge Revolving Fund and authorizes the agency to provide financial assistance to projects that are not listed on the project priority list, if the funding will serve as a match to garner additional state, federal, local, or other funds.
- **Supplemental State Budget Reserve Account:** Establishes that the State Controller shall not transfer 50.0 percent of the excess general revenue, net of the transfer to the State Budget Reserve and Cash Stabilization account, to the Supplemental State Budget Reserve account and 50.0 percent to the State Employees' Retirement System to support the State pension system. This would reverse the transfer of \$21.6 million to the ERSRI pension fund and \$21.6 million to the Supplemental State Budget Reserve account in FY2025, and increase the available fund balance in the Governor's recommended budget by \$43.3 million. This exemption only applies to the FY2024 excess revenue balance. In addition, the duties of the State Controller are amended to include oversight of the Office of Risk Management.

Analyst Note: Article 3 removes the oversight responsibility of the Office of Risk Management from the Division of Capital Asset Management and Maintenance (DCAMM).

- **Indirect Cost Recovery Exemptions:** Increases the indirect cost recovery charge provisions on restricted receipt accounts from 10.0 percent to 15.0 percent, matching the new federal rate that went into effect on October 1, 2024. This is projected to increase general revenue receipts by \$6.8 million in FY2026. The article also adds or amends several restricted receipt accounts under the list of accounts exempt from the indirect cost recovery surcharge.
- **Medicare Part D Restricted Receipt Account:** Establishes a Medicare Part D restricted receipt account at the Rhode Island State Psychiatric Hospital.

Article 3: Relating to Government Reform and Reorganization

Article 3 makes several changes to the organization of state government. Specifically, the article:

- **Hemp Growth Act:** Amends the statutory language in RIGL 2-26, substituting 'commission' for 'department', and 'chairperson' for 'director', completing the transition of regulatory charge from the Department of Business Regulation to the Cannabis Control Commission. The article also incorporates RIGL 28-5.1-14, titled Equal Opportunity and Affirmative Action, as a technical change to the statute.
- **Instruction in Jiu-Jitsu or Karate:** Repeals RIGL 5-43-1, and 5-43-2, eliminating municipal authority to offer licenses and charge fees up to \$25 for instruction in jiu-jitsu and karate, and eliminates the \$20

fine in which municipalities could charge anyone offering instruction in jiu-jitsu and karate without sufficient licensing.

- **Office of Internal Audit and Program Integrity:** Amends multiple sections of general law to update the change in the name of the office from the Office of Internal Audit to the Office of Internal Audit and Program Integrity, to better describe the scope and responsibilities of the Office's functions to investigate fraudulent activities and to prevent and detect mismanagement of public funds. The article provides the Chief of Internal Audit and Program Integrity with subpoena power for records and testimony relevant to conducting audits and investigations, and gives the Office the authority to initiate civil actions to recover assets obtained through fraudulent means. This proposal includes \$350,406 in annual recurring general revenue expenditures to support the salaries and benefits of two FTE positions, of which one position will focus on supporting Office of Internal Audit and Program Integrity's fraud prevention and detection mission through complex analytics.
- **Rhode Island Cannabis Act:** Amends RIGL 21-28.11-4, the Rhode Island Cannabis Act, charging the Commission with the authority to designate an administrative hearing officer, and ensures that the transfer of regulatory authority of industrial hemp occurs concurrently with the transfer of regulatory authority of medical marijuana.
- **Proper Management of Unused Paint:** Repeals RIGL 23-24.12 regarding the proper management of unused paint and end the imposition of a recycling fee as of August 1, 2025, on paint sold in the State of Rhode Island. The article requires approval from the Department of Environmental Management for expenditures from the fund after August 1, 2025, an audit of accounts funded by the recycling fee, and the transfer of remaining fees to the Rhode Island Resource Recovery Corporation.
- **Procurement Assessment Fee:** Establishes a 0.33 percent administrative fee be assessed on all state contracts beginning on January 1, 2026, reducing the current 1.0 percent administrative fee on master price agreements (MPA) to 0.33 percent. Revenue from the fee would be restricted to support the operations of the Division of Purchases. The FY2026 budget includes a reduction of \$500,000 in general revenue expenditures due to the shift of costs to restricted receipts. Restricted receipt revenue will decrease by \$387,787 in FY2026 from the FY2025 enacted level due to the decrease in the MPA fee and the staggered rollout of the new fee to only contracts that renew or commence after January 1, 2026, but would be revenue positive beginning in FY2027.
- **Office of Risk Management:** Amends general law to modify the duties of the Department of Administration's Division of Capital Asset Management and Maintenance (DCAMM) to no longer include oversight of the Office of Risk Management.
- **Office of Energy Resources:** Amends the filing date of the Office of Energy Resources' annual report from March 1 to June 30 of each year. The article also eliminates a provision referencing the Energy Efficiency Resource Management Council, as the council submits its own annual report and amends RIGL 42-140-3 and RIGL 42-140-7 to eliminate outdated statutory references.
- **Rhode Island Integrated Systems Act:** Amends the title of the Rhode Island Longitudinal Data Systems Act to the Rhode Island Integrated Systems Act. Section 24 combines the Rhode Island Longitudinal Data System and the Executive Office of Health and Human Services (EOHHS) Ecosystem to form the Rhode Island Integrated Data System. Additionally, this section merges the governing boards of RILDS and the Ecosystem, creating a unified governance board which is charged with improving transparency for both state analysts and outside researchers. Section 24 ensures that all State agencies participate in the federated data system, sharing data to the greatest extent possible.

Article 4: Relating to Debt Management Act Concurrent Resolutions

This article amends existing debt authorizations for revenue bonds that do not require voter approval, also known as a Kushner Resolution. The authorizations provided include the following:

- **University of Rhode Island – Combined Health and Counseling Center (\$33.6 million revenue bonds):** The article approves financing of up to \$33.6 million for the combined health and counseling center. In 2021 the project was authorized to issue financing of up to \$29.0 million. Since then, projected costs have increased and the University is asking to increase the authorization by \$4.6 million. With interest and financing costs, the total cost increases to \$78.0 million, assuming 6.5 percent interest over 30 years. The project combines and co-locates Health Services (currently located in the Potter Building) and the Counseling Center (currently located in Roosevelt Hall) into a single facility. The purpose of combining/co-locating of these facilities is to improve care provided to students by fostering open communication and availability of appropriate providers to meet the physical and psychological needs of the patient.
- **University of Rhode Island – Memorial Union, Auxiliary Enterprise (\$118.0 million revenue bonds):** The article approves financing of up to \$118.0 million for the Memorial Union – Auxiliary Enterprise project. In 2021 the project was authorized to issue financing of up to \$57.6 million. Since then, projected costs have increased and the University is asking to increase the authorization by \$60.4 million, more than double the initial authorization. With interest and financing costs, the total cost increases to \$272.0 million, assuming 6.5 percent interest over 30 years. The project involves renovations, a small 9,000 square foot addition, and improvements to parking and landscaping to bring the facility up to code and in line with national benchmarks for student union space. An advanced planning study was completed and the project will provide more flexibility for use as a collaborative academic and social space. The project was delayed due to COVID 19, and began construction in Fall 2024.

Article 5: Relating to Taxes and Fees

This article modifies several state taxes, repeals various underutilized incentives, and establishes several new fees. Specifically, the article:

- **Digital Advertising Tax:** Establishes a new 10.0 percent flat tax to be levied on gross revenue from digital advertising that is sourced in Rhode Island. Taxpayers subject to this new digital advertising tax must have worldwide revenue of at least \$1.0 billion. According to the Office of Revenue Analysis (ORA), the new tax is estimated to generate \$9.5 million in FY2026 and grow to \$19.6 million in FY2027. The proposal is modeled on a similar initiative in Maryland.
- **State Aid to Municipalities – Car Tax – Elimination of Sales Tax Adjustment:** Eliminates the annual sales tax growth adjustment that is provided to municipalities as part of the Motor Vehicle Excise Tax State Aid program. The adjustment is applicable to fiscal year FY2025 and beyond. Article 5 leaves the adjustment in place for FY2025 and eliminates it starting in FY2026. Reimbursements to municipalities will be equal to the greater of the reimbursement in FY2024 or FY2025. This proposal is estimated to yield \$9.7 million in saving in FY2026 and grows to \$17.8 million in FY2027.
- **Cigarette Tax Increase:** Increases the excise tax on cigarettes by \$0.50 per pack, which raises the tax from \$4.50 to \$5.00 per pack of twenty. Floor stock tax is assessed at the same rate per pack of cigarettes. The additional excise, floor, and associated sales taxes from this change is estimated to generate a net increase of \$4.4 million in revenue based on a September 2, 2025, start date.
- **Electric Vehicle Fee:** Establishes a new \$150 annual fee for battery electric vehicles and a new \$75 annual fee for plug-in hybrid vehicles. The fees are in addition to current passenger vehicle registration fee and other charges required to be paid at the time vehicle is registered. The new assessments are calibrated to the amount of motor fuel tax typically paid by the average passenger vehicle each year. The proposal is estimated to generate \$1.7 million in state Highway Maintenance Funds and \$90,497 in general revenue in FY2026. These estimates grow to \$5.1 million and \$267,166, respectively, in

FY2027. According to the Office of Management and Budget (OMB), these new Highway Maintenance Funds will be used to support the state's municipal road program.

- **Hotel Tax Changes - Whole-Home Short-Term Rentals:** Expands the state's 5.0 percent state hotel tax to whole-home short-term rentals. Under current law the hotel tax currently applies to hotels, motels, and partial home short-term rentals (i.e., renting a room in a home) – but not whole-home short-term rentals. The Governor again proposes eliminating this exception and applying the 5.0 percent tax to whole-home short-term rentals effective January 1, 2026, with proceeds allocated to homelessness services. The proposal is estimated to generate \$2.1 million in Housing Resources and Homelessness Funds in FY2026 and another \$4.7 million in FY2027 with a full-year of implementation.
- **Expansion of JDF Assessment to Non-Profit Employers:** Subjects non-profit employers with 500 or more employees, to the Job Development Fund (JDF) assessment. The JDF assessment is a tax imposed on employers of 0.21 percent of the first \$29,200 of their employee' earnings. The assessment is estimated to collect \$2.6 million in FY2026, of which, \$2.3 million will be dedicated to the Job Development Fund and \$244,000 will go to the Unemployment Trust Fund by statutory formula.
- **Real Estate Conveyance Tax Changes:** Increases the real estate conveyance tax (RECT) on properties valued over \$800,000 from 0.92 percent to 1.25 percent of the sales price. The state maintains a two-tier RECT, with properties sold below \$800,000 taxed at 0.46 percent and those valued above at 0.92 percent. Revenue from the latter is dedicated the Housing Production Fund. Revenue from the proposed increase will go to the Housing Resources and Homelessness Fund. The estimated revenue from the proposal is \$2.3 million in FY2026 and \$3.4 million in FY2027.
- **Sales Tax Exemption - Firearm Safety Devices:** Establishes a sales tax exemption for firearm safety products. These include goods such as lock boxes, safes, and barrel/trigger locks. This is proposed as part of a larger gun control package, including an assault weapons ban that the Governor is recommending as part of the budget. The proposal is estimated to reduce revenue by \$85,714 in FY2026 and \$115,438 in FY2027.
- **Tax Expenditure Changes:** Makes various changes to several tax expenditures, including:
 - **Small Business Investment Deduction/Modification Repeal:** Repeals the Small Business Investment Deduction and Modification. Taxpayers may take a deduction or modification to offset their business or income tax liability if they have made a qualifying investment in a certified venture capital partnership. According to the Office of Revenue Analysis (ORA) this is an underutilized tax expenditure. The revenue impact of repealing this tax expenditure is \$6,551 in FY2026 and \$13,102 in FY2027.
 - **Jobs Growth Act Repeal:** Repeals the Job Growth Act (JGA) tax incentive. The JGA incentive allows eligible employees of qualified companies lower their adjusted gross income for tax purposes by up to 50.0 percent of their income earned from bonuses. According to ORA, the modification is taken by fewer than 10 taxpayers annually. The revenue impact of eliminating this underutilized tax expenditure for FY2026 is \$1,489 and is \$2,979 in FY2027.
 - **Specialized Mill Building Investment Tax Credit Repeal:** Repeals the obsolete Specialized Mill Building Investment Tax Credit. The state has provided a credit of 10.0 percent of the rehabilitation and reconstruction costs of a certified rehabilitated mill building. The credit was associated with the Mill Building and Economic Revitalization Act, which sunset in 2009. ORA indicates the credit has not been used since tax year 2019. There is no revenue impact.
 - **Welfare Bonus Tax Credit Repeal:** Repeals the Welfare Bonus Tax Credit. The State has provided employers participating the Welfare Bonus Program (WBP) a credit equal to \$250 per eligible employee. The WBP was created to provide payments to individuals who came off welfare (Aid to Families with Dependent Children, or AFDC). The credit was designed to incentivize employers

to hire previous welfare recipients. AFDC was replaced in 1997 by Temporary Assistance for Needy Families (TANF) through federal legislation making the tax credit statutorily obsolete. ORA indicates that there have been no credits issued since at least TY2019. There is not a fiscal impact.

- **Small Business Capital Investment Wage Credit Repeal:** Repeals the Small Business Capital Investment Wage Credit. The State has provided eligible entrepreneurs of qualifying businesses a tax credit for 3.0 percent of employee wages in excess of the \$50,000. According to the ORA, this credit is statutorily obsolete. There has been no activity related to this tax expenditure since at least TY2019. There is no fiscal impact.
- **Research and Development Tax Expenditures Changes:** Making several changes to the State’s research and development (R&D) tax expenditures. These include:
 - **Carryforward Extension of the R&D Expense Credit:** Extends the period of time that unused R&D expense tax credits may be carryforward by a taxpayer from seven years to fifteen. The State allows a taxpayer to claim a credit against certain business taxes for certain research expenses. Unused amounts of the credit earned in a taxable year may be carried forward up to seven succeeding tax years. The Governor recommends extending this carryforward period to fifteen, bringing Rhode Island in line with Massachusetts and Connecticut. ORA indicates that there is no fiscal impact.
 - **New R& D Facilities Deduction/Property Credit Repeal:** Repeals the New R&D Facilities Deduction and Property Credits. The state has allowed eligible taxpayers to deduct expenditures related to the development of any new tangible property related to research and development, including construction and acquisition costs. Eligible taxpayers may also claim a 10.0 percent credit against certain business taxes for tangible property primarily used for R&D. Taxpayers must choose either the deduction or the credit. According to the ORA, these tax expenditures are underutilized. The fiscal impact of repealing them is shown below.

Tax Expenditure	FY2026	FY2027
Deduction	\$136,993	\$273,984
Property Credit	74,842	149,683
Total	\$211,835	\$423,667

- **Financial Institution Data Matching Program:** Authorizes the Division of Taxation to establish a new compliance tool that would match data on non-compliant taxpayers with an outstanding Rhode Island tax liability with data from financial institution around the country. According to Taxation, prior to a levy being assessed or a tax debt being collected, each financial institution is contacted manually and the banks are not required to cooperate. According to Taxation, the proposal would improve tax collection for the many debtors who live out of state. The initiative is estimated to increase revenue by \$5.2 million in FY2026 and \$8.0 million in FY2027.
- **DMV Technology Surcharge:** Increases the technology surcharge imposed by the Division of Motor Vehicles (DMV) on registry transactions by \$1.00, from \$2.50 to \$3.50. According to the DMV the annual costs for its computer system are outpacing the revenue from the surcharge. The increase is estimated to increase restricted receipts funds at the DMV by \$1.6 million in FY2026 and FY2027 and offset general revenue expenses by \$695,341.
- **Elimination of Home Occupation Fees:** Prohibits municipalities from establishing and enforcing restrictions, regulations, permit, or licenses related to home-based businesses whose activity is strictly that of a W-2 employee, full-time contractor, or does not entail any public-facing or outside activity. The recommendation is to ensure that remote workers do not need a home occupation permit.

Article 6: Related to Economic Development

This article expands or adjusts various economic development incentives managed by the Executive Office of Commerce (EOC) and the RI Commerce Corporation. Specifically, the article:

- **Reauthorization of Incentives:** Reauthorizes the EOC's incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2025, to December 31, 2026. It also permanently eliminates the sunset for the Small Business Assistance Program Act. The latter authorizes a program that helps small businesses (under 200 employees) gain access to capital. The Commerce Corporation partners with private lending institutions to administer the applications and program.
- **Deregulation of Retail Sales on Holidays:** Deregulates retail sales operations on legal holidays by eliminating holiday operations licensing. Under current law, Rhode Island municipalities require retail sales businesses to obtain a distinct license to operate on a legal holiday. Article 6 eliminates the licensing requirement and related enforcement by amending R.I.G.L 5-23-2 through 5-23-6. Budget documents do not indicate a fiscal impact to municipalities.
- **"Cooling Off" Protections Related to Certain Businesses:** Simplifies how a consumer may be able to opt out of contracts with health clubs and dating services. In consumer rights legislation and practice, a "cooling-off period" is a period of time following a purchase when the purchaser may choose to cancel a purchase, and return goods which have been supplied, for any reason, and obtain a full refund. Under current law pertaining to health clubs and dating services, customers must indicate their desire to opt out of the contract by the appropriate time in writing and in person. Article 6 requires that contracts allow the additional method of email to communicate the desire of opting out of services for these type of contracts.

Article 7: Relating to Education

The article modifies the education aid funding formula by increasing the student success factor weight from 40.0 percent to 43.0 percent for those districts with a pre-kindergarten through 6th grade poverty density at or above 60.0 percent. This impacts five districts in FY2026: Central Falls, Newport, Pawtucket, Providence, and Woonsocket. In addition, the article caps the local tuition reduction for mayoral academies to 14.0 percent.

The article amends the process for creating or expanding a mayoral academy by providing that, while the founding board of trustees for the academy must be chaired by the mayor of a participating city or town, upon completion of the first charter term and an approved renewal, any member may be elected by the board to serve as chair.

Article 8: Medical Assistance

This article modifies current laws governing the Executive Office of Health and Human Services (EOHHS), the Hospital Licensing Fee (HLF) and nursing home payment; Disproportionate Share Hospitals (DSH); the implementation date of the Certified Community Behavioral Health Clinics (CCBHCs); home and community-based services (HCBS), and the annual Medicaid Resolution.

- **Hospital Licensing Fee (HLF):** The article includes technical amendments to remove outdated language and continues the fee into FY2026. For FY2026 the HLF will:
 - Advance the base year for hospital revenue assessment from 2022 to 2023;
 - Government hospitals will continue to be assessed on based year 2023; and
 - Change the hospitals required to pay the HLF to those licensed on or before July 1, 2024, instead of July 1, 2+022.

- **Third-Party Liability:** To comply with federal requirements, the article prevents third-party payers from denying a claim based solely on the failure to obtain prior authorization. In addition, the article requires health insurers and liable third parties to respond to claim inquiries within 60 business days after receiving written documentation from the Medicaid recipient, and updates agency references.
- **Medicaid Rates for Nursing Facilities and Hospitals:** As a cost containment measure, the article reduces the annual inflationary increases on rates paid to hospitals and nursing homes to 2.3 percent to match state revenue growth. Current law, which require rate changes based on national price indices, would have increased payments to hospitals by 3.4 percent for fee-for-services and 2.9 percent for managed care, while nursing facility payments were set to increase by 4.2 percent. This recommendation reduces general revenue expenditures by \$4.9 million (\$13.0 million in all funds), relative to the adopted November Caseload Estimating Conference (CEC) estimates, and provides an increase of \$67.8 million in all funds, relative to the FY2025 revised recommendation.

In addition, the article expands the list of direct-care workers eligible for increased compensation based on the application of the inflationary increase: this amendment is related to changes to the minimum staffing requirements in section 2 of Article 10.

- **Disproportionate Share Hospital (DSH) Payments:** The article adds a base year to allow payments in FY2026, amends payments for FY2025 and FY2026. In FY2025, the article provides an aggregate limit of \$27.7 million in DSH payments, while capping the allowable payment to government-owned hospitals at \$12.9 million. In FY2026, the article requires EOHHS to submit a state plan amendment to the federal government to limit aggregate DSH payments to \$13.9 million, including a limit of \$12.9 million for government-owned hospitals and \$1.0 million for other participating hospitals.
- **Upper Payment Limit (UPL):** The article eliminates the UPL to hospitals for in-patient and out-patient services to Medicaid participants that was established to ensure that Medicaid rates are comparable to Medicare rates. Instead, the Governor asserts that the State-Directed Payment program established in FY2024 sufficiently addresses hospital rate disparities. Eliminating UPL payments would reduce general revenue expenditures by \$6.7 million (\$18.3 million all funds).
- **Home and Community Based Services (HCBS):** Since home-care providers are included in the biennial rate review process conducted by the Office of Health the Insurance Commissioner (OHIC), the article eliminates the annual rate increase provided in statute. Home care was the only provider type included in the rate review that was also receiving a secondary rate adjustment. This proposal is estimated to generate \$4.3 million in general revenue savings (\$10.1 million all funds).
- **Long-Term Care Services:** The article eliminates “preventative services” and “preventative” level of care from Medicaid long-term care services and supports; however, these services are provided under “core services”. Under current law, “preventative services” is defined as “homemaker services, minor environmental modifications, personal care assistant services, and respite.” The Center for Medicare and Medicaid Services (CMS) informed EOHHS that retaining “preventative” level of care in the state’s waiver would necessitate complex tracking and reporting requirements.
- **Primary Care Rate Review:** The article amends RIGL 42-14.5-2.1, the Rhode Island Health Care Reform Act of 2004 – Health Insurance Oversight, to define “primary care services”, and include it in the Social and Human Services Rate Review process conducted by the Office of the Health Insurance Commissioner on a biennial basis.
- **Medicaid Resolution:** The article establishes the legal authority for the Secretary of the Executive Office of Health and Human Services (EOHHS) to review and coordinate amendments to the Medicaid State plan and category II and III changes in the demonstration “with potential to affect the scope, amount, or duration of publicly-funded health care services, provider payments or reimbursement, or

access to or the availability of benefits and services provided by Rhode Island general and public laws”. In FY2026, the article provides the EOHHS will seek federal approval for the following changes:

- Alignment of nursing facility and hospital rate increases with state revenue growth;
- Elimination of annual rate increases for home care services;
- Elimination of the hospital upper payment limit payments;
- Establishment an interprofessional consultation program effective October 1, 2025.

Article 9: Relating to Leases

This article authorizes various lease agreements for office and operating spaces. Pursuant to RIGL 37-6-2(d), leases meeting certain conditions require the approval from the General Assembly.

- **Department of Children, Youth, and Families:** The article authorizes the Department of Children, Youth, and Families to renew its current lease with Provident Property, LLC, for a term not to exceed ten years. The current lease for 99,500 square feet of office space is set to expire on November 30, 2025. The property is located at 101 Friendship Street, Providence, and is currently used as the main office space for the Department. The article stipulates that the aggregate fixed rent is not to exceed \$2.3 million in the first five years and \$2.5 million in the second five years, for a total aggregate fixed rent of \$23.9 million over the ten-year period.
- **Rhode Island Emergency Management:** The article authorizes a lease agreement for warehouse space to be administered by the Rhode Island Emergency Management Agency. The article authorizes the renewal for the existing lease of 73,770 square feet of warehouse space located at 2700 Plainfield Pike in the City of Cranston and owned by EIM Plainfield Pike LLC. The existing lease expires on July 31, 2025, and the warehouse needs continue. The warehouse space has been co-administered between the Department of Administration and the Rhode Island Emergency Management Agency as part of the State’s pandemic response using federal funding from the ARPA SFRF for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. The lease terms state that the length of the lease is not to exceed 10 years and the aggregate base rent is not to exceed \$7.2 million.

Article 10: Relating to Health and Human Services

This article modifies Rhode Island’s minimum staffing law, the Certificate of Need processes within the Department of Health (RIDOH), and creates a Baby Bond Trust within the Office of the General Treasurer. The article:

- **Certificate of Need:** Amends the Certificate of Need (CON) process by removing various outpatient services and low-cost alternatives to traditional care from review; raises the capital expenditure threshold for review to \$50.0 million; eliminates the reapproval requirement for minor cost increases; adds exemptions for state projects; and limits procedural delays by competitors post-approval. The article removes home nursing care providers, home care providers, hospice providers, and drug and alcohol abuse treatment centers from the definition of providers covered by the CON process. According to the Budget Office, the amendment aligns Rhode Island’s policy with other States, reduces regulatory burdens, fosters new healthcare entrants, and expands access to underserved communities.
- **Nursing Home Minimum Staffing Levels:** Expands definition of “direct care giver” to other certified medical professionals; establishes a quarterly minimum of direct care per resident of 3.81 hours, of which 2.2 hours shall be provided by CNAs; repeals requirements for the Department to meet with consumers, consumer advocates, collective bargaining agents, and providers to determine sufficient staffing ratios; repeals tiered penalty waivers, replacing them with a daily fine of up to \$1,000 and no less than \$250 a day; replaces conditions for penalty waivers; and, waives

all fines prior to the third quarter of calendar year 2025. The article also requires additional reporting by nursing facilities on direct care nursing staffing levels, use of temporary nursing staff, and turnover rates.

- **Rhode Island Baby Bond Trust:** Establishes the Rhode Island Baby Bond Trust to be administered by the Office of the General Treasurer. The program would provide a \$3,000 trust for each Rhode Island child (beneficiary) born on or after January 1, 2026, to a family enrolled in the Rhode Island Works Program. The Department of Human Services shall notify the Office of the General Treasurer when a designated beneficiary (child) is born or enrolled in the Rhode Island Works Program. Commencing July 1, 2026, the General Treasurer will deposit revenues from the State's Unclaimed Property program into the Trust for each designated beneficiary, and shall administer and invest the Trust's funds until the child's 18th birthday. When the child reaches age 18 and has been a resident of the State for the previous two-years, they will be eligible up to age 35 to withdraw the funds and proceeds for use on eligible expenses, such as continuing education in the State, ownership on a home or business in Rhode Island, or investment in personal capital or financial assets designed to provide long term wealth.
- Because the transfer of funds from the Unclaimed Property program does not begin until FY2027, there is no fiscal impact to FY2026, and an impact of \$750,000 to general revenue in FY2027. According to the Budget Office, Connecticut runs a similar program.

Article 11: Relating to Assault Weapons

This article restricts the purchase, sale, transfer, possession, and manufacturing of assault weapons, except any weapons lawfully possessed on the article's effective date. The article defines an assault weapon as a shotgun, rifle, pistol, or firearm that contains specific features viewed to be military-style or particularly dangerous. The definition is similar to the ones used in Hawaii, Maryland, and New York. The article provides exceptions for individuals who lawfully possess an assault weapon on the article's effective date, as well as for federally licensed firearms dealers, law enforcement agencies, and active duty members of the armed forces. The article provides a pathway for current owners to register their weapons upon the act's effective date, in addition to regulations for the weapon's use, storage, and transfer. The article also contains severability language, where if a particular provision is determined to be invalid, the remaining provisions continue to be upheld. The article will take effect upon passage.

Article 12: Relating to Effective Date

This article provides that the Act would take effect on July 1, 2025, except as otherwise provided therein.

FY2025 SUPPLEMENTAL***Article 1: Relating to Making Revised Appropriations in Support of FY2025***

This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also makes the following changes:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,772.8 FTE positions consistent with the authorized level set in the FY2025 Budget as Enacted.
- Details Community Service Objective (CSO) grant funding recipients and amounts.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2026. In addition, the Office of the Postsecondary Commissioner shall provide \$7.4 million be allocated to the Rhode Island Promise Scholarship program, and \$3.6 million to support the Rhode Island Hope Scholarship Program, \$455,000 to support the Onward We Learn, \$200,000 to the Rhode Island School for Progressive Education, \$151,410 to support the State's membership in the New England Board of Higher Education, and \$75,000 to Best Buddies Rhode Island.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.4 million. It requires Judiciary to provide \$500,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and 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.
- Extends the quarterly reporting period to January 31, 2025, for the Pandemic Recovery Office to identify programs that are at risk of significant under spending or noncompliance with federal or state requirements. The reports are provided to the chairpersons of the House and Senate Finance Committees. Commencing with the report due on April 30, 2025, the report will be made on a biannual basis until October 31, 2026. The report must include an assessment on how programs that are risk can be remedied.
- Allows the Governor to reclassify any State Fiscal Recovery Funds that are at risk of forfeiture from the SFRF program to other eligible uses as determined by the U. S. Treasury. The Governor is required to notify the General Assembly within 30 days of any such reclassification.
- Requires the Department of Environmental Management to transfer \$3.0 million from the Underground Storage Tank Trust Fund to the State Controller by June 30, 2025.
- Requires the Rhode Island Student Loan Authority to transfer \$2.7 million to the State Controller by June 30, 2025.
- Requires the Rhode Island Infrastructure Bank (RIIB) to transfer \$2.0 million to the State Controller by June 30, 2025.
- Requires the Department of Revenue to transfer \$579,788 from the Marijuana Trust Fund restricted receipt account to the State Controller by June 30, 2025.

Summary Tables

GENERAL REVENUE SURPLUS

	FY2023 Audited	FY2024 Preliminary Audited	FY2025 Enacted	FY2025 Governor	FY2026 Governor
Opening Surplus					
Free Surplus	\$209,649,745	\$412,262,973	\$279,019,055	\$326,355,052	\$187,403,011
Adjustment to Opening Surplus	\$270,762,495	\$23,811,475			
Reappropriated Surplus	19,442,046	45,152,130		34,569,423	
Subtotal	\$499,854,286	\$481,226,578	\$279,019,055	\$360,924,475	\$187,403,011
Total Revenues	\$5,212,664,935	\$5,418,477,089	\$5,489,117,361	\$5,567,200,000	\$5,734,084,512
To Cash Stabilization Fund	(162,669,440)	(174,922,202)	(173,044,092)	(176,806,652)	(177,644,626)
From Cash Stabilization Fund					
Total Available Resources	\$5,549,849,781	\$5,724,781,465	\$5,595,092,324	\$5,751,317,823	\$5,743,842,897
Total Expenditures	5,074,929,246	5,236,111,564	5,594,861,257	5,610,670,520	5,743,054,676
Total Surplus	474,920,535	488,669,901	231,067	140,647,303	788,221
Intrafund Transfers to restricted receipts	(4,444,444)	(91,000,000)	(100,000)	3,479,788	
Transfer to Retirement System	(6,530,494)	(21,637,960)		21,637,960	
Transfer to Supp. State Budget Reserve Fund	(6,530,494)	(21,637,960)		21,637,960	
Repeal of surplus transfer to Supp. State Budget Reserve Fund		6,530,494			
Reappropriations	(45,152,130)	(34,569,423)			
Free Surplus	\$412,262,973	\$326,355,052	131,067	\$187,403,011	\$788,221
Rainy Day Fund	\$271,115,733	\$291,537,003	\$288,406,820	\$294,677,753	\$296,074,377

ALL FUND EXPENDITURES

	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted	FY2026 Governor	Change from Enacted
General Government						
Department of Administration	\$577,513,013	\$554,103,575	\$648,320,401	\$94,216,826	\$497,720,203	(\$56,383,372)
Office of Energy Resources	-	-	68,374,151	68,374,151	76,770,481	76,770,481
Department of Business Regulation	30,956,165	44,120,539	44,975,969	855,430	35,093,954	(9,026,585)
Rhode Island Cannabis Control Commission	-	-	-	-	7,556,626	7,556,626
Executive Office of Commerce	86,281,871	70,777,163	190,471,202	119,694,039	56,157,824	(14,619,339)
Department of Housing	144,022,286	58,335,416	212,141,933	153,806,517	42,898,733	(15,436,683)
Department of Labor and Training	568,629,725	594,071,262	627,526,761	33,455,499	637,017,683	42,946,421
Department of Revenue	775,352,928	834,605,599	860,387,064	25,781,465	863,687,605	29,082,006
General Assembly	50,114,870	55,789,931	66,737,273	10,947,342	61,424,920	5,634,989
Office of Lieutenant Governor	1,255,657	1,447,015	1,370,103	(76,912)	1,519,219	72,204
Secretary of State	11,640,362	15,372,795	15,727,053	354,258	14,541,522	(831,273)
Office of the General Treasurer	20,746,999	23,886,874	24,589,119	702,245	25,974,916	2,088,042
Board of Elections	4,694,420	5,682,615	5,726,638	44,023	4,474,931	(1,207,684)
Rhode Island Ethics Commission	2,028,758	2,234,502	2,326,169	91,667	2,419,632	185,130
Office of the Governor	7,532,310	8,471,265	8,973,819	502,554	9,334,918	863,653
Rhode Island Commission for Human Rights	2,427,174	2,505,726	2,691,662	185,936	2,772,687	266,961
Public Utilities Commission	11,444,997	14,607,520	15,042,977	435,457	15,508,274	900,754
Total	\$2,294,641,535	\$2,286,011,797	\$2,795,382,294	\$509,370,497	\$2,354,874,128	\$68,862,331
Health and Human Services						
Executive Office of Health and Human Services	\$3,609,697,895	\$4,017,751,873	\$3,967,111,748	(\$50,640,125)	\$4,202,101,690	\$184,349,817
Department of Children, Youth, and Families	315,679,819	399,055,263	412,149,108	13,093,845	397,200,530	(1,854,733)
Department of Health	313,950,321	356,254,973	387,822,248	31,567,275	292,114,774	(64,140,199)
Behavioral Healthcare, Developmental Disabilities and Hospitals	654,099,937	672,361,552	706,883,322	34,521,770	704,194,613	31,833,061
Department of Human Services	790,632,083	814,741,554	860,505,457	45,763,903	829,181,867	14,440,313
Commission on the Deaf & Hard of Hearing	800,166	914,184	904,509	(9,675)	929,154	14,970
Governor's Commission on Disabilities	1,638,907	1,936,931	2,738,921	801,990	2,056,042	119,111
Office of the Child Advocate	1,395,026	1,891,426	1,913,740	22,314	2,264,613	373,187
Office of the Mental Health Advocate	769,628	981,608	875,673	(105,935)	1,117,164	135,556
Total	\$5,688,663,782	\$6,265,889,364	\$6,340,904,726	\$75,015,362	\$6,431,160,447	\$165,271,083
Education						
Elementary and Secondary Education	\$2,042,451,600	\$2,003,162,178	\$2,015,722,660	\$12,560,482	\$1,981,184,129	(\$21,978,049)
Office of the Postsecondary Commissioner	49,883,040	51,799,867	63,218,405	11,418,538	56,283,333	4,483,466
University of Rhode Island	957,690,065	1,017,965,011	1,058,187,934	40,222,923	1,108,723,299	90,758,288
Rhode Island College	195,810,346	205,135,912	225,812,999	20,677,087	216,421,110	11,285,198
Community College of Rhode Island	172,900,165	195,936,693	207,269,924	11,333,231	212,686,829	16,750,136
Rhode Island Council on the Arts	3,445,440	3,976,337	4,084,272	107,935	4,242,454	266,117
Rhode Island Atomic Energy Commission	1,485,128	1,593,911	1,654,687	60,776	1,714,495	120,584
Historical Preservation and Heritage Commission	2,141,261	3,727,660	3,965,840	238,180	3,465,631	(262,029)
Total	\$3,425,807,045	\$3,483,297,569	\$3,579,916,721	\$96,619,152	\$3,584,721,280	\$101,423,711
Public Safety						
Office of Attorney General	\$42,453,865	\$46,456,627	\$50,178,621	\$3,721,994	\$51,639,418	\$5,182,791
Department of Corrections	289,298,685	328,179,090	345,351,588	17,172,498	322,550,695	(5,628,395)
Judiciary	142,092,516	147,968,237	158,844,079	10,875,842	159,224,433	11,256,196
Military Staff	34,565,140	101,622,845	102,429,783	806,938	37,396,058	(64,226,787)
Rhode Island Emergency Management Agency	58,432,960	36,520,428	45,430,586	8,910,158	43,657,584	7,137,156
Department of Public Safety	147,496,475	211,138,205	218,603,343	7,465,138	191,287,889	(19,850,316)
Office of Public Defender	14,758,301	16,670,594	17,261,971	591,377	18,263,714	1,593,120
Total	\$729,097,942	\$888,556,026	\$938,099,971	\$49,543,945	\$824,019,791	(\$64,536,235)
Natural Resources						
Department of Environmental Management	\$113,585,143	\$143,732,584	\$162,641,063	\$18,908,479	\$160,424,187	\$16,691,603
Coastal Resources Management Council	5,228,629	6,176,963	11,226,436	5,049,473	9,660,746	3,483,783
Total	\$118,813,772	\$149,909,547	\$173,867,499	\$23,957,952	\$170,084,933	\$20,175,386
Transportation						
Department of Transportation	\$772,960,768	\$889,560,237	\$1,105,010,273	\$215,450,036	\$851,194,045	(\$38,366,192)
Grand Total	\$13,029,984,599	\$13,963,224,540	\$14,933,181,484	\$969,956,944	14,216,054,624	\$252,830,084

Totals may vary due to rounding.

GENERAL REVENUE EXPENDITURES

General Government	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted	FY2026 Governor	Change from Enacted
Department of Administration	\$279,490,231	\$255,026,334	\$239,384,144	(\$15,642,190)	\$262,776,439	\$7,750,105
Office of Energy Resources	-	-	500,000	500,000	-	-
Department of Business Regulation	22,113,016	24,091,628	24,722,492	630,864	25,593,781	1,502,153
Rhode Island Cannabis Control Commission	-	-	-	-	-	-
Executive Office of Commerce	66,223,935	40,380,983	40,431,623	50,640	31,857,824	(8,523,159)
Department of Housing	4,275,215	9,840,596	9,167,713	(672,883)	10,719,465	878,869
Department of Labor and Training	18,297,863	17,790,653	20,448,193	2,657,540	20,379,242	2,588,589
Department of Revenue	372,380,447	400,471,730	402,288,592	1,816,862	403,892,388	3,420,658
General Assembly	48,096,219	53,358,280	64,146,864	10,788,584	58,734,623	5,376,343
Office of Lieutenant Governor	1,255,657	1,447,015	1,370,103	(76,912)	1,519,219	72,204
Secretary of State	10,786,209	12,462,241	12,807,184	344,943	12,111,732	(350,509)
Office of the General Treasurer	3,879,697	4,915,333	5,100,717	185,384	4,600,223	(315,110)
Board of Elections	4,694,420	5,682,615	5,726,638	44,023	4,474,931	(1,207,684)
Rhode Island Ethics Commission	2,028,758	2,234,502	2,326,169	91,667	2,419,632	185,130
Office of the Governor	7,532,310	8,471,265	8,973,819	502,554	9,334,918	863,653
Rhode Island Commission for Human Rights	2,117,476	2,055,616	2,143,802	88,186	2,249,158	193,542
Public Utilities Commission	-	-	-	-	-	-
Total	\$843,171,453	\$838,228,791	\$839,538,053	\$1,309,262	\$850,663,575	\$12,434,784
Health and Human Services						
Executive Office of Health and Human Services	\$1,265,714,998	\$1,416,418,232	\$1,390,933,011	(\$25,485,221)	\$1,469,676,177	\$53,257,945
Department of Children, Youth, and Families	215,101,489	261,358,200	261,352,456	(5,744)	262,985,058	1,626,858
Department of Health	34,032,134	40,053,947	40,533,357	479,410	38,075,075	(1,978,872)
Behavioral Healthcare, Developmental Disabilities and Hospitals	311,396,797	305,694,995	317,638,693	11,943,698	316,304,980	10,609,985
Department of Human Services	135,284,255	142,790,800	147,328,344	4,537,544	135,580,989	(7,209,811)
Commission on the Deaf & Hard of Hearing	745,740	782,651	762,680	(19,971)	786,233	3,582
Governor's Commission on Disabilities	1,298,970	1,530,392	2,331,664	801,272	1,610,527	80,135
Office of the Child Advocate	1,429,015	1,891,426	1,913,740	22,314	2,264,613	373,187
Office of the Mental Health Advocate	769,628	981,608	875,673	(105,935)	1,117,164	135,556
Total	\$1,965,773,026	\$2,171,502,251	\$2,163,669,618	(\$7,832,633)	\$2,228,400,816	\$56,898,565
Education						
Elementary and Secondary Education	\$1,493,846,918	\$1,588,830,390	\$1,595,323,261	\$6,492,871	\$1,643,071,869	\$54,241,479
Office of the Postsecondary Commissioner	25,754,020	30,122,180	30,781,353	659,173	34,342,126	4,219,946
University of Rhode Island	144,744,926	144,224,440	144,401,585	177,145	148,637,923	4,413,483
Rhode Island College	78,276,228	77,881,228	78,153,703	272,475	80,448,058	2,566,830
Community College of Rhode Island	61,030,728	62,286,538	62,534,419	247,881	65,638,244	3,351,706
Rhode Island Council on the Arts	2,297,463	2,395,211	2,412,492	17,281	2,414,685	19,474
Rhode Island Atomic Energy Commission	1,119,280	1,180,419	1,231,639	51,220	1,278,282	97,863
Historical Preservation and Heritage Commission	1,204,647	1,898,100	1,747,211	(150,889)	1,986,751	88,651
Total	\$1,808,274,210	\$1,908,818,506	\$1,916,585,663	\$7,767,157	\$1,977,817,938	\$68,999,432
Public Safety						
Office of Attorney General	\$35,044,452	\$35,103,418	\$36,677,279	\$1,573,861	\$38,244,427	\$3,141,009
Department of Corrections	263,728,600	293,746,087	295,736,435	1,990,348	296,697,754	2,951,667
Judiciary	118,821,246	124,336,261	132,962,235	8,625,974	133,516,539	9,180,278
Military Staff	3,392,720	3,276,320	3,195,718	(80,602)	3,424,058	147,738
Rhode Island Emergency Management Agency	6,671,412	7,007,474	7,062,596	55,122	7,457,256	449,782
Department of Public Safety	117,775,568	135,410,334	138,094,150	2,683,816	126,568,454	(8,841,880)
Office of Public Defender	14,670,119	16,585,559	17,176,936	591,377	18,178,679	1,593,120
Total	\$560,104,117	\$615,465,453	\$630,905,349	\$15,439,896	\$624,087,167	\$8,621,714
Natural Resources						
Department of Environmental Management	\$55,457,397	\$57,238,872	\$56,014,410	(\$1,224,462)	\$58,380,368	\$1,141,496
Coastal Resources Management Council	3,331,464	3,607,384	3,957,427	350,043	3,704,812	97,428
Total	\$58,788,861	\$60,846,256	\$59,971,837	(\$874,419)	\$62,085,180	\$1,238,924
Transportation						
Department of Transportation	-	-	-	-	-	-
Grand Total	\$5,236,111,574	\$5,594,861,257	\$5,610,670,520	\$15,809,263	5,743,054,676	\$148,193,419

Totals may vary due to rounding.

PERSONNEL

	FY2024	FY2025	FY2025	Change	FY2026	Change
	Actual	Enacted	Governor	from	Governor	from
				Enacted		Enacted
General Government						
Administration	674.6	683.6	667.6	(16.0)	669.6	(14.0)
Office of Energy Resources	-	-	16.0	16.0	20.0	20.0
Business Regulation	181.0	181.0	181.0	-	155.0	(26.0)
RI Cannabis Control Commission	-	-	-	-	28.0	28.0
Executive Office of Commerce	5.0	5.0	5.0	-	5.0	-
Housing	38.0	38.0	38.0	-	38.0	-
Labor and Training	461.7	461.7	461.7	-	461.7	-
Revenue	587.5	599.5	599.5	-	604.5	5.0
Legislature	298.5	298.5	298.5	-	298.5	-
Lieutenant Governor	8.0	8.0	8.0	-	8.0	-
Secretary of State	61.0	62.0	62.0	-	62.0	-
General Treasurer	91.0	91.0	91.0	-	92.0	1.0
Board of Elections	13.0	13.0	13.0	-	13.0	-
Ethics Commission	12.0	12.0	12.0	-	12.0	-
Office of the Governor	45.0	45.0	45.0	-	45.0	-
Commission for Human Rights	15.0	15.0	15.0	-	15.0	-
Public Utilities Commission	54.0	57.0	57.0	-	57.0	-
Total	2,545.3	2,570.3	2,570.3	-	2,584.3	14.0
Human Services						
Office of Health and Human Services	218.0	233.0	233.0	-	243.0	10.0
Children, Youth, and Families	705.5	714.5	714.5	-	713.5	(1.0)
Health	575.6	572.6	572.6	-	572.6	-
Human Services	1,070.0	1,079.0	1,079.0	-	1,079.0	-
BHDDH	1,204.4	1,221.4	1,221.4	-	1,223.4	2.0
Office of the Child Advocate	10.0	13.0	13.0	-	13.0	-
Governor's Commission on the Deaf	4.0	4.0	4.0	-	4.0	-
Governor's Commission on Disabilities	5.0	5.0	5.0	-	5.0	-
Office of the Mental Health Advocate	6.0	6.0	6.0	-	6.0	-
Total	3,798.5	3,848.5	3,848.5	-	3,859.5	11.0
Education						
Elementary and Secondary Education	334.1	340.1	340.1	-	342.1	2.0
Public Higher Education	3,874.5	3,895.5	3,895.5	-	3,897.5	2.0
Council on the Arts	10.0	10.0	10.0	-	10.0	-
Atomic Energy Commission	8.6	8.6	8.6	-	8.6	-
Historical Preservation and Heritage Commission	15.6	15.6	15.6	-	15.6	-
Total	4,242.8	4,269.8	4,269.8	-	4,273.8	4.0
Public Safety						
Attorney General	264.1	264.1	264.1	-	264.1	-
Corrections	1,461.0	1,461.0	1,461.0	-	1,461.0	-
Judiciary	743.3	745.3	745.3	-	749.3	4.0
Military Staff	93.0	93.0	93.0	-	93.0	-
Emergency Management	37.0	38.0	38.0	-	38.0	-
Public Safety	632.0	633.0	633.0	-	634.0	1.0
Public Defender	104.0	104.0	104.0	-	104.0	-
Total	3,334.4	3,338.4	3,338.4	-	3,343.4	5.0
Natural Resources						
Environmental Management	425.0	439.0	439.0	-	439.0	-
Coastal Resources Management Council	32.0	32.0	32.0	-	32.0	-
Total	457.0	471.0	471.0	-	471.0	-
Transportation						
Transportation	755.0	755.0	755.0	-	755.0	-
Higher Education Sponsored Research						
Office of Higher Education	1.0	1.0	1.0	-	1.0	-
CCRI	89.0	89.0	89.0	-	89.0	-
RIC	76.0	76.0	76.0	-	76.0	-
URI	353.8	353.8	353.8	-	353.8	-
Total	519.8	519.8	519.8	-	519.8	-
Grand Total	15,652.8	15,772.8	15,772.8	-	15,806.8	34.0

MUNICIPAL AID: DIRECT AID

Municipality	FY2025 Payment in Lieu of Taxes		FY2026 - Direct Municipal Aid to Cities and Towns Distressed Communities		Motor Vehicle Excise Tax	Tangible Property	FY2026 Governor	Change from FY2025
	Enacted ⁴		Relief Fund	Library Aid				
Barrington	\$6,371,907	\$17,705	-	\$356,383	\$5,894,822	\$83,638	\$6,352,548	(\$19,359)
Bristol	4,596,713	1,331,081	-	224,131	2,910,724	147,284	4,613,220	16,507
Burrillville	5,424,751	61,409	-	221,823	5,053,933	72,656	5,409,821	(14,930)
Central Falls	2,735,313	-	254,105	36,682	2,089,148	351,907	2,731,842	(3,471)
Charlestown	1,107,383	-	-	68,798	1,020,877	18,324	1,107,999	616
Coventry	6,507,745	-	669,342	265,238	5,872,396	365,715	7,172,691	664,945
Cranston	28,889,700	3,380,088	-	829,266	22,323,373	1,738,596	28,271,323	(618,377)
Cumberland	6,940,855	-	-	372,016	6,079,657	505,178	6,956,851	15,996
East Greenwich	3,936,750	921,411	-	148,508	2,417,779	546,636	4,034,333	97,583
East Providence	14,071,455	299,560	-	504,598	11,433,479	1,883,783	14,121,420	49,965
Exeter	2,360,044	-	-	67,827	2,241,381	53,418	2,362,625	2,582
Foster	1,795,928	-	-	44,074	1,652,251	100,687	1,797,013	1,085
Glocester	2,684,522	-	-	97,812	2,381,941	203,566	2,683,319	(1,204)
Hopkinton	1,863,296	-	-	44,796	1,629,259	189,737	1,863,792	496
Jamestown	767,799	-	-	119,499	633,787	23,473	776,758	8,959
Johnston	11,904,200	-	-	134,989	10,382,785	1,391,119	11,908,893	4,693
Lincoln	6,440,032	-	-	267,306	5,683,015	483,036	6,433,358	(6,674)
Little Compton	447,331	-	-	47,384	375,577	35,997	458,958	11,628
Middletown	2,457,372	-	-	177,333	1,976,448	300,020	2,453,801	(3,571)
Narragansett	2,154,632	-	-	209,544	1,831,251	77,223	2,118,018	(36,614)
Newport	4,419,882	1,421,998	-	506,003	2,229,990	304,205	4,462,195	42,313
New Shoreham	677,845	-	-	110,639	164,315	14,181	289,136	(388,709)
North Kingstown	6,034,422	48	-	358,643	5,378,818	329,980	6,067,490	33,067
North Providence	11,910,456	-	1,061,533	241,944	9,624,167	907,238	11,834,882	(75,573)
North Smithfield	4,946,190	-	-	96,371	4,398,531	449,370	4,944,272	(1,918)
Pawtucket	20,197,901	2,514	1,682,212	515,906	16,501,926	1,377,212	20,079,770	(118,131)
Portsmouth	2,722,357	-	-	141,515	2,417,779	168,858	2,728,151	5,795
Providence	86,142,245	38,165,686	6,810,734	1,472,097	34,131,596	6,101,330	86,681,445	539,199
Richmond	1,586,007	-	-	29,520	1,455,362	104,948	1,589,830	3,822
Scituate	2,261,709	-	-	143,064	1,977,127	146,895	2,267,086	5,377
Smithfield	10,022,892	1,244,585	-	375,203	7,098,694	1,331,050	10,049,531	26,639
South Kingstown	4,590,615	180,975	-	274,920	3,930,455	211,379	4,597,729	7,114
Tiverton	2,051,926	-	-	150,715	1,748,175	153,001	2,051,891	(35)
Warren	2,349,062	-	-	78,180	2,090,911	179,960	2,349,051	(11)
Warwick	30,943,692	1,674,744	-	909,676	25,257,570	3,080,934	30,922,924	(20,768)
Westerly	6,473,128	149,573	-	454,393	5,774,500	485,171	6,863,637	390,509
West Greenwich	1,706,126	-	-	72,848	1,337,994	163,578	1,574,420	(131,706)
West Warwick	8,114,297	-	1,077,937	227,263	5,680,606	829,938	7,815,744	(298,553)
Woonsocket	11,644,406	350,035	828,595	233,267	9,324,776	834,588	11,571,261	(73,145)
SRL ¹	1,145,585	-	-	1,145,585	-	-	1,145,585	-
ILG ²	79,671	-	-	79,671	-	-	79,671	-
LCA ³	2,232,819	-	-	2,115,628	-	-	2,115,628	(117,191)
Fire Districts	421,271	-	-	-	445,998	157,419	603,417	182,146
Total	\$336,132,233	\$49,201,412	\$12,384,458	\$13,971,057	\$234,853,173	\$25,903,228	\$336,313,327	\$181,095

¹SRL: Statewide Reference Library Resources Grant²ILG: Grant-in-Aid to Institutional Libraries³LCA: Library Construction Aid⁴At the time the FY2025 Budget was enacted, data from municipalities necessary to determine tangible property tax state aid amounts for each town was not yet available (it was due to the Division of Municipal Finance by August 15, 2024). The FY2025 Budget as Enacted included a placeholder amount of \$28.0 million; however, it did not include municipal allocations. The Governor's FY2025 Supplemental Budget recommendation includes a total of \$25.9 million in tangible property tax state aid based on the actual municipal data. It also includes the distribution across municipalities. The FY2025 Enacted column incorporates the revision and total state aid for each town reflects the respective allocation included in the supplemental budget recommendation. This is done to more accurately reflect the year-over-year change in total state aid for each municipality.

MUNICIPAL AID: INDIRECT AID

FY2026 - Indirect Municipal Aid to Cities and Towns

Municipality	FY2025 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	FY2026 Governor	Change from
							FY2025 Enacted
Barrington	\$443,580	\$231,761	\$4,617	\$176,114	\$0	\$412,492	(\$31,088)
Bristol	1,124,216	302,239	105,706	746,456	-	1,154,401	30,185
Burrillville	509,179	219,979	279	276,980	-	497,238	(11,941)
Central Falls	549,085	304,460	835	289,957	-	595,252	46,167
Charlestown	442,097	108,574	101,404	239,198	-	449,176	7,079
Coventry	1,258,218	484,257	122,533	616,689	-	1,223,479	(34,739)
Cranston	4,084,890	1,119,085	57,184	2,905,055	-	4,081,323	(3,567)
Cumberland	1,254,096	492,830	1,076	747,411	-	1,241,317	(12,779)
East Greenwich	1,245,529	195,114	4,250	1,153,725	-	1,353,090	107,561
East Providence	2,232,558	636,115	91,236	1,481,657	-	2,209,007	(23,551)
Exeter	265,783	96,155	778	168,988	-	265,921	138
Foster	92,948	60,686	1,868	24,779	-	87,333	(5,615)
Glocester	262,888	136,337	3,856	132,459	-	272,653	9,765
Hopkinton	194,185	114,046	3,047	63,464	-	180,557	(13,628)
Jamestown	269,916	75,096	63,102	149,718	-	287,916	18,000
Johnston	1,503,372	400,317	17,445	1,110,576	-	1,528,339	24,967
Lincoln	1,554,252	305,679	225,096	1,029,835	25,034	1,585,644	31,392
Little Compton	159,548	48,768	44,428	57,120	-	150,317	(9,231)
Middletown	2,903,992	229,147	1,651,282	1,154,361	33,482	3,068,272	164,280
Narragansett	1,591,633	196,915	432,644	1,009,252	-	1,638,811	47,178
Newport	7,707,451	338,968	4,197,976	3,740,345	-	8,277,288	569,837
New Shoreham	1,497,829	11,227	913,991	605,091	44,684	1,574,993	77,164
North Kingstown	1,504,552	375,629	163,843	949,133	56,332	1,544,936	40,384
North Providence	1,137,190	459,649	4,696	727,413	-	1,191,758	54,568
North Smithfield	654,160	170,412	5,945	482,008	-	658,364	4,204
Pawtucket	2,577,052	1,019,517	120,245	1,355,175	-	2,494,938	(82,114)
Portsmouth	718,822	240,253	40,904	469,707	-	750,863	32,041
Providence	13,146,755	2,576,067	2,531,004	8,557,403	-	13,664,474	517,719
Richmond	372,814	109,793	47,344	215,998	-	373,135	321
Scituate	258,566	141,077	11,879	110,125	-	263,082	4,516
Smithfield	1,793,630	298,962	258,708	1,248,495	25,034	1,831,199	37,569
South Kingstown	2,087,518	433,444	382,802	1,245,709	-	2,061,954	(25,564)
Tiverton	697,790	220,209	18,259	463,424	-	701,891	4,101
Warren	673,063	150,842	3,601	578,229	-	732,672	59,609
Warwick	7,557,900	1,122,322	1,476,693	4,157,766	769,903	7,526,684	(31,216)
Westerly	3,026,270	315,796	1,431,941	1,394,081	55,567	3,197,385	171,115
West Greenwich	428,449	89,357	157,550	182,210	-	429,117	668
West Warwick	1,196,404	420,171	182,635	569,300	-	1,172,107	(24,297)
Woonsocket	1,522,435	583,351	74,566	822,510	-	1,480,427	(42,008)
Total	\$70,500,615	\$14,834,605	\$14,957,249	\$41,407,915	\$1,010,036	\$72,209,805	\$1,709,190

¹*FY2026 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in March 2026.

Final FY2026 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2026. The state aid for each municipality is an estimate provided by the Senate Fiscal Office.

EDUCATION AID

FY2026 Governor Recommended Education Aid - Change to Enacted¹

Districts	FY2025 Enacted	FY2026 Governor Recommendation	Change
Barrington	\$12,112,556	\$11,643,245	(\$469,311)
Burrillville	13,955,064	13,974,531	19,467
Charlestown	1,548,074	1,517,657	(30,417)
Coventry	27,882,720	29,209,276	1,326,556
Cranston	79,545,544	81,740,418	2,194,874
Cumberland	26,537,195	28,455,687	1,918,492
East Greenwich	7,073,215	6,230,975	(842,240)
East Providence	39,085,945	40,425,446	1,339,501
Foster	1,305,398	1,289,757	(15,641)
Glocester	3,111,364	3,175,019	63,655
Hopkinton	6,787,526	7,314,044	526,518
Jamestown	709,899	560,046	(149,853)
Johnston	24,750,928	25,440,037	689,109
Lincoln	18,783,935	21,311,010	2,527,075
Little Compton	343,653	321,438	(22,215)
Middletown	7,396,997	6,736,269	(660,728)
Narragansett	2,206,347	1,914,691	(291,656)
Newport	15,725,702	15,135,785	(589,917)
New Shoreham	90,884	99,435	8,551
North Kingstown	13,494,792	13,462,455	(32,337)
North Providence	30,451,686	30,907,391	455,705
North Smithfield	8,034,416	9,535,355	1,500,939
Pawtucket	111,563,255	112,190,511	627,256
Portsmouth	3,588,844	3,596,093	7,249
Providence	294,316,535	298,067,651	3,751,116
Richmond	6,370,367	6,472,547	102,180
Scituate	3,690,303	4,440,208	749,905
Smithfield	10,126,170	10,786,218	660,048
South Kingstown	6,008,520	5,842,120	(166,400)
Tiverton	5,850,781	5,866,463	15,682
Warwick	46,787,158	49,298,965	2,511,807
Westerly	8,785,308	8,695,881	(89,427)
West Warwick	40,104,938	42,018,926	1,913,988
Woonsocket	85,082,626	88,864,653	3,782,027
Bristol-Warren	14,832,851	14,611,529	(221,322)
Exeter-West Greenwich	7,673,651	9,486,892	1,813,241
Chariho	3,455,443	3,426,558	(28,885)
Foster-Glocester	6,710,115	6,560,602	(149,513)
Central Falls	54,365,495	53,870,631	(494,864)
District Total	\$1,050,246,199	\$1,074,496,415	\$24,250,216
Charter School Total	178,465,435	194,103,753	15,638,318
Davies	18,131,389	18,772,462	641,073
Met School	11,131,142	12,977,328	1,846,186
Nowell Academy	2,311,758	2,802,638	490,880
Urban Collaborative	2,111,614	2,262,135	150,521
Youth Build Academy	2,137,890	1,825,270	(312,620)
Total	\$1,264,535,427	\$1,307,240,001	\$42,704,574

¹ Based on October 2024 adjusted for projected 2025-26 PSOC.

Source: Rhode Island Department of Education

COMMUNITY SERVICE OBJECTIVE GRANTS (GENERAL REVENUE FUNDS)

Agency	Grant Recipient	FY2025 Enacted	FY2025 Governor	Change from Enacted	FY2026 Governor	Change from Enacted
Executive Office of Commerce	Polaris Manufacturing Technical Assistance Program	\$500,000	\$500,000	\$0	\$500,000	\$0
Executive Office of Commerce	Chafee Center at Bryant	476,200	476,200	-	476,200	-
Executive Office of Commerce	Urban Ventures	140,000	140,000	-	140,000	-
Executive Office of Commerce	East Providence Waterfront Commission	50,000	50,000	-	50,000	-
Labor and Training	Year Up	200,000	200,000	-	200,000	-
Secretary of State	Rhode Island Historical Society	125,000	125,000	-	125,000	-
Secretary of State	Newport Historical Society	18,000	18,000	-	18,000	-
Secretary of State	RI Council for the Humanities	100,000	100,000	-	100,000	-
Secretary of State	We the People Civics Challenge	50,000	50,000	-	50,000	-
Secretary of State	RI Black Heritage Society	25,000	25,000	-	25,000	-
Health	Gloria Gemma Breast Cancer Research Foundation	-	-	-	50,000	50,000
Human Services - Healthy Aging	Diocese of Providence - Elder Services	325,000	325,000	-	325,000	-
Human Services - Healthy Aging	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-	40,000	-
Human Services - Healthy Aging	Elderly Housing Security	85,000	85,000	-	-	(85,000)
Human Services - Healthy Aging	Elderly Nutrition	680,000	680,000	-	680,000	-
Human Services - Healthy Aging	Meals on Wheels	630,000	630,000	-	630,000	-
Human Services - Healthy Aging	Senior Center Support	1,400,000	1,400,000	-	1,600,000	200,000
Human Services	Coalition Against Domestic Violence	400,000	400,000	-	400,000	-
Human Services	Project Reach - Boys and Girls Club	450,000	450,000	-	450,000	-
Human Services	Day One	300,000	300,000	-	300,000	-
Human Services	RI Community Food Bank	800,000	800,000	-	550,000	(250,000)
Human Services	Crossroads Rhode Island	500,000	500,000	-	500,000	-
Human Services	Institute for the Study and Practice of Nonviolence	250,000	250,000	-	250,000	-
Human Services	Community Action Fund	600,000	600,000	-	600,000	-
Human Services	United way's 211 System	200,000	200,000	-	200,000	-
Human Services	Higher Ground International	125,000	125,000	-	125,000	-
Human Services	Refugee Dream Center	50,000	50,000	-	50,000	-
Human Services	Substance Use and Mental Health Leadership Council of RI	100,000	100,000	-	100,000	-
Human Services	Center for Southeast Asians	25,000	25,000	-	25,000	-
Human Services - Veterans Services	Operation Stand Down	50,000	50,000	-	50,000	-
Human Services - Veterans Services	Veterans' Organizations	200,000	200,000	-	200,000	-
Human Services - Veterans Services	Veterans Services Officers Program	100,000	100,000	-	100,000	-
BHDDH	Regional Substance Abuse Prevention Task Forces	500,000	500,000	-	450,000	(50,000)
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-	90,000	-
Education	Child Opportunity Zones	395,000	395,000	-	395,000	-
Education	City Year - Whole School Whole Child Program	130,000	130,000	-	130,000	-
Postsecondary Commissioner	Onward We Learn	455,000	455,000	-	455,000	-
Postsecondary Commissioner	Best Buddies Rhode Island	75,000	75,000	-	75,000	-
Postsecondary Commissioner	RI School for Progressive Education	200,000	200,000	-	100,000	(100,000)
Postsecondary Commissioner	College Visions	-	-	-	50,000	50,000
University of Rhode Island	Small Business Development Center	700,000	700,000	-	700,000	-
University of Rhode Island	Institute for Labor Studies and Research	125,000	125,000	-	125,000	-
University of Rhode Island	Special Olympics Rhode Island	50,000	50,000	-	50,000	-
Arts Council	WaterFire Providence	400,000	400,000	-	400,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-	30,000	-
Historical Preservation	Rhode Island Slave History Medallions	25,000	25,000	-	25,000	-
Corrections	Crossroads Rhode Island	1,050,000	1,050,000	-	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	500,000	500,000	-	500,000	-
Judicial	Rhode Island Legal Services	90,000	90,000	-	90,000	-
Environmental Management	Wildlife Rehabilitators Association of RI	100,000	100,000	-	100,000	-
Environmental Management	Marine Mammal Response Activities	150,000	150,000	-	150,000	-
Environmental Management	Conservation Districts	180,000	180,000	-	180,000	-
Total		\$14,239,200	\$14,239,200	\$0	\$14,054,200	(\$185,000)

STATE FISCAL RECOVERY FUNDS

Project	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Revised	FY2026	
					Recommended	Total
9-8-8 Hotline	-	\$238,583	\$1,598,759	\$3,512,658	-	\$5,350,000
Adult Education Providers	-	-	1,320,361	3,551,266	128,373	5,000,000
Affordable Housing Predevelopment Program	-	2,500,000	7,500,000	0	-	10,000,000
Aid to the Convention Center	-	10,000,000	-	-	-	10,000,000
Assistance to Impacted Industries	8,000,000	5,000,000	(0)	2,000,001	-	15,000,000
Auto-Enrollment Program	-	337,478	1,110,525	166,065	-	1,614,068
Bioscience Investments	-	-	2,000,600	42,999,400	-	45,000,000
Butler Hospital Short Term Stay Unit	-	600,180	7,399,820	-	-	8,000,000
Certified Community Behavioral Health Clinics	-	4,903,960	16,931,614	6,959,131	205,295	29,000,000
Child Care Support	12,624,421	9,849,160	16,836,629	2,689,791	-	42,000,000
Community Learning Center Programming Support Grant	-	-	-	2,000,000	-	2,000,000
COVID-19 Operational Support	-	-	19,963,772	12,233,311	-	32,197,083
Crisis Intervention Trainings	-	-	550,114	1,649,886	-	2,200,000
Destination Marketing	-	899,632	2,100,368	0	-	3,000,000
Development of Affordable Housing	14,740,825	-	25,203,299	60,055,876	-	100,000,000
Down Payment Assistance	-	10,000,000	20,000,000	-	-	30,000,000
Early Intervention Recovery	4,051,215	5,498,785	1,450,000	-	-	11,000,000
Electric Heat Pump Grant Program	-	-	10,366,288	14,033,712	-	24,400,000
Enhanced Real Jobs	-	9,605,558	14,451,386	5,943,056	-	30,000,000
Foster Home Lead Abatement & Fire Safety	-	-	-	-	-	-
Fresh Start Scholarship	-	-	1,997,253	3,002,747	-	5,000,000
Health Care Facilities	-	77,500,000	(0)	10,000,000	-	87,500,000
Home Repair and Community Revitalization	-	-	6,997,899	17,502,101	-	24,500,000
Homelessness Assistance Program	-	5,557,603	10,146,558	23,095,840	-	38,800,000
Homelessness Infrastructure	-	3,714,912	23,669,137	17,615,951	-	45,000,000
Housing Related Infrastructure	-	-	-	3,000,000	-	3,000,000
Minority Business Accelerator	-	1,000,060	2,593,278	2,406,662	-	6,000,000
Municipal Homelessness Support Initiative	-	-	312,535	1,887,465	-	2,200,000
Municipal Planning	-	-	-	2,300,000	-	2,300,000
Municipal Public Safety Infrastructure	-	-	3,666,232	7,333,768	-	11,000,000
Municipal Roads Grant Program	-	-	3,816,585	23,183,415	-	27,000,000
Nonprofit Assistance	-	20,000,000	-	-	-	20,000,000
Ongoing COVID-19 Response	-	-	-	-	-	-
Out of School Time Education Providers	-	-	-	4,000,000	-	4,000,000
Pandemic Recovery Office	6,093,604	3,800,863	2,208,150	1,839,770	1,436,547	15,378,934
Pediatric Recovery	5,965,100	5,336,890	3,697,881	129	-	15,000,000
Personnel and Operating Support	-	-	20,000,000	-	-	20,000,000
PFAS Water Treatment	-	-	-	-	-	-
Port of Davisville	-	6,000,000	13,364,010	45,635,990	-	65,000,000
Predevelopment and Capacity Building	78,609	531,660	632,906	256,825	-	1,500,000
Preservation of Affordable Housing Units	-	-	-	500,000	-	500,000
Proactive Housing Development	-	-	-	1,400,000	-	1,400,000
Provider Workforce Stabilization	6,827,796	7,814,659	7,510,639	1,967,672	-	24,120,766
Psychiatric Residential Treatment Facility	-	2,425,448	892,598	5,781,955	-	9,100,000
Public Health Clinics	-	279,882	2,736,091	984,027	-	4,000,000
Public Health Response Warehouse Support	-	380,993	1,868,381	1,928,972	-	4,178,347
Rhode Island College Foster Care Youth Scholarship	-	-	-	1,021,859	-	1,021,859
Rhode Island Community Food Bank	-	-	3,000,000	0	-	3,000,000
RI Reconnect	-	-	803,079	7,196,921	-	8,000,000
RIC Cybersecurity Center	-	-	404,678	1,595,322	-	2,000,000
RIPTA Operating Subsidy	-	-	-	15,000,000	-	15,000,000
RIPTA R-Line Free Service Pilot	-	2,500,000	750,000	-	-	3,250,000
Site Acquisition	6,000,000	9,000,000	9,999,100	900	-	25,000,000
Small Business Assistance	18,613,433	10,798,715	(569,664)	2,457,517	-	31,300,000
SNAP Retail Incentive Pilot	-	-	-	4,500,000	-	4,500,000
South Quay Marine Terminal	-	-	-	-	-	-
Statewide Broadband Planning and Mapping	269,200	230,800	-	0	-	500,000
Statewide Housing Plan	-	-	38,649	1,961,351	-	2,000,000
Support for Survivors of Domestic Violence	-	-	1,121,318	9,348,929	29,753	10,500,000
Targeted Housing Development	-	-	-	26,000,000	-	26,000,000
Turnpike and Bridge Authority – Safety Barriers Study	-	134,808	973,428	641,764	-	1,750,000
Unemployment Insurance Trust Fund Contribution	-	100,000,000	-	-	-	100,000,000
Washington Bridge Project	-	-	-	35,000,000	-	35,000,000
Workforce Housing	-	-	3,672,503	16,327,497	-	20,000,000
Total	\$83,264,203	\$316,440,627	\$275,086,758	\$454,469,501	\$1,799,968	\$1,131,061,057

New Project

Senate Fiscal Office

Stephen H. Whitney
Senate Fiscal Advisor

Emmery Brakke-Lautman
Legislative Fiscal Analyst I

Arts Council
Behavioral Healthcare, Developmental
Disabilities, and Hospitals
Children, Youth, and Families
Child Advocate
Department of Housing
Mental Health Advocate
RIHMFC (RI Housing)

Robert C. Bromley
Senior Legislative Fiscal Analyst

Administration (Office of Energy Resources)
Board of Elections
Commission on Disabilities
Convention Center Authority
General Treasurer
Governor
Historic Preservation and Heritage Commission
Human Rights Commission
I-195 Redevelopment Commission
Lieutenant Governor
Military Staff
Public Utilities Commission
Quonset Development Corporation
RI Emergency Management Agency
Secretary of State

Kelly M. Carpenter
Senior Legislative Fiscal Analyst

Coastal Resources Management Council
Elementary and Secondary Education
Environmental Management
Executive Office of Health and Human Services
Health & Educational Building Corporation
Judiciary
Narragansett Bay Commission
Resource Recovery Corporation
RI Infrastructure Bank

MaKenzie Pratt
Legislative Fiscal Analyst I

Atomic Energy Commission
Business Regulation (Cannabis Control
Commission)
Commission on Deaf and Hard of Hearing
Ethics Commission
Health
HealthSource RI
Higher Education
Human Services
Student Loan Authority

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Attorney General
Corrections
Labor and Training
Public Defender
Public Safety
RI Airport Corporation
RI Public Transit Authority
RI Turnpike & Bridge Authority
Transportation

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Revenue
RI Commerce Corporation

