



SENATE FISCAL OFFICE
REPORT

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

2025-H-5076 AND 2025-H-5075

BUDGET ANALYSIS

APRIL 1, 2025

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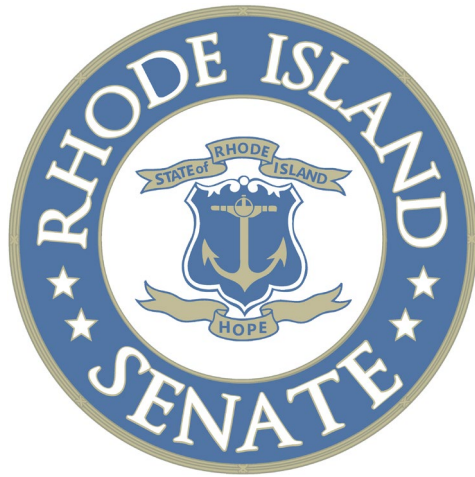
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EXECUTIVE SUMMARY

Executive Summary

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	FY2024 Unaudited	FY2025 Enacted	FY2025 Governor	Change to Enacted	FY2026 Governor	Change to Enacted
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

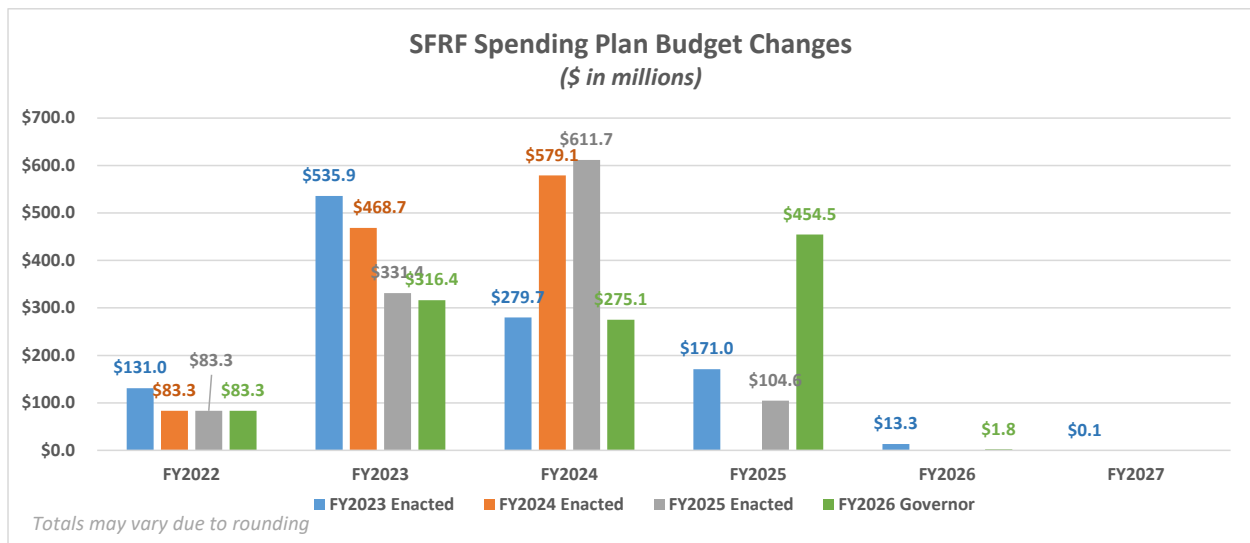
The FY2024 Budget includes significant increases in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF). In the FY2023 Budget as Enacted the General Assembly scheduled SFRF over fiscal years FY2022 through FY2027. The FY2024 Budget as Enacted shifted all outyear funding into FY2024 over 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:

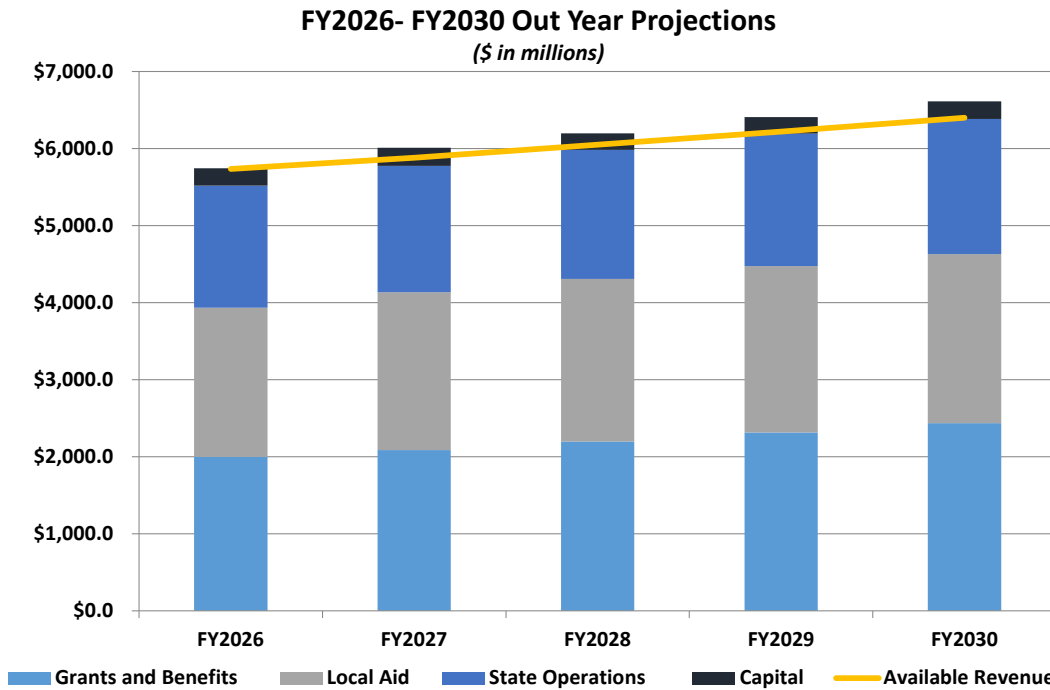
- If an SFRF project that was obligated by December 31, 2024, experiences cost overruns, and the method for obligating the project allows for such cost overruns, then unexpended SFRF monies from other SFRF projects can be used to cover the cost overruns.
- The State can use SFRF funds that were initially 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.

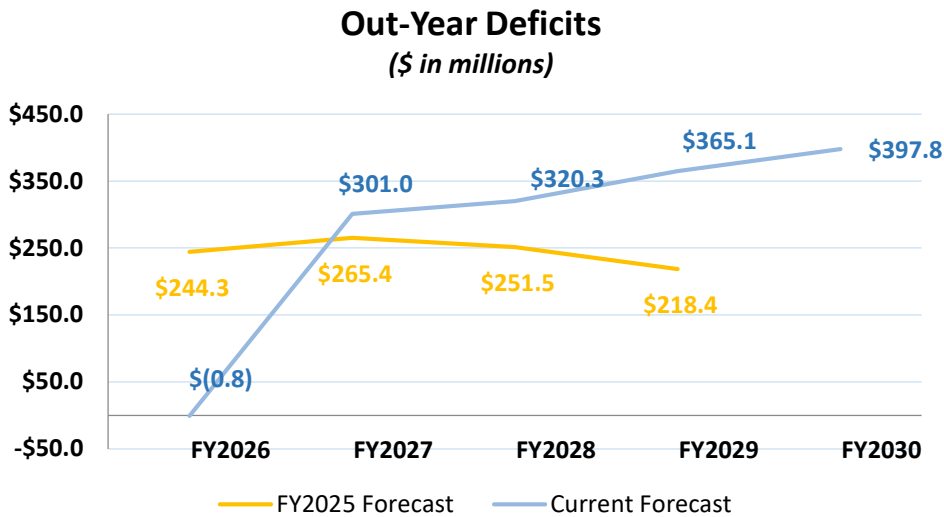


FIVE-YEAR FORECAST

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.



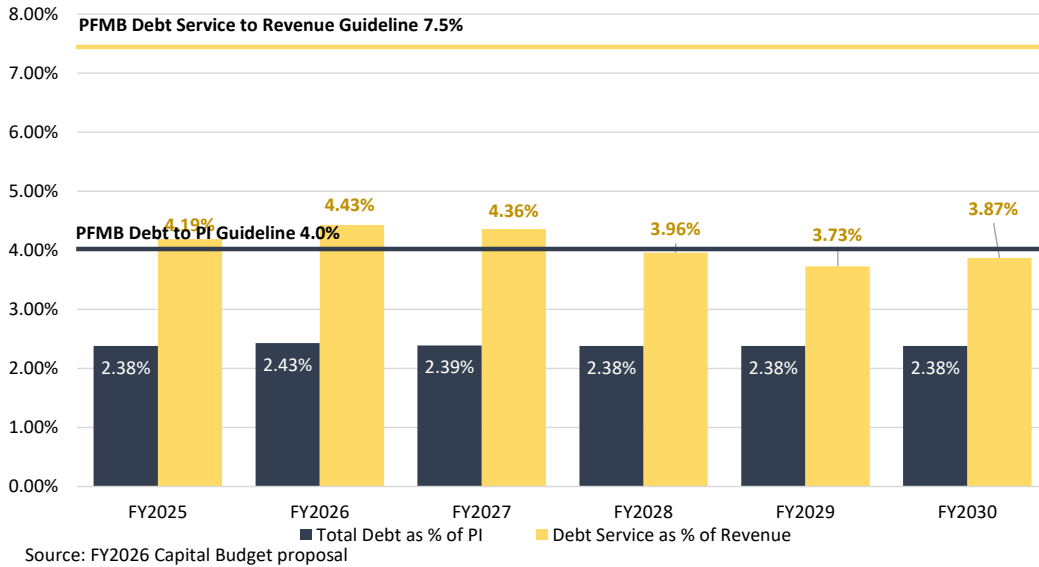
TAX-SUPPORTED DEBT

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

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 the portion of a property's value above \$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 (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 \$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.
- **Learn365RI:** The Governor recommends \$2.5 million in general revenue to support out-of-school programming with a focus on critical skill development.

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

- **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.

FY2025 Supplemental

Administration: The Governor includes \$239.4 million in general revenue expenditures (\$648.3 million in 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.

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.

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. The state maintains a two-tier RECT, with the first \$800,000 of a property's value taxed at 0.46 percent and the portion valued above at 0.92 percent. Revenue from the latter is dedicated the Housing Production Fund. The Governor recommends the tax rate on the portion valued above \$800,000 be increased from 0.92 percent to 1.25 percent. 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 types 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, 2022.
- **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.

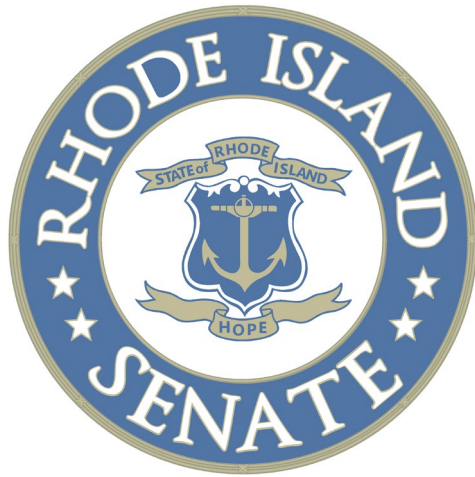
Article 12: Relating to Effective Date

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.



DEPARTMENTAL SUMMARIES

Statewide Adjustments

Summary

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

Personnel Adjustments

FY2025 \$34.4 million

FY2026 \$63.8 million

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

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

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

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

Central Utilities Fund Adjustments**\$19.2 million**

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

The FY2025 Budget as Enacted includes \$309,340 in general revenue for the Central Utilities Fund costs, which is increased by \$19.2 million in general revenue (\$19.0 million all funds) to \$19.5 million in general revenue (\$21.1 million all funds) in the FY2026 Budget. There is a

corresponding decrease of \$790,702 in federal funds, offset by an increase of \$417,026 in restricted receipts, and an increase of \$160,248 in other funds. The following table illustrates the adjustments in each agency.

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

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

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

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

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

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

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

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

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

Department of Administration

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Accounts and Control	\$6.3	\$8.0	\$8.3	\$0.3	3.5%	\$8.5	\$0.5	6.3%
Office of Management and Budget	11.9	12.8	16.7	3.9	30.5%	14.7	1.9	14.9%
Capital Asset Management and Maintenance	9.3	9.9	9.9	0.0	0.1%	9.0	(0.9)	-9.5%
Central Management	18.3	49.4	58.7	9.3	18.8%	37.6	(11.9)	-24.0%
Debt Service Payments	233.9	197.8	192.5	(5.3)	-2.7%	211.9	14.1	7.1%
Energy Resources	27.5	44.8	-	(44.8)	-100.0%	-	(44.8)	-100.0%
General	88.5	141.7	278.6	136.9	96.6%	139.4	(2.4)	-1.7%
Human Resources	0.8	0.9	0.9	0.0	0.4%	0.9	(0.1)	-5.7%
Information Technology	135.1	5.2	13.5	8.2	158.1%	3.0	(2.2)	-42.5%
Legal Services	2.3	2.5	2.6	0.2	6.3%	2.9	0.4	15.3%
Library and Information Services	3.5	3.6	3.6	0.0	0.9%	3.8	0.2	5.8%
Personnel Appeal Board	0.1	0.2	0.2	-	0.0%	0.2	-	0.0%
Planning	4.7	6.8	7.0	0.2	3.7%	7.2	0.4	5.8%
Purchasing	4.4	5.3	5.6	0.4	6.7%	5.9	0.6	12.2%
Rhode Island Health Benefits Exchange (HealthSource RI)	29.0	30.4	30.8	0.3	1.1%	29.9	(0.5)	-1.6%
Statewide Personnel and Operations	-	32.5	17.2	(15.3)	-	20.6	(11.9)	-
Division of Equity, Diversity, and Inclusion	1.7	2.3	2.3	0.0	0.6%	2.4	0.2	6.9%
Total	\$577.5	\$554.1	\$648.3	\$94.2	17.0%	\$497.7	(\$56.4)	-10.2%

Expenditures By Source								
General Revenue	\$279.5	\$255.0	\$239.4	(\$15.6)	-6.1%	\$262.8	\$7.8	3.0%
Federal Funds	44.1	78.7	152.0	73.3	93.1%	48.5	(30.2)	-38.3%
Restricted Receipts	152.7	50.0	34.5	(15.5)	-31.0%	24.3	(25.7)	-51.3%
Other Funds	101.2	170.4	222.4	52.1	30.6%	162.1	(8.3)	-4.9%
Total	\$577.5	\$554.1	\$648.3	\$94.2	17.0%	\$497.7	(\$56.4)	-10.2%

Authorized FTE Levels	674.6	683.6	667.6	(16.0)	-2.3%	669.6	(14.0)	-2.0%
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\$ in millions. Totals may vary due to rounding.

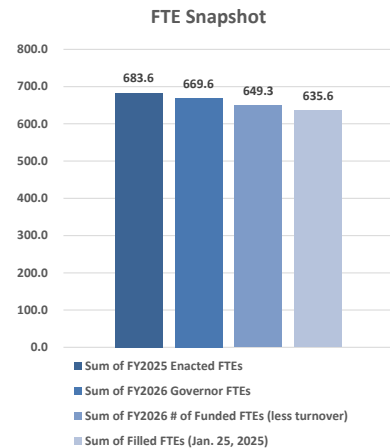
The Department of Administration’s primary function is to provide support services to state departments and agencies. The Department of Administration was created to consolidate the finance, purchasing, and management functions of the State. There are 16 sub-programs with specific functions within the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

MAJOR ISSUES AND TRENDS

The FY2025 Revised Budget includes an all funds appropriation of \$648.3 million, reflecting a net increase of \$94.2 million (17.0 percent) from the FY2025 Budget as Enacted. General revenues total \$239.4 million and comprise 36.9 percent of the Department’s total appropriation. Federal funds total \$152.0 million (23.5 percent), restricted receipts total \$34.5 million (5.3 percent) and other funds total \$222.4 million (34.3 percent).

The FY2026 Budget includes an all funds appropriation of \$497.7 million, reflecting a net decrease of \$56.4 million (10.2 percent) from the FY2025 Budget as Enacted. General revenues total \$262.8 million and comprise 52.8 percent of the Department’s total appropriation.

This is a net increase of \$7.8 million from the previous fiscal year, that includes significant debt service adjustments such as a \$21.4 million increase for new general obligation bond debt service, a \$3.5 million increase for the Central Falls School Project, a decrease of \$4.2 million for the DCYF Training School, and a decrease of \$3.9 million for debt service costs for COPs Technology. The change also includes a net decrease of \$6.6 million in Statewide Personnel and Operations reflecting the decrease of \$25.6 million for



the pension plan revisions and COVID Contingency funds included in the previous year, offset by an increase of \$19.0 million for the Statewide Contract Reserve for the COLA adjustment in unions within the Department of Corrections, Department of Public Safety, and the Department of Elementary and Secondary Education that have yet to ratify their new contracts.

The capital budget includes \$8.6 million in RICAP funds in FY2025 and \$26.1 million in RICAP funds in FY2026 for the new Long-Term Acute Care Hospital (LTACH) on the Zambarano Campus. In addition, the projected out-year funding for this project includes \$92.4 million in RICAP funds and proposes \$90.0 million in certificates of participation (COPs) beginning in FY2027. The COPs have not been authorized by the General Assembly and presumably will be proposed as part of the Governor's FY2027 Budget submission. The total project cost is \$197.1 million of which \$107.1 million is RICAP funds and \$90.0 million in COPs.

Federal funds total \$48.5 million and comprise 9.8 percent of the Department's total appropriation. Federal funds decrease by \$30.2 million from the previous year. The decrease includes a reduction of \$15.0 million reflecting the transfer of the Office of Energy Resources out of the Department, to become a standalone state agency; a reduction of \$12.8 million for lower available American Rescue Plan (ARP SFRF) funding; and, a reduction of \$2.6 million for lower personnel adjustments included in the budget.

Restricted receipts total \$24.3 million and comprise 4.9 percent of the Department's total appropriation.

Other Funds include \$31.0 million in RICAP funds for the acquisition, redevelopment, and moving costs of a 210,000 square foot commercial property located at 115 Tripps Lane in East Providence for state office use. The property is located on 25 acres of land, has approximately 130,000 square feet of office space, a cafeteria, a data center and 849 parking spaces.

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

The FY2026 Budget includes 669.6 FTE positions reflecting a net decrease of 14.0 FTE positions to the Department, including the shift of 16.0 FTE positions to the stand-alone Office of Energy Resources, a transfer of 2.0 FTE positions to BHDDH, an increase of 2.0 FTE positions to staff the Office of Internal Audit and Program Integrity, and, an increase of 2.0 FTE positions to staff the Integrated Data Systems initiative.

ACCOUNTS AND CONTROL

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

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

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

Accounts and Control	Other Fund Changes
Personnel Adjustments (restricted receipts) (statewide adjustments)	\$62,670

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

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

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

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

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

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

OFFICE OF MANAGEMENT AND BUDGET

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

- **Budget Office:** Provides advice to the Governor relating to the financial management of state government: evaluating necessary resources; analyzing state programs, priorities and alternatives; and suggesting the optimum allocation of resources to meet policy and management goals. The Budget Office also prepares fiscal notes on legislation, participates in the Revenue and Caseload Estimating Conferences, and prepares presentations to bond rating agencies.
- **Director:** Assists departments and agencies with strategic planning and continuous improvement processes to enhance management.

- **Performance Management:** Develops and monitors performance measures for each state agency.
- **Strategic Management:** Assists departments and agencies with strategic planning.
- **Regulatory Reform:** Evaluates and reforms state and local regulatory environment.
- **Office of Internal Audit and Program Integrity:** Conducts audits on any state agency, state entity, or private entity receiving state funding or grants. The OIA evaluates the efficiency of an agency's operations and internal controls, and prevents or detects fraud and mismanagement.

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

Office of Management and Budget	General Revenue
FY2025 Enacted	\$9,915,379
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	5,455
New Personnel - 2.0 FTE Positions	666,043
Centralized Services (statewide adjustment)	299,967
FY2026 Governor	\$11,000,012

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

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

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

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

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

CAPITAL ASSET MANAGEMENT AND MAINTENANCE

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

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

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

Capital Asset Management and Maintenance	General Revenue
FY2025 Enacted	\$9,931,679
<i>Target and Other Adjustments</i>	
Personnel Adjustments and Cost Shift to RICAP	(2,001,889)
Central Utilities Fund (statewide adjustments)	1,203,061
Centralized Services (statewide adjustments)	(194,038)
Operating Adjustments	46,527
FY2026 Governor	\$8,985,340

Personnel Adjustments and Cost Shift to RICAP **(\$2.0 million)**

The Budget does not include funding for personnel costs at DCAMM. This reflects a general revenue decrease of \$2.0 million as compared to the FY2025 Budget as Enacted. The decrease is comprised of \$2.0 million in general revenue for salary and benefit expenses offset by an equal amount in turnover savings. According to OMB, the \$2.0 million listed as turnover savings, reflects a change to charge project manager personnel costs for approximately 11.0 FTE positions, directly to the RICAP project costs. Presently, the RICAP funds do not pay personnel costs. In addition, the FY2026 Budget does not reflect personnel costs in the project costs.

Analyst Note: The proposal to shift costs for the project manager personnel expenses from general revenue to RICAP funds has previously been proposed and rejected by the General Assembly, including the previous FY2025 Budget proposed by the current Governor.

Operating Adjustments **\$46,527**

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

CENTRAL MANAGEMENT

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

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

Central Management	General Revenue
FY2025 Enacted	\$3,654,794
<i>Target and Other Adjustments</i>	
ERP Maintenance and Operation Billings (statewide adjustments)	(25,000)
Personnel Adjustments (statewide adjustments)	542,159
Realignment to Enacted/CSL	336,845
Centralized Services (statewide adjustments)	(193,701)
	44,261
FY2026 Governor	\$4,359,358

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

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

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

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

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

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

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

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

Community Learning Center Grants

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

Source: RI Pandemic Recovery Office

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

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

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

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

DEBT SERVICE PAYMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OFFICE OF ENERGY RESOURCES

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

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

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

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

Personnel and Operating Transfer (\$500,000)

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

GENERAL

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

General	General Revenue
FY2025 Enacted	\$16,760,098
<i>Target and Other Adjustments</i>	
Tort Awards	400,000
Retirement Savings Contributions	301,273
Wrongful Conviction Awards	188,554
Library Construction Aid	(117,191)
FY2026 Governor	\$17,532,734

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

Tort Awards **\$400,000**

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

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2025		FY2026	
Torts - Court Awards	Actual	Actual	Actual	Actual	Actual	Enacted	Governor	Change	Governor	Change
Taxable Claims/Settlements	\$355,000	\$504,116	\$940,130	\$389,681	\$746,588	\$1,350,000	\$1,350,000	\$0	\$1,750,000	\$400,000

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

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

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

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

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

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

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

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

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

Rhode Island law grants authority to the Office of Library and Information Services to make grants to a municipality or a free public library, for construction or capital improvements. Grants are limited to a maximum of 50.0 percent of the total eligible costs, as determined by the Office of Library and Information Services and are paid on an installment basis, based on a community's debt service requirement, for a maximum period of 20 years.

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

PUBLIC LIBRARY CONSTRUCTION REIMBURSEMENT PAYMENTS FY 2024-2026

Signed Agreements	FY2023	FY2024	FY2025	FY2026	Change
Barrington**	\$105,517	\$103,483	\$101,449	\$99,451	(\$1,998)
Bristol	293,894	295,094	295,894	301,294	5,400
Burrillville	224,427	216,899	209,304	201,639	(7,664)
Cumberland	28,756	32,062	-	-	-
East Greenwich*	47,177	110,165	-	-	-
East Providence (Riverside)	52,009	50,028	-	-	-
Jamestown	-	-	209,237	155,433	(53,804)
Narragansett	-	-	321,658	268,840	(52,818)
Providence Public*	560,811	560,811	560,811	560,811	-
Tiverton	293,314	287,007	280,700	274,393	(6,307)
Westerly*	253,767	253,767	253,767	253,767	-
Total	\$1,859,672	\$1,909,317	\$2,232,819	\$2,115,628	(\$117,191)

Source: Office of Library & Information Services, Feb 13, 2025

*Payments are made directly to the library,

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

Analyst Note: According to the Department of Administration, the amounts initially listed for the Jamestown and Narragansett projects used an estimated interest rate at the time of each library's application for reimbursement. The numbers stated for FY2026 are the result of an audit conducted by the Central Business Office when the project closed that includes the actual interest rate used on the bond to finance the State's share.

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

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

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

HUMAN RESOURCES

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

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

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

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

INFORMATION TECHNOLOGY

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

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

Information Technology	General Revenue
FY2025 Enacted	\$1,838,147
<i>Target and Other Adjustments</i>	
FY2026 Governor	-

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

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

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

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

ITRR Cash Balance:

ITRR Cash Balance	Projected	
	FY2025 YTD	FY2025 Ending
Cash Balance: June 30, 2024	\$17,822,026	\$17,822,026
FY2025 Revenue	532,537	1,500,000
FY2025 Expenditures	(743,664)	(11,766,118)
Balance	\$17,610,899	\$7,555,908
Approved Outyear Expenditures	-	724,148
New Obligations	6,831,760	6,831,760
Unobligated Balance		\$0

Source: Department of Administration

Since January 2025

\$37,169 in expenditures for two ITRR projects

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

No property sale revenue

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

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

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

The ITRR/ITIF history:

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

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

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

Large Systems Initiative Fund (internal service funds)

Informational

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

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

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

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

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

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

Source: FY2026 Capital Budget (Digital Version)

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

LEGAL SERVICES

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

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

LIBRARY AND INFORMATION SERVICES

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

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

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

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

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

PERSONNEL APPEAL BOARD

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

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

PERSONNEL AND OPERATIONAL REFORMS

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

Personnel and Operational Reforms	General Revenue
FY2025 Enacted	\$25,600,000
<i>Target and Other Adjustments</i>	
Pension Plan Revisions	(20,600,000)
COLA Reserve for Non-Ratified Unions	18,959,345
FEMA Reserve and Contingency	(5,000,000)
FY2026 Governor	\$18,959,345

Personnel and Operational Reforms	Other Fund Changes
COLA Reserve for Non-Ratified Unions (federal funds)	\$1,049,581
COLA Reserve for Non-Ratified Unions (other funds)	389,706
COLA Reserve for Non-Ratified Unions (restricted receipts)	243,816

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

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

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

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

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

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

COLA Reserve for Non-Ratified Unions ***\$19.0 million***

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

The Budget includes \$19.0 million in general revenue 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. In addition, there are corresponding COLA reserve increases of \$1.0 million in federal funds, \$389,706 in other funds, and \$243,816 in restricted receipts. The proposed FY2025 Revised Budget includes an appropriation of

\$11.2 million in general revenue is based on a calculation using the same 12.0 percent COLA disbursement as agreed to by other contract bargaining units.

FEMA Reserve and Contingency

(\$5.0 million)

The Budget does not continue to include \$5.0 million in general revenue for contingency reserve to be used in the event that the federal FEMA reimbursements differ from the State estimation and assumptions. The FY2025 Budget as Enacted included the one-time appropriation with the intent to absorb potential discrepancies between state claims and what FEMA ultimately reimburses, which is not required for the FY2026 Budget.

PLANNING

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

- Statewide Planning staffs the State Planning Council, which is comprised of state and local government officials, public members, and federal officials in an advisory capacity. The State Planning Council serves as the State's Metropolitan Planning Organization, responsible for planning and prioritizing state and federal transportation funding.
- Strategic Planning and Economic Development uses policy analysis and the planning process to prepare issue briefs and draft strategic plans that address current topics of special interest.
- The Water Resources Board (WRB) manages the planning and development of twenty-nine major water supply systems and the Big River Management Area.

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

Planning	Other Fund Changes
Personnel Adjustments (other funds) (statewide adjustments)	\$50,000

Contract Services

\$26,596

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

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

Capital Lease

(\$26,897)

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

PURCHASING

The Purchasing division includes procurement, operational support services, standards and specifications development and management, vendor information, and minority business enterprises. The Procurement division solicits bids or requests for proposals for services and supplies, negotiates prices with vendors, and carries out affirmative action programs. Operational support services include purchase order production and record-keeping, bid preparation and opening, requisition tracking, and vendor files. The standards and specifications staff work with agency representatives to develop statewide standards for goods and services to be solicited.

Purchasing	General Revenue
FY2025 Enacted	\$4,232,292
<i>Target and Other Adjustments</i>	-
Personnel Adjustments	(205,994)
Centralized Services (statewide adjustments)	(17,312)
FY2026 Governor	\$4,008,986

Purchasing	Other Fund Changes
Personnel Adjustments (restricted receipts)	\$801,507
Personnel Adjustments (other funds)	64,874

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

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

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

RHODE ISLAND HEALTH BENEFITS EXCHANGE

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

Rhode Island Health Benefits Exchange (HealthSource RI)	General Revenue
FY2025 Enacted	\$3,529,116
<i>Target and Other Adjustments</i>	
Contract Adjustments	(946,135)
UHIP Operating Expenditures Consolidation	(693,754)
FY2026 Governor	\$1,889,227

Rhode Island Health Benefits Exchange (HealthSource RI)	Other Fund Changes
IT Support Services (restricted receipts)	\$1,124,796
Health Insurance Integrity Fund (restricted receipts)	42,820

Contract Adjustments **(\$925,663)**

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

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

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

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

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

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

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

This account is funded by the Health Reform Assessment, which was established in the 2016 Budget as Enacted, charging the Division to establish and maintain a financing mechanism for the state-based exchange. Article 18 established a 3.5 percent fee, which was later reduced to 3.0 percent in Article 11 of the 2020 Enacted Budget. The assessment is used to fund the operational costs of HealthSource RI, the state-based health benefits marketplace for individual and small group health insurance and the avenue through which Rhode Islanders access federal health insurance subsidies.

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

The Budget includes a \$42,820 restricted receipt increase related to the Health Insurance Market Integrity Fund. Article 11 of the FY2020 Enacted budget established a Health Insurance Market Integrity Fund, which is funded through the Shared Responsibility Payment Penalty (SRPP), and supports the Reinsurance program. According to the Senate Fiscal Office's Report on the FY2020 Budget as Enacted, the reinsurance program will pay for a portion of an insurance carrier's claims after they surpass a specified dollar amount, set annually by the Director of Healthsource RI. The program is designed to mitigate individual market

premium increases that are associated with high-cost insured individuals. The program would offset costs associated with providing coverage for sicker individuals, allowing insurers to reduce premiums in the individual market.

THE DIVISION OF EQUITY, DIVERSITY, AND INCLUSION

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

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

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

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

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

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

Staff Training**\$15,000**

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

CAPITAL PROJECTS

The Budget includes \$120.7 million in Rhode Island Capital Plan (RICAP) funds for 43 various capital projects in FY2026. This reflects a decrease of \$3.6 million from the previous fiscal year. Significant project changes include:

- **New or Major Funding Changes Capital Projects:** The Budget includes \$59.9 million for three projects including \$31.0 million for the acquisition and redevelopment of property located at 115 Tripps Lane in East Providence, \$26.1 million for the new Long-Term Acute Care Hospital (LTACH) on the Zambarano Campus, and \$2.9 million for the asset protection of buildings, utilities, roads, equipment, parking, and grounds of the Eleanor Slater Hospital.

New or Major Funding Changes	FY2025 Enacted	FY2025 Governor	Change	FY2026 Governor	Change
RICAP - State Office Property Acquisition	\$0	\$0	\$0	\$31,000,000	\$31,000,000
RICAP - Hospital Consolidation	25,000,000	25,000,000	-	-	(25,000,000)
RICAP - Zambarano LTACH	7,099,677	8,562,191	1,462,514	26,065,740	18,966,063
RICAP - Zambarano Buildings	4,740,000	13,921,243	9,181,243	2,850,000	(1,890,000)
Total	\$36,839,677	\$47,483,434	\$10,643,757	\$59,915,740	\$23,076,063

- **State Office Property Acquisition:** The Budget includes \$31.0 million in RICAP funds for the acquisition, redevelopment, and moving costs of a 210,000 square foot commercial property located at 115 Tripps Lane in East Providence for state office use. The property is located on 25 acres of land, has approximately 130,000 square feet of office space, a cafeteria, a data center and 849 parking spaces.

The Governor originally proposed this purchase as a budget amendment to the FY2025 Budget. In that proposal the Governor recommended the issuance of \$33.7 million in certificates of participation (COPs) for the acquisition, renovation, and agency moving expenses to acquire this property. The annual debt service cost for the proposal was \$4.5 million over 10 years. However, the General Assembly did not concur with the Governor and the proposal was not included in the FY2025 Budget as Enacted.

The Governor proposes to relocate the Department of Environmental Management, the Office of Energy Resources, and the Division of Enterprise Technology Strategy Service (ETSS) to this new state office building. Currently, the ETSS is located at the state-owned structure at 50 Service Avenue in the City of Warwick, that the State acquired in 2009. In addition, to the ETSS, the Office of the General Treasurer has office space at this structure, including the State Retirement System.

- **Zambarano LTACH:** The capital budget includes \$8.6 million in RICAP funds in FY2025 and \$26.1 million in RICAP funds in FY2026 for the new Long-Term Acute Care Hospital (LTACH) on the Zambarano Campus. In addition, the projected RICAP out-year funding includes \$23.8 million in FY2027, \$24.4 million in FY2028, and \$24.2 million in FY2029. The Budget proposes an additional \$90.0 million in certificates of participation (COPs) beginning in FY2027. The COPs have not been authorized by the General Assembly and presumably will be proposed as part of the

Governor's FY2027 Budget submission. The total project cost is \$197.1 million of which \$107.1 million is RICAP funds and \$90.0 million in COPs.

- **Zambarano Buildings:** The Budget includes \$2.9 million in RICAP funds in FY2026 for the asset protection of buildings, utilities, roads, equipment, parking, and grounds of the Eleanor Slater Hospital. The purpose of the work is to keep the hospital functioning. The capital plan includes \$2.2 million in RICAP out-year funding through FY2030.
- **Group Home Projects:** The Budget includes \$10.4 million to fund various major maintenance and repairs or replacement of group homes. This is an increase of \$1.0 million from the previous year.

Group Home Projects	FY2025 Enacted	FY2025 Governor	Change	FY2026 Governor	Change
RICAP - Group Homes Consolidation	\$4,325,000	\$4,325,000	\$0	\$5,350,000	\$1,025,000
RICAP - Group Home Replacement	5,000,000	5,988,070	988,070	5,000,000	-
RICAP - BHDDH DD & Community Facilities - Asset Protection	-	294,872	294,872	-	-
RICAP - BHDDH DD & Community Homes - Fire Code	-	143,473	143,473	-	-
RICAP - BHDDH DD Regional Facilities - Asset Protection	-	340,998	340,998	-	-
RICAP - BHDDH Group Homes	-	157,947	157,947	-	-
RICAP - BHDDH Substance Abuse Asset Protection	-	18,341	18,341	-	-
Total	\$9,325,000	\$11,268,701	\$1,943,701	\$10,350,000	\$1,025,000

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

Pastore Center Capital Projects	FY2025 Enacted	FY2025 Governor	Change	FY2026 Governor	Change
RICAP - Pastore Infrastructure	\$22,195,000	\$40,953,431	\$18,758,431	\$15,000,000	(\$7,195,000)
RICAP - Pastore Center Non-Medical Buildings Asset Protection	10,405,000	18,658,116	8,253,116	7,750,000	(2,655,000)
RICAP - Pastore Center Power Plant	250,000	594,982	344,982	2,000,000	1,750,000
RICAP - Pastore Center Medical Buildings Asset Protection	2,400,000	1,536,695	(863,305)	1,000,000	(1,400,000)
RICAP - Pastore Center Building Demolition	9,900,000	10,397,925	497,925	-	(9,900,000)
RICAP - Pastore Center Master Plan	500,000	1,107,069	607,069	-	(500,000)
Total	\$45,650,000	\$73,248,218	\$27,598,218	\$25,750,000	(\$19,900,000)

- **Pastore Infrastructure:** The Budget includes \$15.0 million in RICAP funds in FY2026 to continue infrastructure improvements at the Pastore Campus. These improvements include the replacement of water and sewer lines, as well as work on the power plant transformer, electrical lines, heating conduits, and the campus IT system.
- **Pastore Center Non-Medical Buildings Asset Protection:** The Budget includes \$7.8 million in RICAP funds, reflecting a decrease of \$2.7 million as compared to the FY2025 Budget as Enacted.
- **Pastore Center Power Plant:** The Budget includes \$2.0 million in RICAP funds in FY2026 towards the \$24.0 million project to install a redundant deaerator, steam pipe replacement, new pumps, and steam turbine repairs. The capital budget includes \$3.5 million in FY2027.
- **Pastore Center Medical Buildings Asset Protection:** The Budget includes \$1.0 million in RICAP funds, reflecting a decrease of \$1.4 million as compared to the FY2025 Budget as Enacted.
- **Capitol Hill Campus Projects:** Includes \$6.8 million, a decrease of \$1.6 million from the previous year, to fund various infrastructure upgrades to structures listed as the Capitol Hill Campus, including the Cannon Building, Old State House, Chapin Health Lab, State Office Building (DOT), and the William Powers Building.

Capital Hill Campus Projects	FY2025 Enacted	FY2025 Governor	Change	FY2026 Governor	Change
RICAP - William Powers Building	\$2,400,000	\$5,652,693	\$3,252,693	\$2,500,000	\$100,000
RICAP - State House Renovations	2,209,000	7,024,744	4,815,744	1,759,000	(450,000)
RICAP - Cannon Building	700,000	700,000	-	1,050,000	350,000
RICAP - Old State House	2,000,000	2,437,783	437,783	600,000	(1,400,000)
RICAP - State Office Building	675,000	808,679	133,679	500,000	(175,000)
RICAP - Chapin Health Laboratory	350,000	538,000	188,000	350,000	-
Total	\$8,334,000	\$17,161,899	\$8,827,899	\$6,759,000	(\$1,575,000)

- **William Powers Building:** The William Powers Building, located in Providence, houses the Department of Administration, the Department of Revenue, and some smaller state agencies. The Budget includes \$2.5 million in RICAP funds in FY2026 that include HVAC upgrades, bathroom renovations, window and exterior envelop repairs, and carpet and flooring replacements.
- **State House Renovations:** The capital plan consists of \$94.4 million in renovations to the State House in Providence, including an appropriation of \$1.8 million in RICAP funds for FY2026. This reflects a decrease of \$450,000 from the previous fiscal year. The project includes building mechanical, HVAC replacement/upgrade, plumbing, and electrical improvements, asset protection, interior stairway renovations, window replacement, removing “Providence Plantations” from the building, and improvements to the grounds and walkways around the structure. The capital plan includes out-year funding of \$73.6 million for continuing restoration and renovation projects from FY2027 through FY2030.
- **Cannon Building:** The capital budget includes \$1.1 million in RICAP funds in FY2026 for ongoing HVAC work and asset protection. There is no out-year capital appropriation for the state health lab, as the state lab will be relocating into the new lab facility on 150 Richmond Street in the City of Providence.
- **Rhode Island Convention Center Authority Venues:** The Budget includes \$7.0 million in RICAP funds for continued asset protection, upgrades, renovations, and funding of the renewal and replacement bond covenant for the Amica Mutual Pavilion (Dunkin Donuts Center). This is a decrease of \$560,000 from the previous year.

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

- **Amica Mutual Pavilion (Dunkin Donuts Center):** The Budget includes \$3.8 million in RICAP funds in FY2026 for continued asset protection, upgrades and renovations of the Amica Mutual Pavilion, including arena risers, seating, and common areas. Also includes work on the HVAC system, audio/visual services, and electrical upgrades. This reflects an increase of \$250,000 in RICAP funds from the previous year. The total recommended capital expenditure covering FY2025 to post-FY2030 is \$32.8 million in RICAP funds.
- **Rhode Island Convention Center Authority:** The Budget includes \$2.8 million in RICAP funds for continued asset protection, upgrades, and renovations to the Rhode Island Convention Center (RICC) in Providence. This reflects a decrease of \$790,000 over the FY2025 Budget as Enacted. The total recommended capital expenditure covering FY2025 to post-FY2030 is \$23.2 million in RICAP funds. The RICC is owned and operated by the Rhode Island Convention Center Authority (RICCA), but leased to the State through a sublease agreement implemented in November 1991. The Convention Center opened in December 1993 and, as the facility ages into its fourth decade, an asset protection and preventive maintenance program is required to maintain the facility.
- **Veterans Auditorium:** The Budget includes \$380,000 in RICAP funds for audio system replacement, stage lighting upgrades, and asset protection projects for the Auditorium. This reflects a decrease of \$20,000 in RICAP funds from the previous year.

- **Miscellaneous Capital Projects:** The Budget includes \$11.0 million in RICAP funds for various major maintenance and repairs to 14 statewide projects or structures. This is a decrease of \$5.6 million from the previous year.

Miscellaneous Capital Projects	FY2025 Enacted	FY2025 Governor	Change	FY2026 Governor	Change
RICAP - Shepard Building Upgrades	\$435,000	\$2,225,307	\$1,790,307	\$2,805,000	\$2,370,000
RICAP - Information Operations Center	6,550,000	6,911,968	361,968	2,050,000	(4,500,000)
RICAP - State Office Reorganization & Relocation	250,000	1,698,690	1,448,690	1,750,000	1,500,000
RICAP - Big River Management Area	754,154	920,309	166,155	797,000	42,846
RICAP - Security Measures State Buildings	975,000	1,074,137	99,137	700,000	(275,000)
RICAP - Cranston Street Armory	250,000	250,000	-	600,000	350,000
RICAP - Washington County Government Center	800,000	922,863	122,863	600,000	(200,000)
RICAP - Expo Center (Springfield)	1,220,000	1,220,000	-	500,000	(720,000)
RICAP - Replacement of Fueling Tanks	700,000	1,207,587	507,587	430,000	(270,000)
RICAP - Comm Fac Asset Protection	925,000	1,122,300	197,300	225,000	(700,000)
RICAP - Environmental Compliance	725,000	920,892	195,892	225,000	(500,000)
RICAP - Arrigan Center	75,000	117,080	42,080	200,000	125,000
RICAP - Medical Examiner Building	50,000	2,279,462	2,229,462	50,000	-
RICAP - 560 Jefferson Blvd Asset Protection	1,600,000	2,850,000	1,250,000	50,000	(1,550,000)
RICAP - Accessibility - Facility Renovations	288,928	945,914	656,986	-	(288,928)
RICAP - Energy Efficiency Improvements- Statewide	1,000,000	-	(1,000,000)	-	(1,000,000)
RICAP - State Land Use Planning Study	-	250,000	250,000	-	-
Total	\$16,598,082	\$24,916,509	\$8,318,427	\$10,982,000	(\$5,616,082)

- **Shepard Building Upgrades:** The Budget includes \$2.8 million in RICAP funds for asset protect and maintenance of the state-owned Shepard Building in the City Providence. The projects include elevator modernization, iron work on the building's façade, roof replacement, security improvements, bathroom renovations, as well as interior renovations.
- **Information Operations Center:** The capital budget includes \$2.0 million in RICAP funds for continued upgrades at the State's IT data center (Division of Enterprise Technology Strategy Service (ETSS), currently located at 50 Service Avenue in the City of Warwick. This is a decrease of \$4.5 million from the previous year. The capital plan includes out-year RICAP appropriations of \$2.8 million through FY2030.
- **Cranston Street Armory:** The Budget includes \$600,000 in RICAP funds for continued asset protection/structural stabilization work on the facility, design and engineering work for the structure's exterior envelope, and funds for a development agreement on the reuse of the structure. This is an increase of \$350,000 from the previous year.
- **State Office Reorganization and Relocation:** The capital budget includes \$1.8 million in RICAP funds to redesign office space, move personnel, and relocate storage to other locations. The capital plan includes out-year RICAP appropriations of \$1.0 million through FY2030.
- **Expo Center – Springfield (The Big E State Fair):** The Budget includes \$500,000 in RICAP funds to complete the renovations and maintenance at the Rhode Island Building. Built in 1957, the Rhode Island Building houses exhibitors and exhibits showcasing the state during the annual Big E exposition. The total project cost was \$2.0 million. There are no out-year appropriations.

Office of Energy Resources

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$27.5	\$44.8	\$68.4	\$23.6	52.5%	\$76.8	\$31.9	71.3%
Total	\$27.5	\$44.8	\$68.4	\$23.6	52.5%	\$76.8	\$31.9	71.3%
Expenditures By Source								
General Revenue	\$0.0	\$0.5	\$0.5	\$0.0	-	\$0.0	(\$0.5)	-100.0%
Federal Funds	11.5	15.0	35.4	20.4	135.6%	31.8	16.8	111.7%
Restricted Receipts	14.2	25.2	26.4	1.2	4.8%	39.3	14.0	55.7%
Other Funds	1.9	4.1	6.0	1.9	47.7%	5.7	1.6	39.5%
Total	\$27.5	\$44.8	\$68.4	\$23.6	52.5%	\$76.8	\$31.9	71.3%
Authorized FTE Levels	15.0	16.0	16.0	-	-	20.0	4.0	25.0%

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

FY2024 and FY2025 OER in Department of Administration

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

MAJOR ISSUES AND TRENDS

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

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

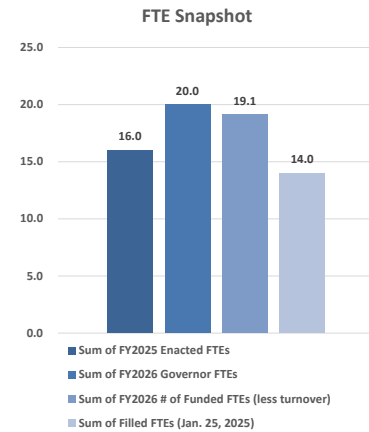
The FY2026 Budget includes \$76.8 million in all funds, of which \$0 is general revenue, \$39.3 million is restricted receipts, \$31.8 million is federal funds, and \$5.7 million is other funds. This reflects an all funds increase of \$31.9 million, primarily centered on new or expanded federal and restricted receipt funded programs. The Budget does not continue funding for either the Erika Niedowski memorial E-Bike Rebate Program or the electric leaf blower rebate program.

The Budget includes 16.0 FTE positions in the FY2025 Revised Budget and 20.0 FTE positions in FY2026.

Article 3 of the FY2026 Budget includes Article 3, which impact the responsibilities of the Office of Energy Resources. This includes:

State Department of Energy Reporting

Article 3, Section 15 amends RIGL 42-6.2 entitled the “2021 Act on Climate,” to establish the State Facilities Benchmarking and Performance Standards Program, requiring state agencies, beginning March 31, 2026, to measure and report, to the Office of Energy Resources, the annual energy usage and greenhouse gas emissions for state-owned, or state occupied facilities. The Office of Energy Resources will use the



collected data to develop performance standards by 2028, to guide emission reductions, with compliance deadlines extending through 2050. The standards will be overseen by the Executive Climate Change Coordinating Council.

Fiscal Impact: Article 3 amends RIGL 42-6.2 to establish the State Facilities Benchmarking and Performance Standards Program. The Budget includes \$139,069 in restricted receipts to support an additional 1.0 FTE position within the Office of Energy Resources to administer and facilitate the collection of data for this program.

Rhode Island Energy Resources Act

Article 3, Section 20 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.

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

FEDERAL FUNDING ISSUE

The Office of Energy Resources (OER) was recently frozen out of \$125.0 million in federal funds. OER reports that since the initial report of the federal action several of the OER federal accounts have reopened. The impacted programs and subsequent status are:

Infrastructure and Investment Jobs Act (IIJA)

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

Source: OER. Open means not frozen by feds

* Maximum draw amount \$235161

Inflation Reduction Act

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

Source: OER. Open means not frozen by feds

* Conditional award was made priorto administration change.

**Reimbursement basis directly to USDA. At present there are no reimbursement requests

At present OER has paused work on most programs funded by the Infrastructure and Investment Jobs Act (IIJA) and by the Inflation Reduction Act (IRA) while the Agency awaits the outcome of the ongoing federal funding freeze court litigation and the subsequent federal reconciliation budget process in

Washington, D.C. OER has access to the annual funds from the U.S. Department of Energy State Energy Program, Regional Greenhouse Gas Initiative, and System Benefits Charge.

Energy Resources	General Revenue
FY2025 Enacted	\$500,000
<i>Target and Other Adjustments</i>	
E-Bike Program	(250,000)
Electric Leaf Blower Rebate Program	(250,000)
FY2026 Governor	\$0

Energy Resources	Other Fund Changes
Regional Greenhouse Gas Initiative (restricted receipts)	\$12,502,283
Solar For All (federal funds)	10,144,249
IRA - Home Efficiency Rebate Program (federal funds)	2,518,387
BIL - Preventing Outages and Enhancing the Resilience of the Electric Grid (federal funds)	2,000,000
Energy Improvements for RI Public Buildings (federal Funds)	2,000,000
RGGI- EC4 Projects (OER Parent) (restricted receipts)	1,100,000
RICAP - Energy Efficiency Improvements- Statewide (other funds)	1,000,000
Energy Improvements in Rhode Island Schools (federal funds)	986,502
National Electric Vehicle Infrastructure Formula Program - OER Share (other funds)	604,463
Electric Vehicle Charging Stations Operating and Maintenance (restricted receipts)	550,220

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

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

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

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

As of February 26, 2025, the program awarded 1,450 rebates using \$928,862 in existing funding sources, including OER Federal Funds (State Energy Funds and Petroleum Violation Escrow Funds), however, federal funding ran out in July 2023. The Executive Climate Change Coordinating Council (EC4) provided one-time funding in the interim.

E-Bike Program	Funds		Approved
	Allocated	Balance	Rebates
Income Qualified	\$533,478	\$147,683	501
Standard	395,384	90,560	949
Total	\$928,862	\$238,243	1,450

Source: OER as of February 26, 2025

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

The Budget does not include further funding for the Electric Leaf Blower Rebate Program. This is a decrease of \$250,000 in general revenue for the rebate program. The program encouraged commercial landscapers to use zero-emission technology in order to reduce air and noise pollution. The program

provided a standard rebate between \$1,000 or 50.0 percent (whichever is less) of the purchase price of an electric leaf blower and two associated battery packs, and receive an additional \$250 if a business is located in a municipality with a high rate of asthma. There is a limit of two rebates per applicant in total. To date, OER has issued 6 rebates totaling \$2,907.

Regional Greenhouse Gas Initiative (restricted receipts)

\$12.5 million

The Budget includes \$32.9 million in restricted receipts for grant awards, personnel, and operating support as part of the Regional Greenhouse Gas Initiative (RGGI). This reflects a net increase of \$12.5 million as compared to the FY2025 Budget as Enacted.

The Budget provides an increase of \$12.3 million for awards that fund a variety of consumer benefit programs, including energy efficiency, renewable energy, direct energy bill assistance and other greenhouse gas reduction programs. The RGGI appropriation includes an increase of \$580,371 for personnel costs, of which \$84,978 covers 50.0 percent of the salary and benefit costs for a new 1.0 Legal Counsel position for the new agency. The other 50.0 percent portion for this position will be derived from the Energy Efficiency and Resources Management Council appropriation.

The increase of personnel costs also includes \$139,069 for the salary and benefit expenses of a new 1.0 Programming Services Officer to administer the State Facilities Benchmarking and Performance Standards Program.

In addition, there is an increase of \$316,962 for contracted services and a net decrease of \$645,050 for operating expenses.

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

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

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

However, the federal funding freeze on IRA and IIJA programs, has resulted in OER pausing the HEAR program efforts in January 2025. OER is currently working with the Office of the Attorney General regarding the broad federal funding freeze litigation.

Solar for All (federal funds)

\$10.1 million

The Budget adds \$10.1 million in federal funds for a Solar for All program. This includes \$10.0 million for grants and awards and \$144,249 for a new 1.0 Programming Services Officer to manage the new solar program.

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

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

There is a significant amount of work with implementing the SFA program over the 5-year grant performance period. The new 1.0 Programming Services Officer position will be responsible for SFA program reporting requirements, including compliance with the Build America Buy America Act and Davis Bacon.

IRA - Home Efficiency Rebate Program (federal funds) \$2.5 million

The Budget includes \$8.0 million in federal funds for the Home Efficiency Rebate (HER) Program, of which \$7.7 million is intended for grant awards and \$223,476 for personnel expenses including \$144,249 for a new 1.0 Programming Services Officer to manage the program.

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

Analyst Note: OER has paused the program until the outcome of the ongoing federal funding freeze and budget process.

BIL – Preventing Outages and Enhancing the Resilience of the Electric Grid (federal funds) \$2.0 million

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

Analyst Note: OER received two applications for the program, (Rhode Island Energy and Clear River Energy & Water f/k/a Pascoag Utility District), however, the federal program is currently paused.

Energy Improvements in Rhode Island Public Buildings (federal funds) \$2.0 million

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

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

RGGI – EC4 Projects (OER Parent) (restricted receipts) \$1.1 million

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

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

The Resilient Rhode Island Act established the 13-member Executive Climate Change Coordinating Council (EC4) in 2014. It is comprised of officials from state agencies with responsibility and oversight relating to assessing, integrating, and coordinating climate change efforts. The EC4 has exclusive authority to allocate funds appropriated to it, for projects including energy efficiency, renewable energy, clean transportation, clean heating, energy storage, demand-side management, and other climate change projects that support the reduction of greenhouse gases and investments that support the 2021 Act on Climate. The following table lists the current approved EC4 funded projects:

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

RICAP - Energy Efficiency Improvements Statewide (other funds)

\$1.0 million

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

Energy Improvements in Rhode Island Schools (federal funds)

\$986,502

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

- **Central Falls** - allocated \$1.2 million for LED Lighting with integrated controls, heat pump water heaters, and Building Automation Systems.

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

National Electric Vehicle Infrastructure Formula Program (other funds)

\$604,463

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

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

Analyst Note: According to OER, there is a new development on the federal level related to the NEVI formula program. On February 6, 2025, the U.S. Department of Transportation issued a memo to all State Department of Transportation Directors suspending approval of all State Electric Vehicle Infrastructure Deployment Plans and rescinding all versions of the NEVI Formula Program Guidance. The program is suspended until OER/RIDOT receive further instructions from the Federal Highway Administration (FHWA).

Electric Vehicle Charging Stations Operating and Maintenance (restricted receipts)

\$550,220

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

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

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

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

Department of Business Regulation

Expenditures by Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$4.1	\$4.0	\$4.1	\$0.1	3.4%	\$4.4	\$0.4	10.0%
Banking Regulation	1.8	2.0	2.1	0.1	5.1%	2.2	0.2	9.7%
Board of Accountancy	0.0	0.0	0.0	-	0.0%	0.0	-	0.0%
Commercial Licensing, Gaming & Athletics	2.0	2.0	2.2	0.2	11.1%	2.3	0.3	15.9%
Building Design & Fire Professionals	9.0	17.9	17.7	(0.2)	-1.2%	14.5	(3.4)	-18.9%
Insurance Regulation	6.3	6.7	6.7	(0.0)	-0.4%	6.7	0.0	0.4%
Office of Cannabis Regulation	3.0	6.7	7.0	0.4	5.2%	0.0	(6.7)	-100.0%
Office of the Health Insurance Commissioner	3.9	4.0	4.2	0.2	5.4%	4.0	(0.0)	-0.4%
Securities Regulation	0.8	0.9	0.9	0.1	7.8%	1.0	0.1	13.6%
Total	\$31.0	\$44.1	\$45.0	\$0.9	1.9%	\$35.1	(\$9.0)	-20.5%

Expenditures by Source	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
General Revenue	\$22.1	\$24.1	\$24.7	\$0.6	2.6%	\$25.6	\$1.5	6.2%
Federal Funds	1.0	0.7	0.8	0.0	1.4%	0.59	(0.2)	-21.8%
Restricted Receipts	7.2	12.2	12.4	0.2	1.6%	5.49	(6.7)	-54.9%
Other Funds	0.6	7.1	7.1	0.0	0.2%	3.43	(3.7)	-51.9%
Total	\$31.0	\$44.1	\$45.0	\$0.9	1.9%	\$35.1	(\$9.0)	-20.5%

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

\$ in millions. Totals may vary due to rounding

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

The Governor proposes removing the Office of Cannabis Regulation from the Department and establishing Rhode Island Cannabis Control Commission as a standalone agency. The Cannabis Control Commission (CCC) would oversee the regulation, licensing, and enforcement of medical, and adult-use marijuana, focusing on public health, safety, and equity principles. The proposed budget includes \$7.6 million in restricted receipts, and 28.0 FTE positions to the new Commission in FY2026. Section 4 of article 3 also transfers regulatory and licensing oversight of the Hemp program to the Commission.

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

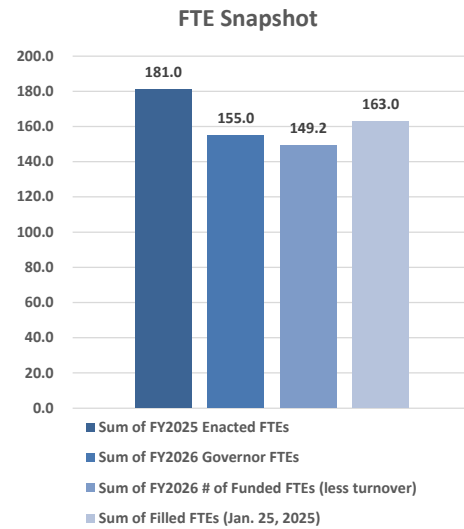
MAJOR ISSUES AND TRENDS

The FY2026 Budget includes an all funds decrease of \$9.0 million, or 20.5 percent, from the FY2025 Budget as Enacted. The Budget includes a general revenue increase of \$1.5 million and a federal funds decrease of \$162,955 as compared FY2025 Budget as Enacted. The Budget proposes dissolving the Office of Cannabis Regulation to establish the Cannabis Control Commission as a standalone agency, which results in a \$6.7 million restricted receipt decrease. The Budget also proposes a \$3.4 million all funds decrease in the Division of Building, Design, and Fire Professionals, primarily attributable to RICAP funding changes for the fire academy expansion project. The general revenue changes are primarily a result

in changes in personnel expenditures, which include the 4.0 percent cost of living adjustment (COLA), which was negotiate by unions representing most State employees and extended to non-union employees.

The Budget includes \$45.0 million in all funds in the FY2025 Governor’s recommended budget, an increase of \$855,430 from the FY2025 Budget as Enacted. General revenues comprise 55.0 percent of the total funds, equaling \$24.7 million, an increase of \$630,864 from the FY2025 Budget as Enacted.

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



CENTRAL MANAGEMENT

Central Management is composed of the Director’s Office, and separate units for budgeting, regulatory standards, compliance, and enforcement. The specific functions include conducting administrative and rate hearings; providing legal services to the Director and Deputy Directors; compiling, submitting, and monitoring the budgets of the respective divisions; approving vouchers and contracts; and providing management services.

Central Management	General Revenue
FY2025 Enacted	\$3,999,763
<i>Target and Other Adjustments</i>	
Central Utilities Fund (statewide adjustments)	152,351
Enterprise Resource Planning (statewide adjustments)	88,672
Personnel Adjustment (statewide adjustments)	71,578
Centralized Services (statewide adjustments)	39,460
Security Services	38,000
FY2026 Governor	\$4,360,810

Security Services \$38,000

The Governor’s FY2026 recommendation includes a \$38,000 general revenue increase for security services, sourced through private security firm Allied Universal, bringing total expenditures to \$70,300. According to the Department, this is an historically underfunded line item. The current rate negotiated for the State is \$34.65 per hour.

BANKING REGULATION

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

Banking Regulation	General Revenue
FY2025 Enacted	\$1,904,080
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	203,892
FY2026 Governor	\$2,107,972

BOARD OF ACCOUNTANCY

The Board of Accountancy is an autonomous board that is responsible for the licensing of certified public accountants, public accountants, partnerships, corporations, and sole proprietorships. It processes applications and fees and issues initial certificates and permits to regulated businesses, occupations, and professions. The Board of Accountancy is 100.0 percent funded by general revenues. The FY2015 Budget as Enacted eliminated the sole Administrative Aide position for the program. Administrative responsibilities are assigned to other staff as needed. The remaining funds in the program support operating costs, such as national Certified Public Accountant (CPA) Society dues, legal expenses, and printing and mailings.

Board of Accountancy	General Revenue
FY2025 Enacted	\$5,490
<i>Target and Other Adjustments</i>	-
FY2026 Governor	\$5,490

COMMERCIAL LICENSING, GAMING, AND ATHLETICS

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

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

DIVISION OF BUILDING, FIRE, AND DESIGN PROFESSIONALS

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

Division of Building, Design, and Fire Professionals	General Revenue
FY2025 Enacted	\$8,449,335
<i>Target and Other Adjustments</i>	(30,052)
Personnel Adjustments (statewide adjustments)	473,549
E-permitting Adjustments	(430,526)
State Fleet	100,000
Centralized Services (statewide adjustments)	30,910
FY2026 Governor	\$8,593,216
Commercial Licensing, Gaming, and Athletics	Other Funds
Personnel Adjustments (restricted receipts) (statewide adjustments)	\$182,921

E-permitting Adjustments**(\$430,526)**

The Budget includes a general revenue decrease of \$430,526 relative to the Department's e-permitting program. This proposal was submitted within the Department's constrained request; however, the Department cautions that this cut will impede on the efficiency and sustainability of the program. Without these funds, the Department will be unable to administer the program, support 1.0 FTE within the State Building Office, purchase critical equipment, or pursue the Code Academy which is anticipated to start in FY2025.

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

There is 1.0 FTE position within the State Building Office that would no longer be funded by this budget item. While the Department does not propose to remove the position, it would most likely need to be repurposed for other programs. Without the administrative position, the Department will struggle with program efficiency, especially when it relates to reimbursing municipalities in an accurate and timely manner.

According to the Department, while it will be difficult to administer the program with the proposed cuts, there is no intention on abandoning the initiative as it remains a statutory responsibility of the State Building Office. The Department is working with the Governor's Office and OMB to find a way to administer the program with these cuts. However, E-permitting funds have been frozen for the remainder of FY2025. To date, the Department has spent a total of \$771,000, reimbursing 35 of 38 municipalities.

State Fleet**\$100,000**

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

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

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

**General Revenue only*

INSURANCE REGULATION

Insurance Regulation conducts financial examinations of domestic insurance companies to ensure compliance with state and federal insurance statutes and regulations. The Division also issues licenses for insurance companies, producers, adjusters and appraisers, and reviews rate and form filings of the life, accident and health, and property and casualty lines of business for compliance with state statutes and

regulations. The Division monitors and introduces legislation to maintain accreditation by the National Association of Insurance Commissioners.

Insurance Regulation	General Revenue
FY2025 Enacted	\$4,844,248
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	281,291
FY2026 Governor	\$5,125,539

Insurance Regulation	Other Funds
Actuary (restricted receipts)	(\$140,000)
Personnel Adjustments (restricted receipts)	(109,903)

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

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

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

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

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

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

OFFICE OF CANNABIS REGULATION

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

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

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

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

The Budget includes a \$6.7 million decrease in restricted receipts to reflect the establishment of the Cannabis Control Commission (CCC) as a standalone agency. The Cannabis Control Commission would continue to oversee the regulation, licensing, and enforcement of medical, and adult-use marijuana, focusing on public health, safety, and equity principles. The proposed budget includes \$7.6 million in restricted receipts, and 28.0 FTE positions to the new Commission in FY2026. Section 4 of Article 3 also transfers regulatory and licensing oversight of the Hemp program from the Department of Business Regulation to the Commission.

OFFICE OF THE HEALTH INSURANCE COMMISSIONER

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

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

Office of the Health Insurance Commissioner	General Revenue
FY2025 Enacted	\$3,058,281
<i>Target and Other Adjustments</i>	
Human Service Rate Review Biennial Cycle Cost Adjustment	(44,983)
Dental Loss Ratio	(207,963)
Personnel Adjustments (statewide adjustments)	150,000
Overtime COLA	136,624
RIPIN Inflationary Package	29,166
FY2026 Governor	\$3,131,152
Office of the Health Insurance Commissioner	
Other Funds	
Human Service Rate Review Biennial Cycle Cost Adjustment (federal funds)	(\$278,180)
Personnel Adjustments (restricted receipts) (statewide adjustments)	78,616
RIPIN Inflationary Package (federal funds)	(10,000)

Human Services Rate Review Biennial Cycle Cost Adjustment***(\$207,963)***

The Governor includes a general revenue decrease of \$207,963, with a corresponding federal funds decrease of \$278,180, to accommodate the biennial costs adjustment of the Human Services Rate Review. Contracted services for this expenditure fluctuate due to the biennial cycle of the reporting requirements. The FY2026 cycle will primarily pertain to the development and reporting evaluation metrics, while the FY2025 cycle primarily focuses on rate developments. The Office also applied a 5.0 percent inflationary increase to actuarial rates.

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

Program implementation will continue to be ongoing in even numbered years; however, the bulk of contract work will be required in odd fiscal years.

Dental Loss Ratio

\$150,000

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

RIPIN Inflationary Package

\$10,027

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

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

SECURITIES REGULATION

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

Securities Regulation	General Revenue
FY2025 Enacted	\$880,722
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustment)	120,141
FY2026 Governor	\$1,000,863

CAPITAL PROJECTS

Fire Academy: The Budget includes \$3.4 million in capital plan funds for projects related to updating the Fire Academy. The Fire Academy is experiencing unprecedented growth and prepares and trains future municipal firefighters. To meet the demand, the FY2023 Budget as Enacted appropriated a total of \$8.3 million, including \$650,000 in FY2023, \$600,000 in FY2024, \$7.1 million in FY2025, and \$675,000 in FY2026. According to the Department, bids for the construction portion of the project came back higher than expected, and is now budgeted at \$3.4 million, \$2.7 million more than estimated. Projects include expanding the Fire Training Academy auditorium, an expansion of the Confined Space and Trench Rescue Training Simulators, and the re-use of an existing State-owned building as an evidence repository. The anticipated completion date is in FY2026.

Rhode Island Cannabis Control Commission

Expenditures by Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from Enacted	
	Actual	Enacted	Revised	Enacted		Governor		
Cannabis Control Commission - Central Management	-	-	-	-	-	\$7.6	\$7.6	-
Department of Business Regulation - Office of Cannabis Regulation	\$3.0	\$6.7	\$7.0	\$0.4	5.2%	-	(\$6.7)	12.8%
Total				\$0.4	5.2%	\$7.6	\$0.9	12.8%

Expenditures by Source	FY2024	FY2025	FY2025	Change from		FY2026	Change from Enacted	
	Actual	Enacted	Revised	Enacted		Governor		
Restricted Receipts	\$3.0	\$6.7	\$7.0	\$0.4	5.2%	\$7.6	\$0.9	12.8%
Total	\$3.0	\$6.7	\$7.0	\$0.4	5.2%	\$7.6	\$0.9	12.8%

Authorized FTE Levels	25.0	26.0	26.0	-	-	28.0	2.0	0.1
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\$ in millions. Totals may vary due to rounding

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

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

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

The Governor proposes establishing Rhode Island Cannabis Control Commission as a standalone agency. The Cannabis Control Commission (CCC) would oversee the regulation, licensing, and enforcement of medical, and adult-use marijuana, focusing on public health, safety, and equity principles. The proposed budget includes \$7.6 million in restricted receipts, and 28.0 FTE positions to the new Commission in FY2026. Section 4 of Article 3 also transfers regulatory and licensing oversight of the Hemp program to the Commission.

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

MAJOR ISSUES AND TRENDS

Article 3 of the FY2026 recommended budget amends RIGL 21-28.11-4 and 21-28.11-10.1, establishing The Rhode Island Cannabis Control Commission. The Governor recommends \$7.6 million in restricted receipts, \$858,844 more than the FY2025 enacted level for the Cannabis predecessor, the Office of Cannabis Regulation (OCR).

Cannabis Governance

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

Since 2006, policies related to cannabis decriminalization and legalization increased in popularity. According to Regulate Rhode Island, 59.0 percent of voters support cannabis regulation, citing reasons including improved public health, increased revenue, ending social injustice, and reducing youth involvement in illegal marijuana sales. The regulatory changes since the inception of Rhode Island marijuana programs are detailed below.

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

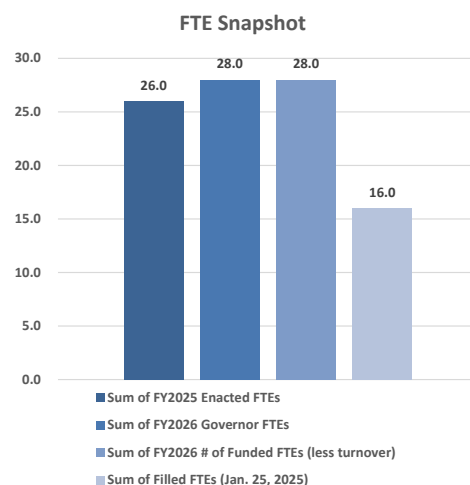
Staffing

The Governor recommends 28.0 FTE positions, 2.0 more than the enacted level for DBR's Cannabis staff. The Budget recommendation includes the addition of a Senior Legal Counsel and an Administrative office, to support the Cannabis Control Commission (CCC).

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

Marijuana Trust Fund

The Marijuana Trust Fund was established by the 2022 General Assembly through RIGL 21-28.11-13, to provide support for program and activities related to program administration, revenue collection, and enforcement. The fund is



solely supported by revenue collected for the state cannabis excise tax, penalties, forfeitures, interest, costs of suit, and fines.

The FY2025 Revised budget proposes to transfer \$579,788 from the Marijuana Trust Fund restricted receipt account to the State Controller by June 30, 2025. Pursuant to RIGL 23-28-11.13, restricted receipt accounts were established in the Office of the Attorney General and the Judiciary, appropriating a total of \$1.4 million in restricted receipts. These funds facilitated the implementation of the automatic expungement provision of the Rhode Island Cannabis Act, which authorized the automatic expungement of any convictions for cannabis possession, use, or purchase. Rhode Island expunged more than 23,000 cannabis convictions under the Cannabis Act. All cannabis expungements were completed July 1, 2024.

Social Equity Assistance Fund

The Social Equity Assistance Fund was established by the 2022 General Assembly through RIGL 21-28.11-31, to provide grants to approved social equity applicants, support the waiver or reduction of application and licensing fees, and implement and administer programming related to restorative justice. The fund is supported through application and licensing fees of social equity applicants.

Regulatory Update

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

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

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

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

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

- **New Packaging and Labeling Requirements:** The Commission's regulations ensures that cannabis products may not be in a form that target or appeals to minors by establishing color restrictions, and strengthening preexisting regulations related to tamper evident packaging. Additionally, the Commission now allows retailers to distribute packaging with colored labels, but prohibits neon and fluorescent colors.

- **Licensing Regulations:** Utilizing the preexisting Regulations established by DBR, the Commission streamlined licensing regulations applicable to all regulated licenses, consolidating common licensing requirements to prevent duplication. The Commission also established a hybrid randomized selection process, and limited applications to one interest holder per geographic location to eliminate duplicate applications.
- **Quality Assurance Testing Program:** The Commission established a new Quality Assurance testing Program to provide the Commission with an additional tool to ensure the integrity of laboratory testing results through the retesting of anonymized samples of product that have already gone through state mandated testing. This program was authorized by the Rhode Island Cannabis Act, and addresses concerns related to cannabis laboratories manipulating testing data to benefit clientele.
- **Social Equity Assistance Fund:** The Commission set forth regulations related to the certification of social equity applicants and program requirements related to the social equity assistance program. Social Equity Applicants must meet one of the following criteria:
 - Prohibit changes in ownership structure of approved social equity applicants within the first year of licensed activities, preventing exploitation of social equity programs.
 - Waives the application fee for initial six social equity applicants, to ensure plentiful resources to establish and operate new cannabis establishment.
 - Allows slightly longer time period to establish cannabis sites.
 - Allows applicants, including approved applicants, to request resources from the social equity program and fund
 - The regulations also set criteria related to social equity applicants, the criteria are as follows:
 - 51.0 percent ownership and control by one or more individuals who were convicted of a nonviolent cannabis offense
 - 51.0 percent ownership and control by one or more individuals who are an immediate family member of an individual convicted of nonviolent cannabis offense
 - 51.0 percent ownership and control by one or more individuals who have resided in a disproportionately impacted area for five of preceding 10 years.
 - A minimum of 10.0 full time employees who:
 - Currently reside in a disproportionately impacted area
 - Have been arrested for, convicted of, or adjudicated delinquency for any offence that is eligible for expungement under the Cannabis Act or is a member of an impacted family
 - Can demonstrate significant past experience in business practices that promote economic empowerment by either volunteering with one or more organizations where they worked directly with individuals in disproportionately impacted areas, or held a full-time position in an organization engaged in economic empowerment
 - At least 51.0 percent ownership and control by one or more individuals who each had an income which does not exceed 400.0 percent of the median income in a disproportionately impacted area.

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

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

Staffing Structure

The state-level staffing structure supporting Cannabis has evolved since the Office of Cannabis Regulation was established by the General Assembly in 2020.

Article 15 of the FY2020 Budget as Enacted authorized a total of 7.0 FTE positions. The Office's FTE authorization increased to 25.0 FTE positions in FY2023, and then to 26.0 FTE positions in FY2025. The Office was overseen by 1.0 unclassified FTE position titled Deputy Director, Office of Cannabis Regulation. Despite the increased FTEs in 2023, the Office of Cannabis has maintained a relatively stable FTE count.

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

The Cannabis Control Commission has indicated that there have been no discussions related to the restructure of the Commission. Currently each Commissioner serves a termed appointment, with the advice and consent of the Senate. The Chairperson of the Commission is serving a three-year term. Upon the end of the Chair's term, the General Assembly will have the option to reappoint the Chair for an additional six years. The Chair's term is scheduled to end in 2027. Additionally, the Administrator, Cannabis Office position acts as leadership, but is not subjected to termed appointments. The FY2026 requested budget adds an additional 2.0 FTE positions relative to the FY2025 Enacted Budget.

FTE Position	Salary Costs					Change	FY2025	FY2026	Change	
	FY2020 FTEs	FY2023 FTEs	FY2024 FTEs	FY2025 FTEs	FY2026 FTEs					
Administrative Officer	1.0	3.0	2.0	2.0	2.0	-	\$114,364	\$126,438	12,074	
Administrative Officer	-	1.0	-	-	1.0	1.0	-	60,667.0	60,667	
Administrative Officer	1.0	-	2.0	2.0	2.0	-	120,476.0	137,073.0	16,597	
Chief of Inspector, Office of Cannabis Regulation)	-	1.0	1.0	1.0	1.0	-	101,372.0	110,698.0	9,326	
Chief Financial Officer I	-	1.0	1.0	1.0	-	(1.0)	113,742.0	-	(113,742)	
Chief Implementation Aid	-	1.0	1.0	1.0	1.0	-	70,187.0	87,243.0	17,056	
Chief of Legal Services	-	-	1.0	1.0	1.0	-	113,742.0	133,541.0	19,799	
Chief of Strategic Planning, Monitoring, and Evaluation	-	1.0	1.0	1.0	1.0	-	120,072.0	143,547.0	23,475	
Chief Public Protection Inspector	-	-	-	-	1.0	1.0	-	51,030.0	51,030	
Chief Public Protection Inspector	2.0	7.0	7.0	7.0	7.0	-	579,522.0	689,163.0	109,641	
Economic and Policy Analyst I	1.0	1.0	1.0	1.0	1.0	-	74,305.0	84,192.0	9,887	
Implementation Director Policy and Programs	1.0	-	-	-	-	-	-	-	-	
Interdepartmental Project Manager	-	-	-	-	1.0	1.0	-	112,929.0	112,929	
Investigative Auditor	1.0	2.0	2.0	2.0	1.0	(1.0)	175,153.0	97,871.0	(77,282)	
Legal Counsel	-	2.0	1.0	1.0	-	(1.0)	86,870.0	-	(86,870)	
Licensing Aid	-	2.0	1.0	1.0	-	(1.0)	44,703.0	-	(44,703)	
Licensing Aid	-	2.0	1.0	1.0	-	(1.0)	44,737.0	-	(44,737)	
Principal Economic and Policy Analyst	-	-	1.0	1.0	-	(1.0)	99,800.0	-	(99,800)	
Senior Economic Policy Analyst	-	-	1.0	1.0	3.0	2.0	86,654.0	298,928.0	212,274	
Senior Legal Counsel	-	-	-	-	2.0	2.0	-	202,808.0	202,808	
Senior Systems Analyst	-	-	-	-	1.0	1.0	-	82,727.0	82,727	
Deputy Chief of Staff	-	-	1.0	1.0	-	(1.0)	178,479.0	-	(178,479)	
Executive Director/Executive Administrator	-	-	-	1.0	-	(1.0)	165,000.0	-	(165,000)	
Administrator, Cannabis Office	-	-	-	-	1.0	1.0	-	186,767.0	186,767	
Chairperson, Cannabis Control Commission	-	-	-	-	1.0	1.0	-	196,220.0	196,220	
Chairperson, Public Utilities Commission	-	1.0	-	-	-	-	-	-	-	
FTE Total	7.0	25.0	25.0	26.0	28.0	2.0	\$2,289,178	\$2,801,842	\$512,664	
							Total Salary Costs	\$1,641,531	\$2,859,529	\$1,217,998
							Total Benefits Cost	\$1,056,609	\$1,731,998	\$675,389
							Salary & Benefits	\$2,698,140	\$4,591,527	\$1,893,387
							Statewide Benefits Assessme	\$90,423	\$82,927	(\$7,496)
							Payroll Cost	\$3,815,610	\$4,674,454	\$858,844
							Contracted Services	\$275,750	\$275,750	-
							Total Personnel	\$4,091,360	\$4,950,204	\$858,844

CENTRAL MANAGEMENT

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

Central Management	General Revenue
FY2025 Enacted	\$6,697,782
<i>Target and Other Adjustments</i>	
Personnel Adjustment (statewide adjustments)	586,465
OCR New Positions	272,379
Hemp Consolidation to Cannabis Control Commission	Informational
FY2026 Governor	\$7,556,626

OCR New Positions **\$272,379**

The FY2026 recommended budget proposes 2.0 New FTE positions - 1.0 Senior Legal Counsel and a 1.0 Administrative Officer, to support the Cannabis Control Commission (CCC). The Cannabis Control Commission is tasked with overseeing the regulation, licensing, enforcement, and control of regulated adult use and medical cannabis.

- **1.0 Senior Legal Counsel Position:** The Senior Legal Counsel position would oversee compliance with state and federal laws, litigation, and the drafting of regulations, as well as, aid in litigation. The request includes a restricted receipt increase of \$151,155 to fund the position.
- **Administrative Officer Position:** The Administrative Officer position would 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. The request includes a restricted receipt increase of \$101,355 to fund the position.

Hemp Program Consolidation to CCC

Informational

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

Department of Labor and Training

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$1.8	\$1.9	\$2.0	\$0.2	8.7%	\$2.2	\$0.3	15.0%
Workforce Development Services	26.0	24.9	28.0	3.0	12.2%	20.2	(4.8)	-19.1%
Workforce Regulation and Safety	4.8	4.8	5.0	0.2	3.9%	5.3	0.5	10.6%
Income Support	490.6	526.9	544.2	17.3	3.3%	567.9	41.0	7.8%
Injured Workers Services	9.8	10.6	11.0	0.4	3.4%	11.2	0.6	5.7%
Labor Relations Board	0.6	0.5	0.6	0.0	3.0%	0.6	0.0	2.8%
Governor's Workforce Board	35.0	24.4	36.7	12.4	50.8%	29.7	5.3	21.8%
Total	\$568.6	\$594.1	\$627.5	\$33.5	5.6%	\$637.0	\$42.9	7.2%

Expenditures By Source

General Revenue	\$18.3	\$17.8	\$20.4	\$2.7	14.9%	\$20.4	\$2.6	14.6%
Federal Funds	56.9	42.7	59.0	16.3	38.1%	42.0	(0.7)	-1.7%
Restricted Receipts	28.6	32.0	38.4	6.4	20.1%	38.0	6.0	18.8%
Other Funds	464.8	501.6	509.7	8.1	1.6%	536.7	35.1	7.0%
Total	\$568.6	\$594.1	\$627.5	\$33.5	5.6%	\$637.0	\$42.9	7.2%

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

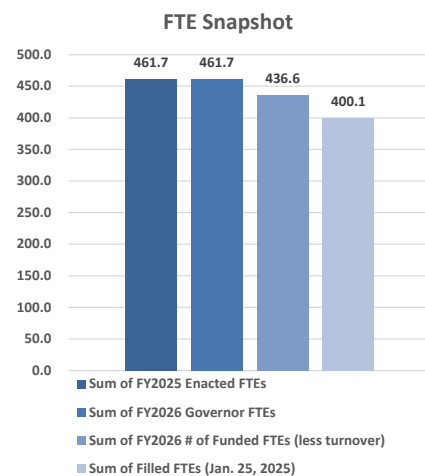
The Department of Labor and Training is charged with providing an array of employment and training services to Rhode Islanders and administering the laws pertaining to workforce regulation, safety and labor law enforcement. The Department consists of seven divisions: Central Management, Workforce Development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

MAJOR ISSUES AND TRENDS

FY2025: The FY2025 Governor's Revised Budget includes \$627.5 million in all funds, reflecting a \$33.5 million, or 5.6 percent increase from the FY2025 Budget as Enacted. The Budget includes \$20.4 million in general revenue, reflecting a \$2.7 million or 14.9 percent increase from the FY2025 Enacted Budget. The increase encompasses \$2.2 million of reappropriated funds and \$250,000 for unemployment insurance administration. Federal funds realized the largest increase, rising by \$16.3 million or 38.1 percent from the FY2025 enacted level, primarily related to an increase in unemployment insurance administration and benefit payments.

FY2026: The FY2026 Governor's Recommended Budget includes \$637.0 million in all funds, reflecting an increase of \$42.9 million, or 7.2 percent from the FY2025 Budget as Enacted. The Budget also authorizes 461.7 FTE positions in FY2025 and FY2026, consistent with the enacted level.

The Governor recommends \$20.4 million in general revenue for the Department, representing an increase of \$2.6 million or 14.6 percent from the FY2025 Budget as Enacted. The increase is largely related to the Governor's Rhode to Prosperity, Future Workforce initiative, which allocates \$2.0 million of general revenue to fund work experience programs for the State's youth. The Governor recommends \$38.0 million in restricted receipt expenditures for the Department, increasing by \$6.0 million or 18.8 percent, largely related to a change in the Job Development



Assessment, included in Article 5. The Governor recommends \$536.7 million of other funds, reflecting an increase of \$35.1 million, which is the primarily due to a \$26.5 million increase in Unemployment Insurance benefit payments.

Personnel Expenditures: The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees. The Budget includes cost-of-living adjustments (COLA) of 5.0 percent in FY2025 and 4.0 percent in FY2026, reflecting all fund increases of \$2.4 million and \$4.4 million respectively for the Department of Labor and Training. The \$2.4 million increase in FY2025 includes \$1.3 million in federal funds and \$225,817 of general revenue. The \$4.4 million increase in FY2026 includes \$2.4 million in federal funds and \$411,286 of general revenue. The following table illustrates the COLA adjustment for all funds and programs.

Statewide Cost of Living Adjustment COLA	FY2025	FY2026
General Revenue	\$225,817	\$411,286
Federal Funds	1,294,068	2,397,629
Other Funds	480,343	876,963
Restricted Receipts	374,285	683,047
Total	\$2,000,228	\$3,685,878

Jobs Development Assessment: In Article 5, the Governor recommends subjecting non-profit employers with 500 or more employees to the Job Development Fund (JDF) assessment. The assessment is estimated to collect \$2.6 million in new revenue for FY2026, of which, \$2.3 million will be dedicated to the Job Development Fund and \$244,000 will support the administration of the unemployment insurance.

CENTRAL MANAGEMENT

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

Central Management	General Revenue
FY2025 Enacted	\$1,563,445
<i>Target and Other Adjustments</i>	<i>4,735</i>
ERP Maintenance and Operations Billings (statewide adjustments)	247,404
Centralized Services (statewide adjustments)	(204,717)
Centralized Utilities Fund (statewide adjustments)	51,023
FY2026 Governor	\$1,661,890

WORKFORCE DEVELOPMENT SERVICES

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

Workforce Development Services	General Revenue
FY2025 Enacted	\$1,109,430
<i>Target and Other Adjustments</i>	<i>1,459</i>
Personnel Adjustments (statewide adjustments)	(32,131)
FY2026 Governor	\$1,078,758

Workforce Development Services	Other Fund Changes
QUEST Grant (federal funds)	(\$3,422,795)
Workforce Innovation Opportunity Act Grant (federal funds)	(1,873,530)
Turnover Savings (federal funds)	864,621
Growing the Renewable Energy Employment Network (federal funds)	559,739

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

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

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

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

The Budget includes \$9.8 million in federal funds from Workforce Innovation and Opportunity Act (WIOA) grants, reflecting a decrease of \$1.9 million from the FY2024 Enacted Budget. The Dislocated Worker grant program reflects the largest reduction in received awards, decreasing by \$942,690 or 21.6 percent. The FY2025 Governor's Revised Budget includes an \$836,656 increase for the initiative. The following table illustrates the reduction throughout the three WIOA grant programs.

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

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

Turnover Savings (federal funds) \$864,621

The Governor does not include any federally funded turnover savings in FY2026 for the Workforce Development Services program, reflecting an increase of \$864,621 in federal funds spending compared to the FY2025 enacted level.

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

The Governor includes \$559,739 of federal funds received from the Growing the Renewable Energy Employment Network grant in FY2026. The Growing the Renewable Energy Employment Network grant is fully funded by the federal government as an H-1B job training grant. Rhode Island was awarded a total amount of \$2.0 million and the Budget expends \$550,000 for assistance and grants as well as \$9,739 for salary and benefits in FY2026. The Governor’s Revised Budget includes \$559,152 for the initiative in FY2025.

WORKFORCE REGULATION AND SAFETY

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

Workforce Regulation and Safety	General Revenue
FY2025 Enacted	\$4,833,768
<i>Target and Other Adjustments</i>	<i>21,520</i>
Personnel Adjustments (statewide adjustments)	738,589
Intra-agency Transfer	(208,111)
Centralized Services (statewide adjustments)	(38,475)
FY2026 Governor	\$5,347,291

Intra-agency Transfer (\$208,111)

The Governor recommends negative \$777,116 in general revenue for intra-agency transfers, reflecting a general revenue savings of \$208,111 from the FY2025 enacted amount. The Department is permitted by federal regulations under the unemployment insurance program to maintain a restricted receipt account into which it may deposit interest and penalty revenue collected from employers that are delinquent in filing their employment taxes. Eligible expenditures of these “tardy and interest” funds are flexible and may be used to support activity outside of the program. DLT regularly makes intra-agency transfers from tardy and

interest to the Workforce Regulation and Safety to subsidize the Division's work. The latter's budget typically receives only general revenue appropriations.

INCOME SUPPORT

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

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

Income Support	Other Fund Changes
Unemployment Insurance Benefits Adjustment (other funds)	\$26,464,995
Temporary Disability Insurance Adjustment (other funds)	8,513,489
UI Administration (federal funds)	5,132,268
CARES Act (federal funds)	(876,550)
TCI Administration Adjustment (other funds)	246,132
Centralized Services (statewide adjustments) (other funds)	(186,406)
Unemployment Insurance Benefits Statistics	Informational
Unemployment Insurance Trust Fund	Informational

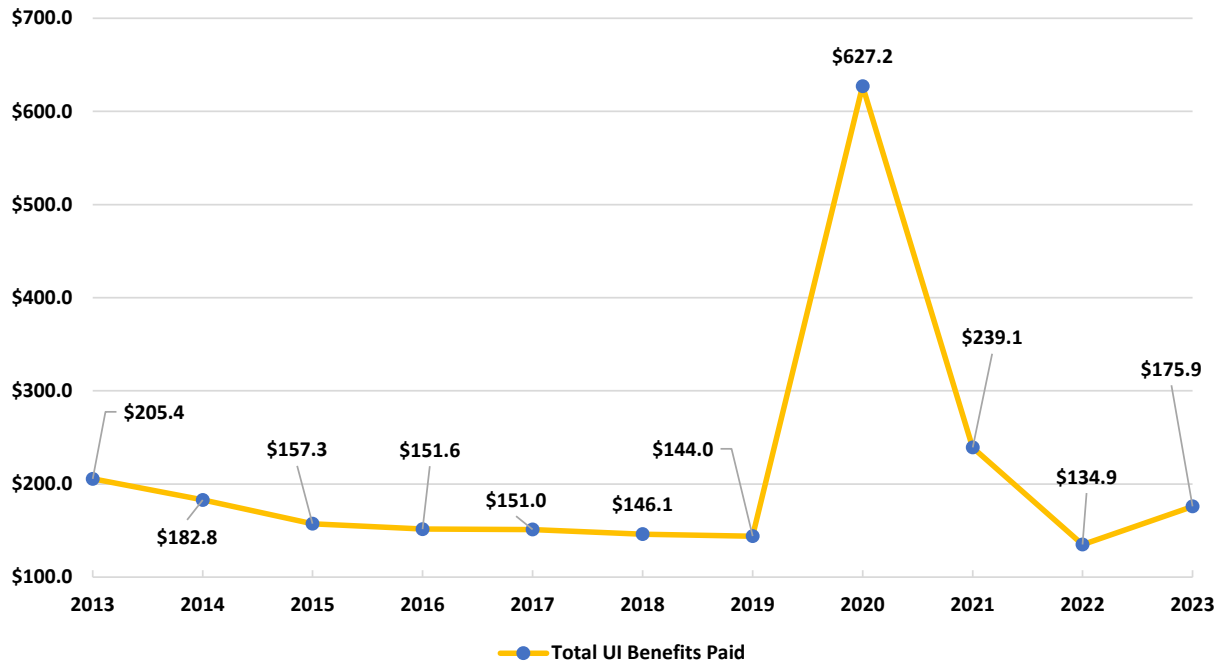
Unemployment Insurance Benefits Adjustment (other funds) \$26.5 million

The Governor recommends \$249.3 million in all funds to support unemployment benefits, reflecting a \$26.5 million increase from the FY2025 Budget as Enacted. The increase largely reflects an additional \$24.1 million in unemployment insurance benefits as well as a \$2.5 million increase in reimbursable employer's UI benefits. The adjustment encompasses an additional \$26.7 million in other funds offset by a \$35,005 decrease to federal funds related to the Trade Readjustment Act. The following table illustrates the current budgeted amounts for UI benefits.

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

The United States Department of Labor's website provides quarterly data concerning the payment of UI benefits by each State. Data concerning the entirety of 2024 is not yet available, however, in Quarters 1-3, the Department provided \$162.9 million in benefit payments, which is 8.0 percent higher than the average amount paid through Quarter 3 of 2021-2023. The following table and graph illustrate Rhode Island's payment of unemployment insurance benefits from 2013-2023, with figures provided by the U.S. Department of Labor.

Annual UI Benefit Payments 2013-2023



\$ in millions.

Source: US Dept. of Labor/UI Data Summary

The federal government made several changes to unemployment insurance regulations as a result of the pandemic, including increasing the length of time a person may collect unemployment insurance up to 79 weeks and including an additional supplemental payment for eligible individuals. Beginning in April 2020, the Department of Labor and Training was authorized to provide supplemental payments to individuals collecting unemployment. This additional payment was \$600/week from April 4, 2020, through July 31, 2020. An additional payment of \$300/week began again on January 2, 2021, and was extended through September 4, 2021. The program required additional funding due to rising unemployment related to the COVID-19 pandemic, however, the increased funds are no longer necessary.

Temporary Disability Insurance Adjustment (other funds)

\$8.5 million

The Governor recommends \$251.4 million in other funds for the administration, employer tax, and payment of benefits related to the State’s Temporary Disability Insurance (TDI) program, reflecting an increase of \$8.5 million from the FY2025 enacted level. The increase is due to updated projections of utilization and includes increases of \$10.0 million for benefit payments and \$444,288 for administration, offset by a \$1.9 million reduction for the employer tax unit. Funded entirely by Rhode Island worker contributions, TDI allows individuals who cannot work due to a temporary disability or injury, to receive payments for missed work. Rhode Island is one of five states that fund this program and the only one in New England. The table below illustrates the adjustment.

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

Unemployment Insurance Administration Adjustment (federal funds)**\$5.1 million**

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

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

Jobs Development Assessment: Additionally, when DLT collects employment taxes, 0.21 percent of the revenue is reserved for workforce development support and is intra-agency transferred to the state's Jobs Development Fund (the 0.21 percent is known as the Jobs Development Assessment and is paid by all private for-profit businesses with employees). The Governor recommends a proposal that would expand the Jobs Development Assessment to be applicable to large not-for-profit institutions that benefit from the JDF supported workforce training but currently do not contribute to the Jobs Development Fund. The proposal is estimated to generate \$2.6 million from the new contributions in FY2026, with \$2.3 million directed to the JDF and \$244,000 to the UI administration.

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

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

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

CARES Act: Implementation & Administration	FY2025 Enacted	FY2026 Governor	Change
Federal Pandemic Unemployment Compensation (FPUC)	\$200,000	\$0	(\$200,000)
Pandemic Unemployment Assistance (PUA)	580,550	-	(580,550)
Pandemic Emergency Unemployment Compensation (PEUC)	96,000	-	(96,000)
Total	\$876,550	\$0	(\$876,550)

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

The Governor recommends \$2.2 million in other funds for the administration of the State's Temporary Caregiver Insurance (TCI) program, reflecting an increase of \$231,041 from the FY2025 enacted level. The increase is primarily related to salary and benefits for staff. The Budget also includes \$32.3 million in benefit payments, consistent with the enacted level. Signed into law on July 11, 2013, TCI disburses payments to individuals who are unable to work due to providing necessary care for seriously ill family

members, such as children, spouses, parents, domestic partners, and grandparents. Additionally, individuals who need to bond with a newborn baby or newly adopted child are also eligible to receive benefits. Eligible individuals may claim caregiver benefits for up to 6 weeks. The following table illustrates the adjustment.

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

Unemployment Insurance Benefit Statistics

Informational

Rhode Island currently ranks 14th in average unemployment insurance benefits paid nationally and 3rd in New England. The State has the 4th highest maximum weekly UI benefit payments in the nation when dependent allowances are included and ranks 11th when dependent allowances are removed. The data suggests that while RI may authorize high maximum weekly benefit payments, the amount paid is on par with the national average. The Department indicates that just 20.7 percent of claimants collected the maximum benefit rate for the 12 months ending September 30, 2024. The following tables illustrate benefit payments within New England as well as nationally.

Average UI Benefits Paid
12 Months Ending 3rd Quarter 2024

State	Amount	New England	National
Massachusetts	\$13,045	1	1
Connecticut	7,196	2	13
Rhode Island	6,938	3	14
Maine	6,732	4	19
Vermont	6,189	5	25
New Hampshire	4,230	6	37

Source: US Dept. of Labor/UI Data Summary

Average Weekly UI Benefits Paid
12 Months Ending 3rd Quarter 2024

State	Amount	New England	National
Massachusetts	\$703	1	2
Vermont	527	2	10
Maine	470	3	19
Connecticut	468	4	20
Rhode Island	443	5	26
New Hampshire	367	6	33

Source: US Dept. of Labor/UI Data Summary

Maximum Weekly UI Benefit
As of January 2025

State	Amount	New England	National
Massachusetts	\$1,033	1	2
Vermont	729	2	10
Rhode Island	723	3	11
Connecticut	721	4	12
Maine	595	5	19
New Hampshire	427	6	35

Source: US Dept. of Labor

Maximum Weekly UI Benefit with Dependents Allowance
As of January 2025

State	Rate	New England	National
Maine	\$1,041	1	2
Massachusetts†	1,033	2	3
Rhode Island	903	3	4
Connecticut	796	4	11
Vermont*	729	5	17
New Hampshire*	427	6	36

Source: US Dept. of Labor

* No dependent's benefit provision

† Massachusetts does not have a cap on dependent allowance.

Unemployment Insurance Trust Fund

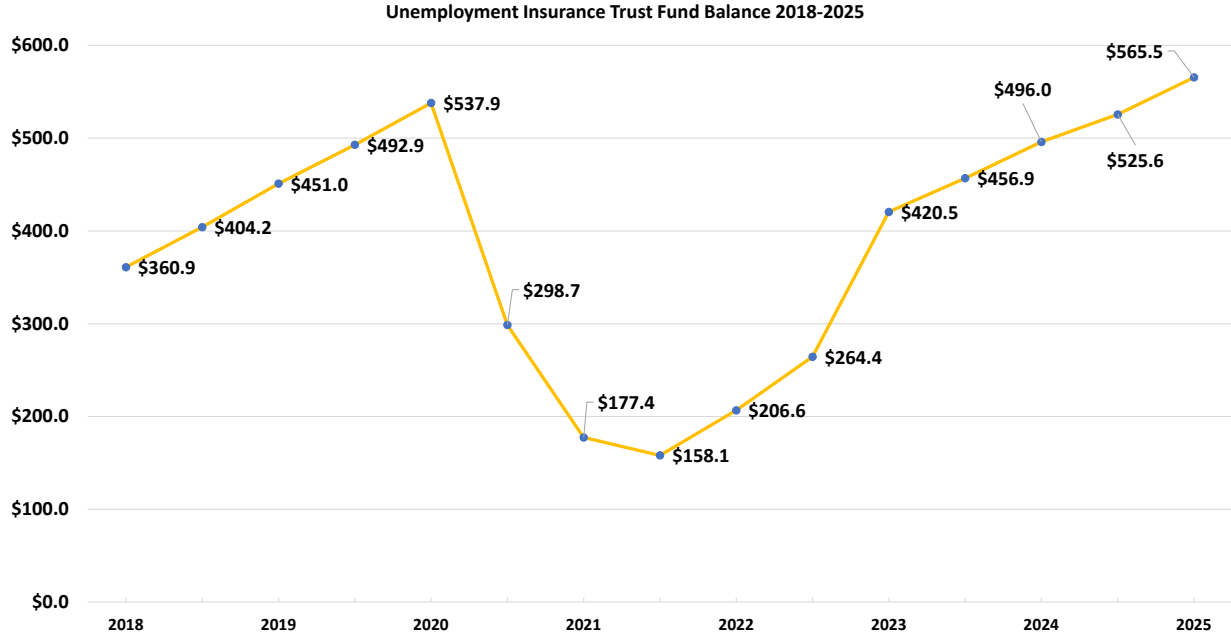
Informational

As of January 1, 2025, the Unemployment Insurance Trust Fund has a balance of \$565.5 million, reflecting an increase of \$69.5 million from January of 2024 and \$27.6 million above the \$537.9 million pre-COVID balance in January of 2020.

For CY2025, the Department of Labor and Training determined that the unemployment insurance tax rates will remain at Schedule G, with rates ranging from 1.1 percent to 9.7 percent. The Unemployment Insurance Taxable Wage Base (UITWB) for FY2025 is \$29,800, which is set at 46.5 percent of the average annual wage of workers employed by taxable employers. The unemployment insurance tax schedule is calculated using a statutory formula based on the reserve ratio, or the balance of the State's employment security fund to the total twelve-month payroll of employers subject to the contribution provisions of the Employment Security Act. The calculation is performed on September 30 of each calendar year, known as the computation date. The Department estimates that annual wages for FY2025 will be \$23.7 billion, with the

average annual wage being \$63,716. For the rate schedule to shift to Schedule F, the reserve ratio must be at or above 2.5 percent, requiring an additional \$26.8 million to meet a fund balance of \$592.3 million.

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



Source: United States Department of Labor
\$ in millions

For tax year 2022, the State made several administrative adjustments to more accurately determine the health of the trust fund and the rate of UI taxes to be assessed. While these adjustments were made using the most accurate modeling and analysis available, it is possible that the trust fund will experience unexpected shortfalls in the coming tax years. Holding these funds in reserve allows for the ability to rapidly respond if a shortfall is identified in the trust fund and allows them to be put toward other effective uses to support the state’s employers if no such need is identified.

INJURED WORKERS SERVICES

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

Injured Workers Services	Restricted Receipts
FY2025 Enacted	\$10,630,130
<i>Target and Other Adjustments</i>	<i>78,989</i>
Personnel Adjustments (statewide adjustments)	517,993
Centralized Utilities Fund (statewide adjustments)	102,168
Centralized Services (statewide adjustments)	(96,188)
FY2026 Governor	\$11,233,092

LABOR RELATIONS BOARD

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

Labor Relations Board	General Revenue
FY2025 Enacted	\$541,797
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	24,591
Centralized Utilities Fund (statewide adjustments)	4,173
Centralized Services (statewide adjustments)	(9,690)
FY2026 Governor	\$556,737

GOVERNOR'S WORKFORCE BOARD

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

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

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

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

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

Governor's Workforce Board	General Revenue
FY2025 Enacted	\$6,050,000
<i>Target and Other Adjustments</i>	
Rhode to Prosperity: Future Workforce	0
FY2026 Governor	\$8,050,000

Governor's Workforce Board	Other Fund Changes
Rhode to Prosperity: Real Jobs (restricted receipts)	\$2,306,000
JDF Transfer for UI Administration (restricted receipts)	244,000

Rhode to Prosperity: Future Workforce **\$2.0 million**

The Governor recommends \$2.0 million of general revenue to establish new work-based learning experiences for Rhode Island’s youth. The initiative would create programs for individuals between the ages of 16 and 24. The Department indicates that they would like to increase the number of students that participate in the PrepareRI HS summer internship program and expand Real Skills for Youth (RSFY) programming. While the PrepareRI HS program is run by one specific non-profit vendor, RSFY has partners and is only limited by who is selected via the public RFP process. No specific amounts have been identified at this time.

The PrepareRI High School Internship program is a 7-week long learning experience for high school juniors that provides opportunities for learning, earning, and connecting. Participants learn critical work readiness skills, are paid \$15.00 per hour, and able to connect with one of the program’s 200+ employer partners. Students enrolled may earn up to a maximum of \$4,200 throughout the Summer.

The Real Skills for Youth program prepares young Rhode Islanders for success through career exposure and work-based learning opportunities. The Department’s 2025 Program List includes 19 partner organizations offering hands-on programs for Rhode Island youth in 2025.

Rhode to Prosperity: Real Jobs (restricted receipts) **\$2.3 million**

The Governor recommends \$2.3 million in restricted receipts collected through the Job Development Assessment to further fund the Department’s Real Jobs Rhode Island (RJRI) initiative. The funding is not directed to a specific partner or industry, but would be restricted to the RJRI program.

Under current law, private sector, for-profit, employers pay a 0.21 percent Job Development Fund (JDF) tax on the first \$29,200 of their employees’ earnings. Article 5 of the Governor’s Budget subjects’ non-profit employers with 500 or more employees to the Job Development Fund (JDF) assessment, which is estimated to collect \$2.6 million in additional revenue, \$2.3 million of which will fund RJRI and \$244,000 will fund administration of Unemployment Insurance. For more information, see the Article 5 section within this publication.

The Governor also recommends \$6.1 million in general revenue to fund RJRI, consistent with the enacted level. The program provides both training and placement assistance for job seekers, as well as skills training for incumbent workers, business owners, and other types of participants. The Real Jobs Rhode Island FY2024 Performance Overview Report notes that since the program commenced in 2015, Real Jobs has trained over 43,500 workers, placed 18,300 jobseekers into employment, and served 6,000 unique businesses. Additionally, the report provides data concerning the average placement wages of RJRI participants, which are summarized in the following table.

Average Placement Wage of Real Jobs Participants FY2021-FY2024

Gender	FY2021	FY2022	FY2023	FY2024	% Change from FY2021	% Change from FY2023
Male	\$40,093	\$41,211	\$43,244	\$42,959	7.1%	-0.7%
Female	37,042	37,788	39,422	39,894	7.7%	1.2%

Self-Identified Race

White	\$40,107	\$41,315	\$43,236	\$42,874	6.9%	-0.8%
Black	36,320	37,468	38,600	40,315	11.0%	4.4%
Asian	38,999	36,623	39,866	40,219	3.1%	0.9%
Latinx	36,501	37,660	40,899	39,692	8.7%	-3.0%
Of Multiple Races	35,830	37,350	39,415	41,325	15.3%	4.8%

Source: Department of Labor and Training: Real Jobs RI Performance Overview FY2021-FY2024

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

KPI: Real Jobs Rhode Island- Job Placements

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

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

KPI: Real Jobs Rhode Island- Employer Engagement

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

JDF Transfer to UI Administration (restricted receipts)**\$244,000**

The Governor recommends \$244,000 of restricted receipts collected through the Job Development Assessment transferred to the Income Support program for administration of Unemployment Insurance per statutory formula.

Department of Revenue

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Director of Revenue	\$2.4	\$2.9	\$2.9	\$0.0	1.6%	\$3.2	\$0.3	9.9%
Division of Collections	0.9	1.0	0.9	(0.0)	-1.7%	1.0	0.0	3.0%
Lottery Division	397.1	423.7	447.7	24.0	5.7%	448.0	24.4	5.8%
Municipal Finance	1.3	2.2	1.8	(0.4)	-18.6%	2.0	(0.2)	-8.7%
Office of Revenue Analysis	1.0	1.0	1.1	0.1	8.4%	1.2	0.2	15.5%
Registry of Motor Vehicles	41.0	35.7	39.8	4.2	11.7%	41.3	5.6	15.8%
State Aid	297.9	327.2	325.1	(2.1)	-0.6%	324.0	(3.1)	-1.0%
Taxation	33.8	41.0	41.0	0.0	0.0%	42.9	1.9	4.7%
Total	\$775.4	\$834.6	\$860.4	\$25.8	3.1%	\$863.7	\$29.1	3.5%

Expenditures By Source	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
General Revenue	\$372.4	\$400.5	\$402.3	\$1.8	0.5%	\$403.9	\$3.4	0.9%
Federal Funds	0.5	0.8	0.7	(0.1)	-9.6%	0.5	(0.3)	-38.8%
Restricted Receipts	5.2	9.5	9.5	0.1	0.6%	11.1	1.6	16.9%
Other Funds	397.2	423.8	447.8	24.0	5.7%	448.2	24.4	5.7%
Total	\$775.4	\$834.6	\$860.4	\$25.8	3.1%	\$863.7	\$29.1	3.5%

Authorized FTE Levels 587.5 599.5 599.5 - 0.0% 604.5 5.0 0.8%
\$ in millions. Totals may vary due to rounding.

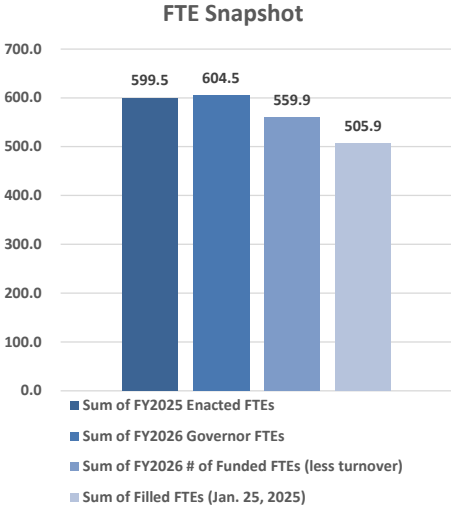
The Department of Revenue (DOR) was created as a separate department within the executive branch of government as part of the FY2007 Budget as Enacted. The Department is headed by a Director who is appointed by the Governor subject to the advice and consent of the Senate. The Department has eight program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

MAJOR ISSUES AND TRENDS

The Governor recommends \$860.4 million from all funds in FY2025 and \$863.7 million in the FY2026, a 3.1 and 3.5 percent increase, respectively. The FY2025 Revised Budget is a net \$25.8 million more than the enacted level, and is primarily related to adjustments in lottery prize payments in the current year.

The FY2026 Budget is overall \$29.1 million more than the enacted level. This is also related to an increase in lottery payments.

The Governor adds 5.0 FTE positions in FY2026 in the Division of Taxation to support new revenue initiatives. Of note, the Department had 505.9 filled FTE positions on January 25 (15.6 percent vacancy rate), so it is unclear if authorization for additional FTE is needed.



Important initiatives within the DOR budget include:

DMV

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

- **Electric Vehicle Fee:** Article 5 also establishes a new \$150 annual fee for battery electric vehicles and a new \$75 annual fee for plug-in hybrid vehicles. Revenue from the fees will be used to augment the State's Highway Maintenance Account to pay for road repair and maintenance.

State Aid

- **Tangible Property Reimbursement:** In FY2024, the General Assembly authorized a new state aid program that reimburses municipalities the foregone revenue associated with a statewide tangible property tax exemption. The implementation and related data collection schedule meant that the first known reimbursement amounts by municipality would not be known until the FY2025 Governor's Supplemental Budget recommendation (previous budget had included a placeholder estimate of \$28.0 million). 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 (MVET):** In FY2023, the General Assembly repealed the motor vehicle excise tax. Municipalities are reimbursed annually for lost revenue. The FY2026 Budget includes \$234.9 million in MVET state aid, \$140,866 more than the FY2025 enacted level. The increase is related to a Governor's proposal to eliminate the annual sales tax growth adjustment that is provided to municipalities as part of the Motor Vehicle Excise Tax State Aid program. Under the proposal, the adjustment is allowed for FY2025 only, with subsequent distributions for FY2026 and beyond, being based on the higher of either FY2024 or FY2025. The reason the distribution amount received by a municipality in FY2025 may be slightly lower despite growth in the sales tax is related to the nature of the calculation, which requires rounding the distribution to the nearest 0.01 percent. This rounding requirement in some instances may decrease a distribution in comparison to the FY2024 amount.

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

Taxation

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

DIRECTOR OF REVENUE

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

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

DIVISION OF COLLECTIONS

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

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

LOTTERY DIVISION

The Rhode Island Lottery was created in 1974 and was transferred into the Department of Revenue in 2006. The Lottery is responsible for promoting and selling games, including Daily Numbers, Keno, instant games (scratch tickets), multi-state pool games (PowerBall and MegaMillions), and Lucky 4 Life regional game, as well as the authorization and licensing of video lottery terminals (VLTs), table games, and sports betting at Twin River Lincoln and Tiverton. In June 2023, the General Assembly authorized online gaming, which launches March, 2024. No general revenues support the Division; it is entirely funded with other funds derived from Lottery sales.

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

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

The net increase of \$23.3 million in Commissions and Prize Payments is based on the November 2024 Revenue Estimating Conference (REC) estimates of VLT net terminal income and other lottery games. Net terminal income from VLTs is estimated to total \$501.5 million and net table game revenue (NTGR) is estimated to total \$131.6 million. NTGR is deposited in the State lottery fund for administrative purposes with commissions distributed to Twin River and deductions made for casino operating expenses. The balance is remitted to the general fund.

DIVISION OF MUNICIPAL FINANCE

The Division of Municipal Finance (DMF) assists municipalities by providing data analysis and technical assistance as well as training on financial reporting, tax levy, and property valuation issues. The Division calculates the equalized property valuation information and State Aid distributions. The Motor Vehicle Value Commission is staffed by the Division and sets vehicle values that are subject to the motor vehicle excise tax. The Division plays an important role in administering the State’s fiscal stability statutes. These

laws provide a tiered set of interventions, from budget commissions to receiverships, when a municipality experiences financial distress.

Office of Revenue Analysis	General Revenue
FY2025 Enacted	\$1,015,848
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	157,193
FY2026 Governor	\$1,173,041

OFFICE OF REVENUE ANALYSIS

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

Office of Revenue Analysis	General Revenue
FY2025 Enacted	\$1,015,848
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	157,193
FY2026 Governor	\$1,173,041

DIVISION OF MOTOR VEHICLES

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

Division of Motor Vehicles	General Revenue
FY2025 Enacted	\$31,206,744
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	\$347,269
Centralized Services (statewide adjustments)	3,448,795
	371,768
FY2026 Governor	\$35,374,576

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

Division of Motor Vehicles	Informational
Electric Vehicle Fee	Informational

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

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

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

DMV Surcharge Revenue vs. IT Expenditures

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

Prior to FY2023 all or portions of the surcharge went to the ITIF
 FY16 - FY17 DOR/DMV used surcharge revenue to pay settlement w/ Hewlett Packard resulting from RIMS litigation
 FY18 - FY19 all collections were sent to ITIF
 FY20 - FY22 \$1.50 of the \$2.50 were sent to ITIF
 FY23 we started retaining all \$2.50

Electric Vehicle Fee

Informational

The Governor 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 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.

STATE AID

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

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

State Aid	General Revenue
FY2025 Enacted	\$326,185,625
Target and Other Adjustments	-
Tangible Tax Reimbursement	(2,096,772)
Property Revaluation Program	(1,175,058)
Motor Vehicle Excise Phase Out	140,866
FY2026 Governor	\$323,054,661

Tangible Tax Reimbursement

(\$2.1 million)

In FY2024, the General Assembly authorized a new state aid program that reimburses municipalities the foregone revenue associated with a statewide tangible property tax exemption. The implementation and related data collection schedule meant that the first known reimbursement

amounts by municipality would not be known until the FY2025 Governor’s Supplemental Budget recommendation (previous budget had included a placeholder estimate of \$28.0 million).

Based on actual documentation submitted by municipalities and certified by the Division of Municipal Finance, the 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.

Property Revaluation Program (\$1.2 million)

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

Motor Vehicle Excise Phase Out \$140,866

The Governor recommends \$234.9 million in MVET state aid in FY2026, \$140,866 more than the FY2025 enacted level. The MVET state aid program annually reimburses municipalities for lost revenue associated with the repeal of the motor vehicle excise tax in FY2023. The small increase is related to a Governor’s proposal (Article 5, Section 13) to eliminate an annual sales tax growth adjustment to reimbursement amounts that is required under current law. Under the proposal, the adjustment is allowed for FY2025 only, with subsequent distributions for FY2026 and beyond, being based on the higher of either FY2024 or FY2025. The reason the distribution amount received by a municipality in FY2025 may be slightly lower despite growth in the sales tax is related to the nature of the calculation, which requires rounding the distribution to the nearest 0.01 percent. This rounding requirement in some instances may decrease a distribution in comparison to the FY2024 amount.

DIVISION OF TAXATION

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

Division of Taxation	General Revenue
FY2025 Enacted	\$35,972,773

<i>Target and Other Adjustments</i>	<i>\$460,224</i>
Personnel Adjustments (statewide adjustments)	1,014,759
Personnel Expenditures Related to Revenue Initiatives	633,734
FY2026 Governor	\$38,081,490

Division of Taxation	Informational
Financial Institutions Data Match System	Informational
Tax Increment Financing Disbursement to Pawtucket	Informational

Personnel Expenditures Related to Revenue Initiatives \$633,734

In FY2026, the Governor recommends 5.0 new FTEs and \$633,734 in additional personnel expenditures to support of several proposed revenue initiatives included in the budget. The initiatives combine for an estimated \$11.6 million in new revenue (all funds). The initiatives include:

- **Digital Advertising Tax:** The Governor recommends a new digital advertising gross revenue tax (DAT) that is equal to 10.0 percent of the assessable base for a taxpayer with annual gross revenues exceeding \$1.0 billion. Businesses with annual gross revenues below \$1.0 billion are exempt from the tax. Taxpayers must apportion their digital advertising revenue based on the number of devices accessing

the advertising in Rhode Island compared to the total number accessing it outside of the state. \$9.5 million in FY2026 based on a January 1, 2026 effective date. This grows to \$19.6 million in FY2027 with a full year of the tax.

- **Whole Home Short-Term Rental Tax:** The Governor also recommends the creation of a new whole home short-term rental tax, distinct from the hotel tax, to be levied on the total consideration to be paid when renting an entire house for less than 30 days. The tax is to be levied at 5.0 percent of gross rental receipts. The proceeds from the whole home short-term rental tax to be deposited into the State’s Housing Resources and Homelessness Fund restricted receipt account.
- **Other Revenue Initiatives:** The Governor recommends several other revenue initiatives in addition to the two new taxes noted above. These are described in detail in the Article 5 section of this report and include a \$0.50 increase in the cigarette tax and the elimination of certain underutilized tax expenditures.

FTE Positions: The Budget includes 5.0 new FTEs to implement the initiatives described above, including 2.0 Taxpayer Service Specialist FTEs, 1.0 Tax Aide I FTE, 1.0 Tax Aide II FTE, and 1.0 Tax Auditor I FTE. The total personnel costs for this new staff is \$633,734 in general revenue.

Analyst Note: Of note, the Department had 93.6 vacant FTE positions as of January 25, 2025, or a vacancy rate of 15.6 percent. Additional FTE authorizations may not be needed at this time.

Financial Institutions Data Match System *Informational*

The Governor recommends that Division of Taxation be given the authorization 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 included in Article 5 would improve tax collection for the many debtors who live out of state. The initiative is estimated to increase revenue by \$5.2 million in FY2026 and \$8.0 million in FY2027.

Tax Increment Financing Disbursement to Pawtucket (restricted receipts) *Informational*

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

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

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

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

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

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

Legislature

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Auditor General	\$6.1	\$7.4	\$7.8	\$0.5	6.5%	\$8.2	\$0.8	10.6%
Fiscal Advisory Staff	2.0	2.5	2.6	0.1	5.1%	2.7	0.2	7.9%
General Assembly	8.4	8.3	11.5	3.1	37.4%	8.7	0.4	4.9%
Joint Comm. on Legislative Services	29.6	32.1	38.9	6.8	21.1%	35.8	3.6	11.3%
Legislative Council	3.9	5.4	5.9	0.4	8.0%	6.0	0.6	11.3%
Total	\$50.1	\$55.8	\$66.7	\$10.9	19.6%	\$61.4	\$5.6	10.1%
General Revenue	\$48.1	\$53.4	\$64.1	\$10.8	20.2%	\$58.7	\$5.4	10.1%
Restricted Receipts	2.0	2.4	2.6	\$0.2	6.5%	2.7	\$0.3	10.6%
Total	\$50.1	\$55.8	\$66.7	\$10.9	19.6%	\$61.4	\$5.6	10.1%
Authorized FTE Levels	298.5	298.5	298.5	-	-	298.5	-	-

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

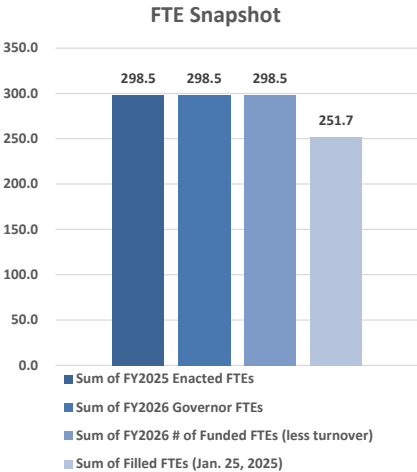
The Rhode Island General Assembly enacts laws, develops state policy, and evaluates programs through the appropriation process. The General Assembly consists of six programs which assist in executing its constitutional role:

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

MAJOR ISSUES AND TRENDS

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

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



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

\$ in millions

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

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

\$ in millions

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

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

Lieutenant Governor

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
Lieutenant Governor	\$1.3	\$1.4	\$1.4	(\$0.1)	-4.9%	\$1.5	\$0.1	4.9%
Expenditures By Source								
General Revenue	\$1.3	\$1.4	\$1.4	(\$0.1)	-4.9%	\$1.5	\$0.1	4.9%
Total	\$1.3	\$1.4	\$1.4	(\$0.1)	-4.9%	\$1.5	\$0.1	4.9%
Authorized FTE Levels	8.0	8.0	8.0	-	-	8.0	-	-

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

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

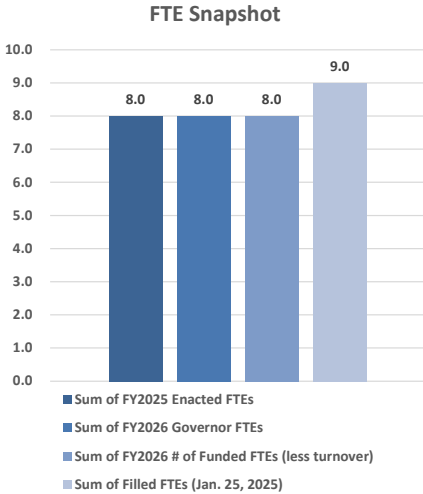
MAJOR ISSUES AND TRENDS

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

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

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

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



Analyst Note: The January 25, 2025, personnel reports from the State Personnel Office, listed the Office of the Lieutenant Governor as having 9.0 FTE filled positions, 1.0 FTE position in excess of the authorized level. When questioned by the Senate Fiscal Office it was discovered that one employee had resigned in October 2024. The processing of the employee’s termination was not completed until the release of the February 8, 2025 personnel report, which now lists the number of filled FTE positions at 8.0 FTE positions.

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

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

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

Office of the Secretary of State

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Administration	\$4.9	\$5.1	\$5.5	\$0.4	7.6%	\$6.0	\$0.9	17.7%
Corporations	2.6	2.8	2.8	0.0	1.3%	2.9	0.1	3.8%
State Archives	0.8	1.2	1.2	0.0	1.2%	0.8	(0.5)	-38.3%
Elections and Civics	2.0	4.7	4.7	(0.0)	-0.4%	3.4	(1.3)	-28.4%
State Library	0.6	0.6	0.7	0.0	0.3%	0.7	0.0	2.9%
Office of Public Information	0.7	0.9	0.8	(0.1)	-7.0%	0.9	(0.0)	-5.3%
Total	\$11.6	\$15.4	\$15.7	\$0.4	2.3%	\$14.5	(\$0.8)	-5.4%

Expenditures By Source								
General Revenue	\$10.8	\$12.5	\$12.8	\$0.3	2.8%	\$12.1	(\$0.4)	-2.8%
Federal Funds	0.5	2.0	2.0	(0.0)	(0.0)	2.0	(0.0)	-0.1%
Restricted Receipts	0.3	0.4	0.4	0.0	4.5%	0.4	0.0	7.2%
Other Funds	-	0.5	0.5	-	-	-	(0.5)	-100.0%
Total	\$11.6	\$15.4	\$15.7	\$0.4	2.3%	\$14.5	(\$0.8)	-5.4%

Authorized FTE Levels	61.0	62.0	62.0	-	-	62.0	-	-
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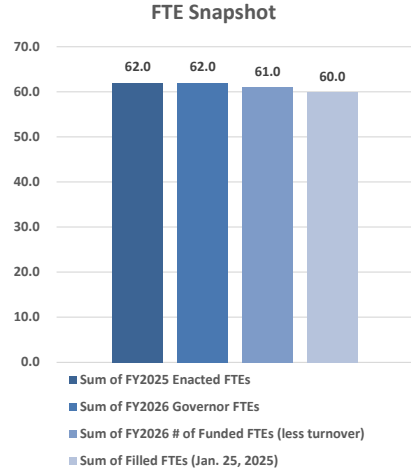
\$ in millions. Totals may vary due to rounding.

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

MAJOR ISSUES AND TRENDS

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

For FY2026, general revenue expenditures decrease by \$350,509 (\$831,273 all funds). The change reflects the second installment of the agreed salary COLA at 4.0 percent in FY2026, offset by decreases of \$1.5 million for election costs that are not required in FY2026. The Budget maintains a \$250,000 general revenue appropriation for the State’s 250th Anniversary Commission. In addition, there is a decrease of \$500,000 in RICAP funds for the Rhode Island Archive and History Center site analysis.



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

ADMINISTRATION

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

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

Computer Equipment **\$203,000**

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

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

Operating Adjustments **\$139,722**

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

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

STATE ARCHIVES

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

State Archives	General Revenue
FY2025 Enacted	\$349,562
<i>Target and Other Adjustments</i>	
	7,097
FY2026 Governor	\$356,659

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

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

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

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

Historical Records Trust (restricted receipts) Informational

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

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

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

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

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 Enacted	FY2025 Governor	FY2026 Governor
Balance Forward	\$44,136	\$62,239	\$41,995	\$14,665	\$119,975	\$123,167	\$12,236	\$30,545	\$31,198	\$0
Receipts	431,942	409,104	440,709	576,390	549,703	375,902	331,280	385,000	315,956	315,956
Expenditures	413,839	429,348	468,039	471,080	546,511	486,834	312,971	384,347	384,347	404,790
Cash Forward	\$62,239	\$41,995	\$14,665	\$119,975	\$123,167	\$12,236	\$30,545	\$31,198	(\$37,193)	(\$88,834)

Source: Receipt information from Office of the Secretary of State

CORPORATIONS

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

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

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

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

ELECTIONS AND CIVICS

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

Elections and Civics	General Revenue
FY2025 Enacted	\$2,689,990
<i>Target and Other Adjustments</i>	
Election Costs	18,621
Personnel Adjustments (statewide adjustments)	(1,515,000)
FY2026 Governor	\$1,357,040

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

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

The Budget includes \$153,000 in general revenue for election expenses, a decrease of \$1.5 million as compared to the FY2025 Budget as Enacted, reflecting that FY2026 is not in the general election cycle. Printing, mailing of ballots and referenda materials, and advertising expenses increase in odd-numbered fiscal years when there is a statewide election or on the general election cycle which next occurs in FY2027.

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

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

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

The FY2025 Budget as Enacted included \$2.0 million of which \$1.2 million has been expended to date. The Governor proposes another of \$2.0 million in federal funds as part of the FY2026 Budget.

HAVA Award Revenue

2018 HAVA Award	\$3,000,000
2020 HAVA Award	3,216,181
2022 HAVA Award	1,000,000
2023 HAVA Award	1,000,000
2024 HAVA Award	1,000,000
Interest Earnings	86,075
Total HAVA Award	\$9,302,256

Expenditures

FY2019 Actual	\$907,311
FY2020 Actual	1,358,787
FY2021 Actual	413,758
FY2022 Actual	999,628
FY2023 Actual	562,061
FY2024 Actual	519,579
FY2025 Expenditures*	1,174,050
FY2026 Proposed	2,000,000
Total	\$7,935,174

*Source: RIFANS March 6, 2025

STATE LIBRARY

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

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

OFFICE OF PUBLIC INFORMATION

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

Office of Public Information	General Revenue
FY2025 Enacted	\$888,969
<i>Target and Other Adjustments</i>	<i>(13,095)</i>
Operating Adjustments	(35,150)
FY2026 Governor	\$840,724

Operating Adjustments **(\$35,150)**

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

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

RECORDS CENTER

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

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

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

Office of the General Treasurer

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
General Treasurer	\$4.0	\$5.0	\$5.1	\$0.2	3.5%	\$4.7	(\$0.3)	-5.9%
Employees' Retirement System	13.1	14.2	14.7	0.5	3.5%	16.3	2.1	14.6%
Unclaimed Property	2.3	3.0	3.1	0.1	4.2%	3.3	0.4	12.0%
Crime Victim Compensation Program	1.3	1.7	1.6	(0.1)	-5.1%	1.7	(0.0)	-2.8%
Total	\$20.7	\$23.9	\$24.6	\$0.7	2.9%	\$26.0	\$2.1	8.7%

Expenditures By Source	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
General Revenue	\$3.9	\$4.9	\$5.1	\$0.2	3.8%	\$4.6	(\$0.3)	-6.4%
Federal Funds	0.6	0.8	0.8	0.0	3.0%	0.8	0.1	9.2%
Restricted Receipts	15.6	17.6	18.1	0.5	2.8%	19.9	2.3	13.1%
Other Funds	0.7	0.6	0.6	0.0	0.0%	0.6	0.0	5.7%
Total	\$20.7	\$23.9	\$24.6	\$0.7	2.9%	\$26.0	\$2.1	8.7%

Authorized FTE Levels	91.0	91.0	91.0	-	-	92.0	1.0	1.1%
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\$ in millions. Totals may vary due to rounding.

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

MAJOR ISSUES AND TRENDS

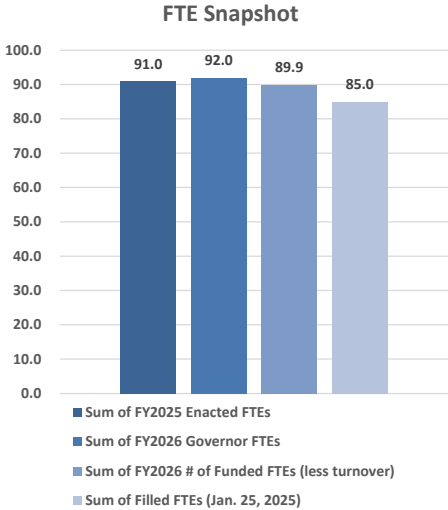
The FY2025 Revised Budget includes \$24.6 million, of which \$5.1 million (20.7 percent) is general revenue. This reflects a net all funds increase of \$702,245, reflecting increases of \$485,202 in restricted receipts, \$185,384 in general revenue, \$23,779 in federal funds, and \$7,880 in other funds.

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

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

Rhode Island Baby Bond Trust

Article 10, Sections 3 and 4 amends RIGL 33-21.1-23 and creates RIGL 35-24 to establish the Rhode Island Baby Bond Trust. This new Trust will 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. 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.

Fiscal Impact: Based on Rhode Island demographics and projected RI Works eligibility participation, the Budget Office estimates that approximately 165 babies born each year would be eligible to receive the \$3,000 Baby Bond, which has an estimated cost of \$500,000 per year. Because the transfer of funds from the Unclaimed Property program does not begin until FY2027, there is no fiscal impact to FY2026, and that the impact to general revenue in FY2027 would be \$750,000 with an annual revenue loss of approximately \$500,000 per here thereafter.

GENERAL TREASURY

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

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

Medical Debt Relief Program (\$1.0 million)

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

The program is underway. Treasury reports that \$50,000 has been encumbered but not yet invoiced by Undue Medical Debt for the removal of \$7.0 million in medical debt for approximately 3,000 RI residents. Any unexpended funds from FY2025 will be reappropriated to FY2026.

Financial Services \$160,000

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

Cash Management System \$150,000

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

Cybersecurity Manager \$41,342

The Budget includes a new Cybersecurity Manager in Treasury, funded with \$165,372 in restricted receipts and \$41,342 is general revenue. Funding for this new position is split amongst three programs in Treasury and the portion assigned to the Unclaimed Property program is \$41,342 in restricted receipts. Treasury requested the Cybersecurity Manager to ensure the safekeeping of the personal identifiable information of state employees, ESRI participants, Unclaimed Property Data and Crime Victim Compensation Program details. The following table illustrates the program, fund source, and amount dedicated to his new position.

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

EMPLOYEES’ RETIREMENT SYSTEM

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

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

Contract Services Adjustments (restricted receipts) \$1.1 million

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

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

Cybersecurity Manager (restricted receipts) \$124,030

The Budget includes a new Cybersecurity Manager in Treasury, funded with \$165,372 in restricted receipts and \$41,342 in general revenue. Funding for this new position is split amongst three programs in Treasury and the portion assigned to the Unclaimed Property program is \$41,342 in restricted receipts. Treasury requested the Cybersecurity Manager to ensure the safekeeping of the personal identifiable information of state employees, ESRI participants, Unclaimed Property Data and Crime Victim Compensation Program details. The following table illustrates the program, fund source, and amount dedicated to his new position.

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

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

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

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

The Budget includes \$1.6 million in restricted receipts in FY2026 for operating expenses, reflecting a net decrease of \$51,500 from the FY2024 Budget as Enacted. The largest adjustment is an increase of \$100,000 for software maintenance agreements. According to Treasury, the increase is for investment related software. Other changes include: \$80,000 less for telephone expenses, which was included in the previous budget for the installation of a new VOIP upgrade. That project is complete and no funding is needed in FY2026. A reduction of \$65,000 resulting from a renegotiated policy for cyber insurance rates, a reduction of \$42,500 reflecting new board room equipment that was purchased in the previous fiscal year, and a decrease of \$13,000 for postage reflecting increased retiree use of direct deposit. Offsetting the decreases is an increase of \$40,000 for updated Lexus/Nexus use.

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

UNCLAIMED PROPERTY

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

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

Cybersecurity Manager (restricted receipts) \$41,342

The Budget includes a new Cybersecurity Manager in Treasury, funded with \$165,372 in restricted receipts and \$41,342 is general revenue. Funding for this new position is split amongst three programs in Treasury and the portion assigned to the Unclaimed Property program is \$41,342 in restricted receipts. Treasury requested the Cybersecurity Manager to ensure the safekeeping of the personal identifiable information of state employees, ESRI participants, Unclaimed Property Data and Crime Victim Compensation Program details. The following table illustrates the program, fund source, and amount dedicated to his new position.

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

CRIME VICTIM COMPENSATION PROGRAM

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

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

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

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

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

Court Revenue	Amount
FY2012	\$1,079,792
FY2013	858,955
FY2014	809,288
FY2015	785,967
FY2016	838,621
FY2017	584,405
FY2018	536,217
FY2019	425,746
FY2020	368,660
FY2021	214,052
FY2022	409,804
FY2023	317,640
FY2024	209,990
<i>FY2025</i>	<i>215,000</i>
<i>FY2026</i>	<i>220,000</i>

Projected revenue in italics

Board of Elections

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

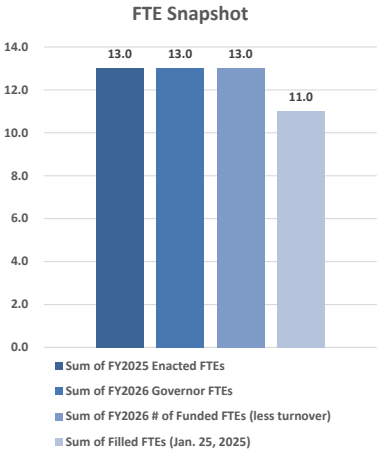
\$ in millions. Totals may vary due to rounding.

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

MAJOR ISSUES AND TRENDS

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

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



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

Central Management	General Revenue
FY2025 Enacted	\$5,682,615
<i>Target and Other Adjustments</i>	<i>(14,283)</i>
Election Adjustments	(1,313,812)
Personnel Adjustments (statewide adjustments)	75,501
Centralized Services (statewide adjustment)	23,810
Operating Adjustments	21,100
FY2026 Governor	\$4,474,931
Election Adjustments	(\$1.3 million)

The Budget decreases general revenue expenditures by \$1.3 million for election related expenses, reflecting personnel, contracted services, and operating expenditures for voting operating supplies and expenses that are not required in FY2026. These expenses increase in odd-numbered fiscal years when there is a statewide election and referenda election.

Election Costs	FY2025	FY2025	Change	FY2026	Change
	Enacted	Governor		Governor	
Seasonal Staff	\$375,000	\$410,000	\$35,000	\$35,000	(\$340,000)
Other Professional Services	1,421,309	1,421,309	-	1,226,497	(194,812)
Equipment Delivery	750,000	750,000	-	-	(750,000)
Printing - Outside Vendors	5,000	15,000	10,000	1,000	(4,000)
Miscellaneous Expenses	100,000	100,000	-	75,000	(25,000)
Total	\$2,651,309	\$2,696,309	\$45,000	\$1,337,497	(\$1,313,812)

Operating Adjustments**\$21,100**

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

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

Ethics Commission

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Revised	Change from Enacted		FY2026 Governor	Change from Enacted	
RI Ethics Commission	\$2.0	\$2.2	\$2.3	\$0.1 4.1%		\$2.4	\$0.2 8.3%	

Expenditures by Source	FY2023 Actual	FY2024 Enacted	FY2025 Revised	Change from Enacted		FY2026 Governor	Change from Enacted	
General Revenue	\$2.0	\$2.2	\$2.3	\$0.1 4.1%		\$2.4	\$0.2 8.3%	

Authorized FTE Levels	12.0	12.0	12.0	-	-	12.0	-	-
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\$ in millions. Totals may vary due to rounding

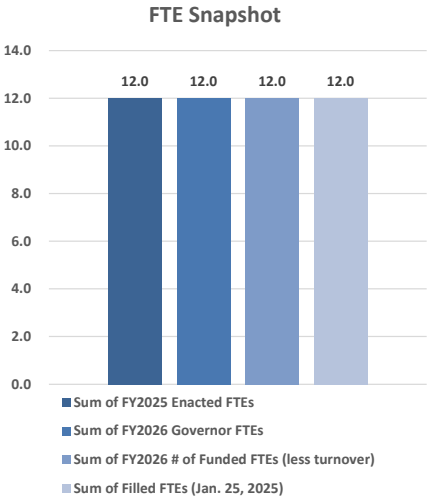
The Rhode Island Ethics Commission is responsible for adopting and disseminating the Rhode Island Code of Ethics, issuing advisory opinions to public officials and employees, enforcing financial disclosure policies and maintaining financial disclosure records, investigating and adjudicating complaints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

MAJOR ISSUES AND TRENDS

The FY2026 Budget includes \$2.4 million, with a net increase of \$230,844 (8.3 percent) from the FY2025 Budget as Enacted. Expenditures include an increase of \$221,910 in funds to support the 4.0 percent cost of living adjustment (COLA), recently negotiated by the Governor for all union employees, and extended to non-union employees.

The Budget includes \$2.3 million for FY2025 Revised. The net increase in general revenue is \$184,942 (0.1 percent) mainly to reflect the 5.0 percent COLA.

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



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

Office of the Governor

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Governor	\$7.5	\$8.4	\$8.9	\$0.5	6.0%	\$9.3	\$0.9	10.7%
Expenditures By Source								
General Revenue	\$7.5	\$8.4	\$8.9	\$0.5	6.0%	\$9.3	\$0.9	10.7%
Total	\$7.5	\$8.4	\$8.9	\$0.5	6.0%	\$9.3	\$0.9	10.7%
Authorized FTE Levels	45.0	45.0	45.0	-	-	45.0	-	-

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

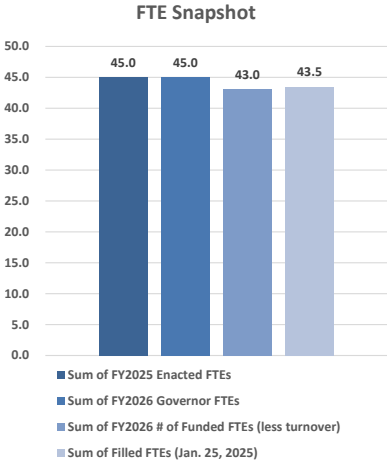
The Office of the Governor is one of five general offices subject to voter election under the Constitution of Rhode Island. The Office is responsible for directing the executive branch of government, including the preparation and submission of the annual state budget.

MAJOR ISSUES AND TRENDS

The FY2025 Revised Budget for the Office of the Governor includes \$9.0 million in general revenue, \$502,554 more than the amount appropriated in the FY2025 Budget as Enacted.

The revised budget includes the statewide personnel COLA adjustment of 5.0 percent, an increase of \$362,244. This increase is offset by increased turnover of \$47,444 and a decrease of \$23,920 for seasonal/special wage employees. Also, there is a net increase of \$5,000 for contracted services, reflecting an increase of \$18,000 for legal services offset by a reduction of \$13,000 for training and educational services.

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



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

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

Contingency Fund Informational

The Budget includes \$150,000 in general revenue for the contingency fund appropriation. The Governor’s Office is annually appropriated general revenue for a contingency fund for unforeseen expenses. This is a discretionary spending account. The FY2025 Budget as Enacted included \$150,000 in general revenue. As of January 28, 2025, a total of \$113,602 has been spent from the fund in FY2025, leaving a balance of

\$36,398. The following table illustrates the contingency fund appropriations and expenditures over the past years:

Contingency Fund					
Budget Year	Enacted/Request	Revised Changes	Total	Actual	Variance
FY2015	\$250,000	\$0	\$250,000	\$89,199	\$160,801
FY2016	250,000	160,800	410,800	65,966	344,834
FY2017	250,000	(8,000)	242,000	172,350	69,650
FY2018	250,000	(32,911)	217,089	206,587	10,502
FY2019	200,000	-	200,000	156,590	43,410
FY2020	150,000	-	150,000	149,802	198
FY2021	150,000	-	150,000	106,032	43,968
FY2022	150,000	-	150,000	25,919	124,081
FY2023	150,000	-	150,000	35,095	114,905
FY2024	150,000	-	150,000	62,000	88,000
FY2025	150,000	-	150,000	113,602	36,398
FY2026	150,000	-	150,000	-	150,000

Source: Budget Data Tables and RIFANs

FY2025 Expenditures as of January 28, 2025

Italics reflects requested amounts or non-finalized amounts

Rhode Island Commission for Human Rights

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Commission for Human Rights	\$2.4	\$2.5	\$2.7	\$0.2	7.4%	\$2.8	\$0.3	10.7%
Expenditures By Source								
General Revenue	\$2.1	\$2.1	\$2.1	\$0.1	4.3%	\$2.2	\$0.2	9.4%
Federal Funds	0.3	0.5	0.5	0.1	21.6%	0.5	0.1	16.2%
Total	\$2.4	\$2.5	\$2.7	\$0.2	7.4%	\$2.8	\$0.3	10.7%
Authorized FTE Levels	14.0	15.0	15.0	-	-	15.0	-	-

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

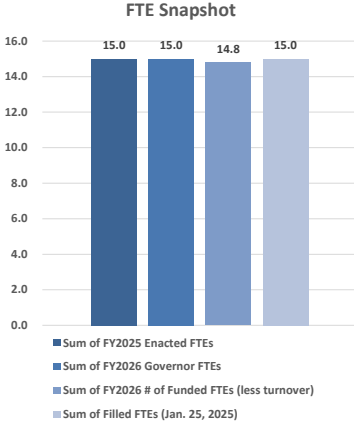
The Rhode Island Commission for Human Rights enforces anti-discrimination laws in the areas of employment, housing, public accommodations, credit, and delivery of services. Major program activities include outreach and education, intake, investigation, conciliation, and administrative hearings.

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

MAJOR ISSUES AND TRENDS

The FY2025 Revised Budget includes \$2.8 million in all funds, of which \$2.1 million is general revenue and \$547,860 are federal funds. This reflects an increase of \$114,199 in general revenue and \$97,725 in federal funds from the enacted budget. The increase reflects wage and benefit changes resulting from the 5.0 percent cost of living adjustment (COLA) offset slightly by a reduction of health benefit costs. Also, there is a cost shift regarding the Commission’s lease costs from general revenue to federal fund expenditures.

The FY2026 Budget includes \$2.7 million in all funds, of which \$2.2 million is general revenue and \$523,529 is federal funds, reflecting an increase of \$170,554 in general revenue and \$73,394 in federal funds. The increase primarily reflects wage and benefit changes resulting from the 4.0 percent cost of living adjustment (COLA) offset slightly by a reduction of health benefit costs. Also, there is a cost shift regarding the Commission’s lease costs from general revenue to federal fund expenditures.



The Commission has experienced delays in federal fund receipts. The Commission is currently waiting for a disbursement from EEOC that is delayed. The Commission can voucher up-front for up to 25.0 percent of the EEOC funds, which was done in January. The Commission received word that the request went through and the funds were approved in late February, but that the Commission has yet to receive the disbursement.

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

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

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

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

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

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

Public Utilities Commission

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

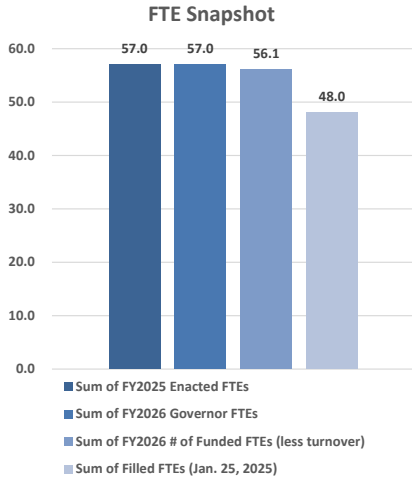
\$ in millions. Totals may vary due to rounding.

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

MAJOR ISSUES AND TRENDS

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

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



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

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

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

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

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

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

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

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

CAPITAL PROJECTS

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

Executive Office of Commerce

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$2.1	\$2.3	\$2.3	\$0.1	2.2%	\$2.4	\$0.1	4.6%
Commerce Programs	11.7	6.8	80.4	73.7	1086.9%	3.7	(3.0)	-44.7%
Economic Development Initiatives Fund	45.1	35.2	35.2	0.0	0.0%	31.7	(3.5)	-9.9%
Quasi-Public Appropriations	27.5	26.5	72.5	46.0	173.6%	18.3	(8.2)	-30.9%
Total	\$86.3	\$70.8	\$190.5	\$119.7	169.1%	\$56.2	(\$14.6)	-20.7%

Expenditures By Source								
General Revenue	\$66.2	\$40.4	\$40.4	\$0.1	0.1%	\$31.9	(\$8.5)	-21.1%
Federal Funds	19.5	22.0	141.3	119.3	542.2%	20.0	(2.0)	-9.1%
Other Funds	0.6	8.4	8.8	0.4	4.3%	4.3	(4.1)	-48.8%
Total	\$86.3	\$70.8	\$190.5	\$119.7	169.1%	\$56.2	(\$14.6)	-20.7%

Authorized FTE Levels	20.0	5.0	5.0	-	-	5.0	-	-
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\$ in millions. Totals may vary due to rounding.

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

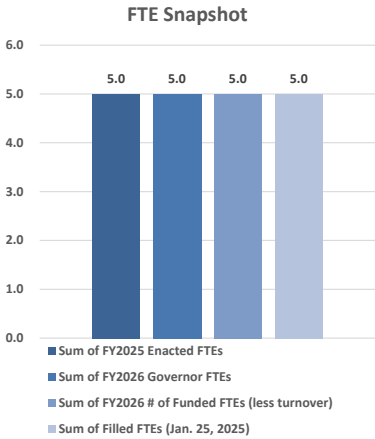
The Housing and Community Development program was transferred to the Executive Office of Commerce by the General Assembly in FY2016. In addition, the funding and administration for the Rhode Island Commerce Corporation (Commerce Corp) and the I-195 Redevelopment Commission, both previously funded in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

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

MAJOR ISSUES AND TRENDS

The Governor recommends a total of \$56.2 million in FY2026, to fund the economic development initiatives and operations of the Executive Office of Commerce and the Commerce Corporation. This is \$14.6 million less than the FY2025 enacted level, a reduction that results primarily from one-time investments in municipal infrastructure and resiliency initiatives that do not reoccur in FY2026 and reduced funding for the Wavemaker program. General revenue, representing 56.7 percent of total funding, is down \$8.5 million (21.1 percent) from the enacted level. This net decrease is attributable to reduced year-over-year funding for incentives, most notably in the Wavemaker and Main Street Streetscape programs.

For FY2025, the Governor recommends \$190.5 million in total funding, a \$119.7 million increase over the enacted level. This current year change reflects the mandatory reappropriation of unspent ARPA funds from previous fiscal years.



American Rescue Plan Act Federal Funding

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

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

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

Incentives

In 2015, the General Assembly established numerous economic development incentives to spur investment in new capital and critical industry sectors, improve the workforce, and promote innovation. General revenue appropriations supporting these incentives totaled \$296.7 million prior to FY2025. The FY2025 Budget includes an additional \$18.4 million and the FY2026 Budget includes \$14.8 million. The following table shows the total appropriations and awards:

Incentive	Pre-FY2025	FY2025 Enacted	FY2025 Revised	FY2026 Governor	Appropriated To Date	Awarded to Date
Rebuild RI	\$174.6	\$10.1	\$10.1	\$10.1	\$184.7	\$205.0
I-195 Redevelopment Fund	30.0	-	-	-	30.0	25.7
First Wave Closing Fund	20.3	-	-	-	20.3	11.1
Wavemaker Fellowship	17.3	4.1	4.1	1.0	21.4	3.3
Small Business Assistance Fund	11.3	-	-	-	11.3	7.4
Innovation Initiative	15.6	1.0	1.0	-	15.6	10.4
Main Street RI Streetscape Improvement Fund	9.0	1.0	1.0	-	9.0	2.8
Air Service Development Fund	7.1	1.2	1.2	2.7	8.3	2.0
P-Tech	2.5	-	-	-	2.5	1.6
Innovate Small Business (STAC)	9.0	1.0	1.0	1.0	9.0	3.1
Qualified Jobs Tax Incentive	-	-	-	-	-	59.3
Tax Increment Financing	-	-	-	-	-	80.1
Tax Stabilization Agreement Incentive	-	-	-	-	-	2.1
Total	\$296.7	\$18.4	\$18.4	\$14.8	\$312.1	\$413.9

\$ in millions

The Governor’s FY2026 Budget Initiatives relating to the incentives include:

- **Reauthorization of Incentives:** Article 6 of the Governor’s recommended FY2026 Budget reauthorizes the EOC’s incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2025, to December 31, 2026.
- **Permanent Authorization of the SBAP:** Article 6 also permanently authorizes the Small Business Assistance Program by eliminating the sunset date. According to the EOC, the program is successful producing 303 loans to small businesses (50.0 percent to minority- or woman-owned businesses) and supporting the creation of 370 jobs.
- **P-Tech Sunset:** The Governor’s proposal does not extend the sunset for the P-Tech program. The EOC indicates that the latter program is duplicative of more effective work-based learning initiatives in the state.
- **Wavemaker:** The Governor recommends \$1.0 million in funding for the Wavemaker Fellowship program in FY2026, which is significantly less than the enacted level. The EOC, however, indicates that the appropriation is sufficient to advance a new cohort of 85 fellows in the coming year.
- **Rebuild RI:** The Governor recommends \$10.1 million in funding for Rebuild RI in FY2026. The program currently supports 51 projects, for a combined total of \$216.1 million, or 96.0 percent of the current \$225.0 million program cap.
- **RI Innovation Ecosystem:** The Governor recommends \$250,000 in FY2026 for a new RI Innovation Ecosystem Initiative. According to the EOC, this initiative is intended to strengthen collaboration between Rhode Island’s higher education institutions and private industry to drive workforce development and innovation.

CENTRAL MANAGEMENT

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

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

COMMERCE PROGRAMS

The Budget includes \$6.3 million from general revenues in FY2025 to support Commerce Programs, \$973,600 less than the FY2024 Enacted level. The Budget reflects a \$93.9 million reduction in federal funds related to the one-time appropriation in FY2024 of federal American Rescue Plan Act (ARPA) funds for small business assistance, economic development, and infrastructure initiatives.

Commerce Programs	General Revenue
FY2025 Enacted	\$6,776,400
<i>Target and Other Adjustments</i>	
Wavemaker Fellowship Program	(3,059,779)
Air Service Development Fund	1,528,800
Main Street RI Streetscape Improvement Program	(1,000,000)
Minority Business Accelerator	(500,000)
FY2026 Governor	\$3,745,421

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

The Budget includes \$1.0 million in general revenue in FY2026 for the Stay Invested in RI Wavemaker Fellowship Fund, \$3.1 million less than the FY2025 enacted level (an approximately 75.1 percent year-over-year reduction).

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

The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments. Each year a fellow remains eligible (that is employed in the state and in the field) is considered a service period, and the fellow receives a tax credit for each service period up to four. The amount of the service period tax credit depends upon the degree earned by the taxpayer, i.e. \$1,000 for an associate's degree up to \$6,000 for a graduate or post-graduate degree. To offset the general revenue loss resulting from the use of the credits, the General Assembly established a Stay Invested in RI Wavemaker Fellowship Fund and limited the issuance of credits to the amount in the fund. As credits are used, the equivalent amount is transferred out of the program fund to the general fund.

Since its inception the General Assembly has appropriated \$21.4 million in general revenue to the fund and 1,432 fellowships awarded. The table to the right shows the fellowships by cohort.

Cohort	# of Fellows
FY2016	208
FY2017	219
FY2018	241
FY2019 July	153
FY2019 Dec.	73
FY2021 Jun.	160
FY2022 Sep.	116
FY2023 Aug.	262
Total	1,432

Analyst Note: The 75.1 percent reduction to Wavemaker in FY2026 was proposed as part of the EOC's constrained budget. According to the EOC, the reduction does not affect existing cohorts of fellows receiving the incentive and is sufficient to accommodate a new cohort of 85 fellows. EOC also indicates that the Office of the Postsecondary Commissioner is currently engaged in an evaluation of postsecondary assistance, including the Wavemaker program, for effectiveness and return on investment. The results are expected to inform the FY2027 Budget.

Air Service Development Fund

\$1.5 million

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

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

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

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

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

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

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

Main Street RI Streetscape Improvement Program

(\$1.0 million)

The Governor recommends \$1.0 million in FY2025 consistent with the enacted level, and does not recommend funding in FY2026 for the State’s Main Street RI Streetscape Program. The program provides loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade

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

Minority Business Accelerator

(\$500,000)

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

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

ECONOMIC DEVELOPMENT INITIATIVES FUND

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

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

Innovation Initiative

(\$1.0 million)

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

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

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

Small Business Promotion**(\$750,000)**

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

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

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

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

Rebuild RI**Informational**

The Budget includes \$10.1 million in both FY2025 and FY2026 for the Rebuild RI Tax Credit Program (Rebuild RI). Rebuild uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State. Total credits and exemptions are limited to \$225.0 million and the per-project cap is set at \$15.0 million. Article 6 of the FY2026 Budget extends the Rebuild sunset from December 31, 2025, to December 31, 2026.

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

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

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

Rebuild RI Fund: When Rebuild credits and exemptions are exercised by a developer, they negatively impact State revenue. To mitigate this impact, State law requires the state General Fund be reimbursed for the amount of the credits and exemptions from the Rebuild RI Fund. On an annual basis, Commerce works

with the EOC, the Department of Administration, and the Division of Taxation to determine the availability of funds to award new tax credits. Each year, the Director of Revenue requests the amounts necessary to pay for the redemption of tax credits and sales tax rebates. This fund is capitalized by annual appropriations by the General Assembly. Since 2016, the Rebuild RI Fund has received \$184.7 million in appropriations through FY2025, or 85.5 percent of the \$216.1 million in current Rebuild obligations. The following table provides the estimated obligations, annual drawdowns, and required appropriations by fiscal year.

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

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

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

Destination Marketing

Informational

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

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

QUASI-PUBLIC APPROPRIATIONS

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

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

Municipal Infrastructure Grant Program**(\$3.0 million)**

The FY2025 Budget as Enacted provides \$3.0 million in funding for the state's Municipal Infrastructure Grant (MIG) program. This appropriation does not reoccur in the Governor's FY2026 recommendation. The MIG program provides public infrastructure grants to municipalities for design, construction, building, land acquisition, rehabilitation, repair, and other improvements to publicly owned infrastructure including sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian ways. It also assists municipalities with economic development projects, housing development and rehabilitation, and other community development projects. The program is administered by the Rhode Island Infrastructure Bank (RIIB), a quasi-public corporation that provides low-interest loans to municipalities for infrastructure projects.

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

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

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

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

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

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

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

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

The remaining balance owed on the bonds as of June 30, 2023, is \$648,322. At present, RIIRBA has insufficient funds in its portfolio to make the next payment, which totals \$452,553. Under Rhode Island

law, RIIRBA insurance is back by the full faith and credit of the State (RIGL 42-34-15) and therefore requires the General Assembly to appropriate the necessary funds.

Rhode Island Commerce Corporation Base Appropriation **Informational**

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

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

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

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

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

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

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

CAPITAL PROJECTS

The Budget includes \$95.0 million in capital project spending for FY2025-FY2030, with \$34.3 million in FY2025 and \$33.2 million in FY2026.

EOC Capital Projects	FY2025			FY2026			FY2027-FY2030			Total
	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds	
Port of Davisville	-	\$3.2	-	-	\$10.0	-	-	\$10.0	-	\$23.2
I-195 Commission	1.0	-	-	0.7	-	-	1.4	-	-	3.1
I-195 Park Improvements	3.0	-	-	-	-	-	-	-	-	3.0
Innovations Centers	-	7.3	-	-	5.8	-	-	0.8	-	13.8
ProvPort	-	5.0	-	-	4.2	-	-	-	-	9.2
Quonset Infrastructure and Carrier Pier	4.8	-	-	2.5	-	-	2.5	-	-	9.8
Industrial Site Development	-	10.0	-	-	10.0	-	-	12.9	-	32.9
Total	\$8.8	\$25.5	-	\$3.2	\$30.0	-	\$3.9	\$23.7	-	\$95.0

- **Port of Davisville:** The Governor reappropriates \$45.6 million in ARPA State Fiscal Recovery Funds in FY2025 to advance of the Quonset Development Corporation’s (QDC) infrastructure master plan. The recommendation also includes \$10.0 million of bond proceeds in both FY2026 and FY2027 for the same purpose.
- **I-195 Commission:** The Budget includes \$1.0 million from the RI Capital Plan Fund in FY2025 and \$700,000 in FY2026 for the continued development of the land made available by the relocation of I-

195. Funding will continue to support engineering, design review, legal work for ongoing and prospective deals, and the design and construction of additional park infrastructure enhancements.

- **I-195 Park Improvements:** The Budget includes \$3.0 million in bond proceeds to help finance the construction of park infrastructure enhancements adjacent to the Providence River Pedestrian Bridge in the I-195 District in FY2025. In March 2021, voters approved a \$4.0 million bond referendum for this purpose. Funding is being used to construct park infrastructure enhancements, including a pavilion for food and beverage service, enhanced infrastructure, office space, and a small storage facility.
- **Innovation Centers:** The Budget includes \$7.3 million in FY2025 and \$5.8 million in FY2026 from bond proceeds to support additional business collaborations with higher education institutions, where cutting-edge research will be developed into new products, services, and businesses. Project funding was authorized by voters in 2016. Projects include the RI Innovation Hub and Accelerator, the University of Rhode Island & Arizona State University Innovation Hub, and the RI Agricultural Technology Park.
- **ProvPort:** The Budget includes \$5.0 million in FY2025 and \$4.2 million in FY2026 from the 2016 General Obligation bond authorization to increase terminal capacity at the Port of Providence, specifically by financing the acquisition of up to 25 acres of land located between Allens Avenue in the City of Providence and the Providence River. Once acquired and improved, the State of Rhode Island anticipates leasing the land to ProvPort, the City of Providence's current port operator. ProvPort, in turn, will enter into subleases with one or more private terminal operators. Those entities will make private investments in their terminal operations as well as pay fees to ProvPort for the land they lease. The State will share in the gross revenues, including sublease payments, generated from the expanded port area. The State will also realize additional income taxes from expanded employment.
- **Quonset Infrastructure and Carrier Pier:** The Budget includes \$4.8 million in Rhode Island Capital Plan funds in FY2025 and \$2.5 million in FY2026 for capital improvements to the infrastructure and piers at Quonset. The Port has two piers (Pier One and Pier Two) that are long past their expected useful lifespan. As part of the Quonset Development Corporation's \$205.0 million Port of Davisville master plan, Pier 2 will be rehabilitated by building an east extension and installing a sheet pile bulkhead. The Budget also include \$1.0 million in FY2026 to mitigate per- and polyfluoroalkyl substances (PFAS) contamination at the park.
- **Industrial Site Development:** The Budget includes \$10.0 million in bond proceed funding in FY2025 and FY2026 for industrial site development. In March 2021, voters approved a \$40.0 million bond referendum for this purpose. According to the EOC, the funds are being allocated competitively for the purpose of preparing sites for the development of facilities related to manufacturing, assembly, distribution, and other job-producing commercial activities.

Department of Housing

Expenditures by Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted	Enacted	Governor	Enacted	Enacted
Central Management	\$144.0	\$58.3	\$212.1	\$153.8	263.7%	\$42.9	(\$15.4)	-26.5%
Total	\$144.0	\$58.3	\$212.1	\$153.8	263.7%	\$42.9	(\$15.4)	-26.5%
Expenditures by Source								
General Revenue	\$4.3	\$9.8	\$9.2	(\$0.7)	-6.8%	\$10.7	\$0.9	8.9%
Federal Funds	126.3	35.8	190.3	154.5	431.1%	15.1	(20.7)	-57.9%
Restricted Receipts	13.4	12.7	12.7	-	0.0%	17.1	4.4	34.9%
Total	\$144.0	\$58.3	\$212.1	\$153.8	263.7%	\$42.9	(\$15.4)	-26.5%
Authorized FTE Levels	38.0	38.0	38.0	-	-	38.0	-	-

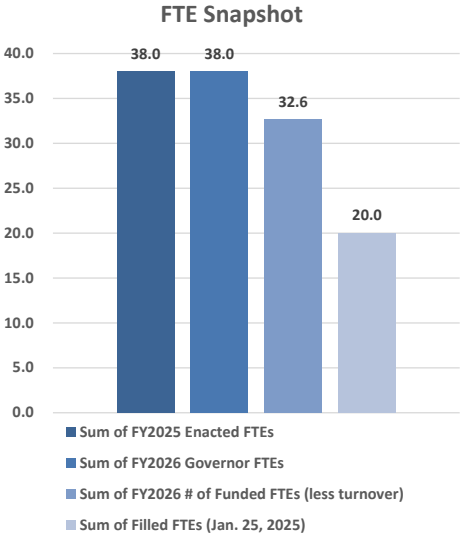
\$ in millions. Totals may vary due to rounding.

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

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

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

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



MAJOR ISSUES AND TRENDS

The Budget includes \$42.9 million in all funds for the Department of Housing. This includes \$10.7 million in general revenue, \$15.1 million in federal funds, and \$17.1 million in restricted receipt funding. General revenue funding increases by \$878,869, or 8.9 percent, relative to the FY2025 Budget as Enacted. The FY2026 proposal includes an appropriation of \$4.0 million for the Low-Income Housing Tax Credit program, consistent with the FY2025 allocation.

The Budget also includes funding for 32.6 of the 38.0 FTE positions authorized for FY2026, or 85.8 percent. As of February 22, 2025, the Department had 19.0 FTE positions filled (50.0 percent).

State Housing Plans

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

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

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

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

Integrated Housing Report Update: The Department delivered an Integrated Housing Report in December of 2023, with support from Abt Associates through the Statewide Housing Plan SFRF project. The FY2025 Budget as Enacted shifted the deadline for the Integrated Housing Report from December 3 annually to April 15, with the next report due in April 2025. The FY2025 Budget also added the following requirements to the report:

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

- Requires the annual growth in median owner-occupied home values for each of the previous five years by municipality.

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

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

The report indicates an intention to draft legislation for the statutory changes necessary to implement the above governance shifts.

Proposed New Funding Stream - Housing Resources and Homelessness Fund

The FY2026 Budget proposes two new funding streams for the Housing Resources and Homelessness Fund for a total of \$4.4 million in additional restricted receipt funding. Oversight of the Housing Resources and Homelessness Fund, previously the Housing Resources Commission account, was transferred to the Department of Housing through Article 7 of the FY2025 Budget as Enacted. The account is intended to support housing stability and homelessness efforts. The FY2026 Budget proposes the following two new funding streams:

Real Estate Conveyance Tax: The Budget recommends \$2.3 million in restricted receipts from an additional 0.33 percent real estate conveyance tax (RECT) on the portion of real estate value of properties over \$800,000. This proposal in Article 5 would bring the new total RECT for such properties to 1.25 percent from the current rate of 0.92 percent. The \$2.3 million represents the increase as it pertains to the additional 0.33 percent only, as the existing 0.92 percent tax is already directed towards the Housing Production Fund restricted receipt account. The funds represent $\frac{3}{4}$ of the fiscal year due to an October 1 proposed start date.

Whole-Home Short-Term Rental Tax: Article 5 of the Budget includes \$2.1 million from the addition of a 5.0 percent tax on whole-home short-term rentals, which were previously exempted from a similar tax applied to partial home short-term rentals. The proposal would begin on January 1, 2026, and thus represents half of a fiscal year of funding.

Department Organization

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

Subprogram	FY2025 Enacted	FY026 Governor	Change	Initiatives
Secretary	\$22,504,746	\$27,802,696	\$5,297,950	OHCD, Housing Production Fund, Housing Resources Commission
Administration	18,530,670	15,096,037	(3,434,633)	USHUD Non-ARPA Federal Grant Programs
Housing Development	-	-	-	SFRF: Affordable Housing, Predevelopment and Development, Homelessness Infrastructure, Site Acquisition, Municipal Planning
Housing Stabilization	17,300,000	-	(17,300,000)	SFRF: Down Payment, Homelessness Stability, Workforce Housing
Community Planning and Funding	-	-	-	SFRF: Community Revitalization
Total	\$58,335,416	\$42,898,733	(\$15,436,683)	

Housing Production Fund

The Housing Production Fund was established by the General Assembly in 2021 to provide support for the planning, production, and preservation of affordable housing in Rhode Island. That same year a dedicated revenue stream for the fund was established. Article 14 of the FY2022 Budget as Enacted increased the State’s real estate conveyance tax (RECT) on the portion of real estate value over \$800,000, with the marginal new revenue to be deposited into the HPF and used to support increased affordable housing opportunities in the State. The FY2026 Budget proposes an increase of 0.33 percent to this tax, however, revenues from the tax increase are recommended to be routed to the Housing Resources and Homelessness Fund rather than the HPF. The existing RECT percentage would remain as the funding mechanism for the HPF. In addition to this funding, the General Assembly provided it with a one-time infusion of \$25.0 million in general revenue. At the start of FY2025 the fund had a balance of approximately \$16.9 million, with a projected end of FY2024 balance of \$17.3 million.

Affordable Housing Bonds

The FY2025 Budget proposed the issuance of \$120.0 million in general obligation bonds for various initiatives related to housing production and infrastructure, community revitalization, and homeownership. The bond question appeared in the November 2024 General Election ballot and was approved by voters. Assuming full issuance in bond year 1 and 6.0 percent interest, annual debt service payments are estimated at \$10.5 million. Total debt service over a 20-year term would be \$209.2 million, including \$89.2 million in interest payments. The funding is allocated among six key areas as illustrated in the table below:

November 2024 Affordable Housing Bond	
Affordable Housing	\$90.0
Acquisition and Revitalization	10.0
Homeownership	10.0
Site Acquisition	5.0
Housing Related Infrastructure	4.0
Municipal Planning	1.0
Total	\$120.0

\$ in millions

CENTRAL MANAGEMENT

Central Management	General Revenue
FY2025 Enacted	\$9,840,596
<i>Target and Other Adjustments</i>	
	139,676
Personnel Adjustments (statewide adjustments)	489,193
Housing Data Accessibility	250,000
Low Income Housing Tax Credit (LIHTC)	Informational
FY2026 Governor	\$10,719,465

Central Management	Other Funds
ARPA SFRF Housing and Homelessness Initiatives (federal funds)	(17,300,000)
Housing Resources and Homelessness Fund (restricted receipts)	4,419,081
Non-ARPA SFRF Federal Grants (federal funds)	(3,434,633)
Housing Production Fund (restricted receipts)	Informational

Housing Data Accessibility **\$250,000**

The Budget includes \$250,000 in general revenue in what appears to be one-time funding for the expansion of policy and program evaluation, planning, and analytics capacity within the Department. The expanded capacity is needed to support processes for both the annual Integrated Housing Report and a refined statewide housing plan.

Low-Income Housing Tax Credit Program (LIHTC) **Informational**

Article 6 of the FY2024 Budget established the Low-Income Housing Tax Credit program. The program allows the Secretary of Housing to grant up to \$30.0 million in tax credits annually for five years to promote development of affordable, low-income housing. The article also established a Low-Income Housing Tax Credit (LIHTC) restricted receipt fund within the Department for the purpose of paying for the redemption of credits or reimbursing the state for credits applied to tax liabilities. In FY2024, an initial investment of \$28.0 million in general revenue was made in this restricted receipt account. A \$4.0 million appropriation in FY2025 brought cumulative fund deposits to \$32.0 million. The Governor’s FY2026 Budget includes another \$4.0 million appropriation, consistent with the initial LIHTC schedule which outlines yearly appropriations through FY2031.

ARPA SFRF Housing and Homelessness Initiatives (federal funds) **(\$17.3 million)**

The Budget includes a reduction of \$17.3 million for the Homelessness Assistance State Fiscal Recovery Funds (SFRF) initiative, the only initiative to receive any funding in the FY2025 Budget as Enacted. It was previously determined that in order to meet U.S. Department of Treasury requirements, all ARPA SFRF funding must be obligated by the end of CY2024. In order to meet this deadline, all funding for SFRF projects was shifted to FY2024 or earlier in the FY2024 Budget as Enacted. The FY2025 Budget reallocated \$17.3 million from underspending projects to an existing project, the Homelessness Assistance initiative, to align funding with the demonstrated levels of need and ensure that funds are able to meet the U.S. Treasury deadlines. The FY2026 Budget includes no additional funding for any ARPA SFRF initiatives. The below table illustrates SFRF project funding through FY2026. For detailed funding information including expenditures and remaining transfers through the first quarter of FY2025, see the Senate Fiscal Office’s [SFRF Update report](#).

ARPA SFRF Initiative	FY2022 Actual*	FY2023 Actual*	FY2024 Actual	FY2025 Revised	FY2026 Gov	Total Appropriation
Development of Affordable Housing	\$14.7		\$25.2	\$60.1	-	\$100.0
Homelessness Infrastructure		3.7	23.7	17.6	-	45.0
Targeted Housing Development		-	0.0	26.0	-	26.0
Down Payment Assistance		10.0	20.0	0.0	-	30.0
Site Acquisition	6.0	9.0	10.0	0.0	-	25.0
Home Repair and Community Revitalization		-	7.0	17.5	-	24.5
Homelessness Assistance Programs		5.6	10.1	23.1	-	38.8
Workforce and Middle-Income Housing		-	3.7	16.3	-	20.0
Affordable Housing Predevelopment Program		2.5	7.5	0.0	-	10.0
Housing Related Infrastructure		-	0.0	3.0	-	3.0
Municipal Homelessness Support		-	0.3	1.9	-	2.2
Municipal Planning		-	0.0	2.3	-	2.3
Statewide Housing Plan			0.0	2.0	-	2.0
Predevelopment and Capacity Building	0.1	0.5	0.6	0.3	-	1.5
Proactive Housing Development		-	0.0	1.4	-	1.4
Preservation of Affordable Housing Units		-	0.0	0.5	-	0.5
Total	\$20.8	\$31.3	\$108.2	\$171.9	-	\$332.2

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

* FY2022 and FY2023 levels reflect the amount included for the Office of Housing and Community Development within the Executive Office of Commerce (EOC)

Housing Resources and Homelessness Fund (restricted receipts) \$4.4 million

Article 7 of the FY2025 Budget as Enacted included language renaming the “Housing Resources Commission” account the “Housing Resources and Homelessness Fund” and transferring oversight of the account to the Department of Housing in consultation with the Housing Resources Commission. The Housing Resources Commission (HRC) was established under Rhode Island General Law 42-128, the RI Housing Resources Act of 1998. The HRC is comprised of 28 members who meet monthly, representing a variety of stakeholders and intended to serve as the State’s planning, policy, standards, and program agency for housing issues. The majority of the HRC funding is allocated through the Consolidated Homeless Fund (CHF) which supports homeless shelter operations, outreach, rapid re-housing rental assistance, and other system supports. Additional resources are directed towards the centralized wait list for subsidized properties, lead hazard mitigation, and predevelopment and capacity building.

The FY2026 Budget proposes two new funding streams for the account for a total of \$4.4 million in additional funding. The funding would come from an increased Real Estate Conveyance Tax (RECT) (\$2.3 million) and a new tax on whole-home short-term rentals (\$2.1 million). An existing RECT of 0.92 percent on the portion of real estate value over \$800,000 already exists as a funding stream for the Housing Production Fund (HPF). The proposed 0.33 percent increase would direct only the revenue generated from the increase to the Housing Resources and Homelessness Fund, with the existing baseline of 0.92 percent continuing to be directed to the HPF

Non-ARPA SFRF Federal Grants (federal funds) (\$3.4 million)

The Budget includes a net \$3.4 million decrease in non-ARPA SFRF federal grant programs in FY2026.

Non-ARPA SFRF Federal Grants	FY2025	FY2025 Gov	Change	FY2026	Change
	Enacted	Revised		Gov	
CDBG Program	\$14.5	\$15.5	\$1.0	\$10.0	(\$4.5)
Shelter Funding	3.0	2.1	(0.9)	2.7	(0.2)
Housing Opportunities for Persons with AIDS	0.4	0.4	(0.0)	0.4	(0.0)
Recovery Housing Program	0.5	0.5	0.0	2.0	1.5
Neighborhood Stabilization Program	0.2	0.0	(0.2)	0.0	(0.2)
Total	\$18.5	\$18.4	(\$0.1)	\$15.1	(\$3.4)

- CDBG Program:** The Budget includes a \$4.5 million decrease in Community Development Block Grant (CDBG) Funds for FY2026. Grant fund expenditures for CDBG projects are calculated at different times and it can take several years to complete the drawdown of funds. The FY2025 Budget included increases in Project Year 2021 and Project Year 2019 grants to reflect updated project funding needs and balance estimates. The FY2026 Budget includes no additional funding from the FY2015, FY2016, and FY2019 grants, as well as a reduction in funding from the FY2020 grant, resulting in a total decrease of \$4.5 million.
- Shelter Funding:** The Budget includes \$2.7 million in standard federal shelter and homelessness funding in FY2026, a \$224,041 decrease as compared to the FY2025 Budget. This funding is received from the U.S. Housing and Urban Development (HUD) Emergency Shelter Grant (ESG) program. Additional funds from CDBG and SFRF are also used for shelter funding.
- Housing Opportunities for Persons with AIDS:** The Budget includes \$350,000 in federal Housing Opportunities for Persons with AIDS (HOPWA) funding in FY2026, \$23,035 less than the FY2025 Budget as Enacted. The program funds supportive services and housing for low-income people living with HIV/AIDS.
- Recovery Housing Program:** The Budget includes \$2.0 million in FY2026 for the Recovery Housing Program (RHP), a \$1.5 million increase as compared to FY2025. The increase represents an amended distribution plan including carryforward funding of previously unspent funds. This HUD initiative supports stable, transitional housing for individuals in recovery from a substance use disorder. RHP eligible activities include public facility improvements; site acquisition; lease, rent, and utilities payments; rehabilitation and construction of housing; clearance and demolition; and relocation.
- Neighborhood Stabilization Program:** The Budget includes no additional funding for the Neighborhood Stabilization Program, a decrease of \$184,657 as compared to the FY2025 Budget.

Housing Production Fund (restricted receipts) Informational

The FY2022 Budget as Enacted established a new fund to finance housing programs in the State. The Housing Production Fund (HPF) is a restricted receipt fund that provides “financial assistance by loan, grant, or otherwise for the planning, production, or preservation of affordable housing in Rhode Island for households earning not more than 80.0 percent of area median income”. The fund may also be used to support technical and financial assistance for municipalities to support increased local housing production. It is administered by RIHousing. The authorizing legislation directs RIHousing to prioritize households either experiencing homelessness or earning not more than 30.0 percent of area median income.

The FY2022 Budget also provided a dedicated revenue stream for the fund. Article 14 increased the State’s real estate conveyance tax on the portion of real estate value over \$800,000, with the marginal new revenue to be deposited into the HPF and used to support increased affordable housing opportunities in the State. The 2021 General Assembly Budget also provided \$25.0 million in one-time general revenue to capitalize the HPF.

The following table shows expenditures and revenues for the Housing Production Fund.

	FY2022	FY2023	FY2024	FY2025	FY2026
Beginning Balance	\$25.0	\$26.4	\$16.0	\$16.9	\$17.3
RECT Receipts*	1.4	3.6	3.9	3.3	
Obligations/Expenditures	-	(14.0)	(3.0)	(3.0)	(3.0)
Ending Balance	\$26.4	\$16.0	\$16.9	\$17.3	\$14.3

\$ in millions

*FY2025 values represents HPF transfers only through January 2025

According to RIHousing, \$18.3 million of the original \$25.0 million capitalization of HPF funds has been obligated and \$8.4 million has been spent. The status of these funds is summarized below.

Category	Committed	Expended	Status
Housing Production	\$8,498,181	\$6,334,848	Financed 475 units in 8 developments located in Newport, Providence, East Greenwich, Tiverton, Woonsocket, and Central Falls. An additional \$10.1 million is available for allocation in the current consolidated funding round.
Extremely Low Income	\$6,556,800	\$8,084	Provided operating support for 98 units in 13 developments serving households no more than 30% of AMI. An additional \$2.8 million is available for allocation through an RFP released in late 2024.
Technical Assistance	\$3,285,775	\$2,024,212	Funded 39 projects in 32 municipalities, with 8 completed and the rest still in progress. 21 projects involve updating zoning ordinances to comply with land use laws, 7 projects involve the updating of comprehensive plans, and 4 projects involve infrastructure assessments.
Total	\$18,340,756	\$8,367,144	

Executive Office of Health and Human Services

Expenditures by Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Final	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$249.8	\$316.4	\$328.2	\$11.8	3.7%	\$288.7	(\$27.8)	-8.8%
Medical Assistance	3,359.9	3,701.3	3,638.9	(62.5)	-1.7%	3,913.4	212.1	5.7%
Total	\$3,609.7	\$4,017.8	\$3,967.1	(\$50.6)	-1.3%	\$4,202.1	\$184.3	4.6%

Expenditures by Source

General Revenue	\$1,265.7	\$1,416.4	\$1,390.9	(\$25.5)	-1.8%	\$1,469.7	\$53.3	3.8%
Federal Funds	2,299.9	2,543.9	2,515.7	(28.1)	-1.1%	2,708.5	164.7	6.5%
Restricted Receipts	44.1	57.5	60.5	3.0	5.2%	23.9	(33.6)	-58.4%
Total	\$3,609.7	\$4,017.8	\$3,967.1	(\$50.6)	-1.3%	\$4,202.1	\$184.3	4.6%

Authorized FTE Levels	218.0	233.0	233.0	-	-	243.0	10.0	4.3%
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\$ in millions. Totals may vary due to rounding.

The Executive Office of Health and Human Services (EOHHS) is the umbrella agency which oversees the Departments of Health (DOH); Human Services (DHS); Children, Youth and Families (DCYF); and Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH). EOHHS coordinates the organization, finance, and delivery of publicly-funded health and human services programs and serves as the single State agency for Medicaid. Its mission is to ensure access to high quality and cost-effective services which foster the health, safety, and independence of all Rhode Islanders.

MAJOR ISSUES AND TRENDS

The FY2026 Budget contains an increase in general revenues due primarily to updated enrollment trends and inflation-based price adjustments in Medicaid. The November 2024 Caseload Estimating Conference estimate projected the need for an additional \$60.6 million from general revenues and \$188.5 million from federal funds to fund the Medicaid program in FY2026 compared to the FY2025 Enacted level. To partially offset some of the increased costs, the Budget eliminates upper payment limits to hospitals, reduces the annual inflationary increases on rates paid to hospitals and nursing homes to 2.3 percent to match state revenue growth, and freezes rates for home and community base services.

In FY2025, general revenues decrease by \$25.5 million (\$50.6 million all funds) primarily driven by adjustments for the November Caseload Estimating Conference that resulted in a net general revenue decrease of \$26.9 million (\$71.2 million all funds) due on lower utilization.

AHEAD Model

In October 2024, Rhode Island was chosen to participate in the federal States Advancing All-Payer Health Equity Approaches and Development ([AHEAD](#)) model. In September 2023, the Centers for Medicare & Medicaid Services (CMS) announced this voluntary, total cost of care (TCOC) model intended to curb health care cost growth, improve population health, and promote healthier living. According to CMS, the TCOC model holds participating states “accountable for quality and population health outcomes, while constraining costs of health care services delivered in a state or specified sub-state region. As applied by the CMS Innovation Center, this process takes places across all health care payers, including Medicare, Medicaid, and private health insurers and plans.”

The first state chosen to participate was Maryland, followed by a second cohort including Connecticut, Hawaii, and Vermont. Rhode Island is part of the third cohort which includes parts of New York. As part of Cohort 3, Rhode Island began a 24-month implementation period that goes from January 2025 to December 2026. The first of eight performance years will begin in January 2027.

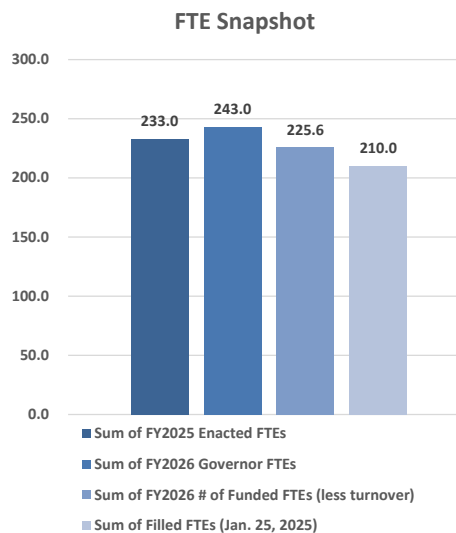
Through the program, Rhode Island would commit to the following:

- Implementation of state accountability targets, such as TCOC growth, primary care investments, and equity and population health outcomes;
- Hospital global budgets that provide a pre-determined, fixed annual budget
- Primary Care AHEAD which is the primary care component of the model: and
- Cooperative Funding Agreement which provides \$2.0 million in annual, federal funding over the first five to six years of implementation.

While EOHHS is still analyzing the initiative, it is unlikely the federal funding will cover all the costs of implementation or the Medicaid hospital and primary care investments requested by stakeholders and recommended by CMS.

Analyst Note: Rhode Island and CMS signed the State Agreement on January 16, 2025; however, EOHHS has indicated that coordination on this project is on hold. There have been no communications with CMS or project updates since January 20, 2025. EOHHS has not drawn down any of the \$2.0 million in grant funding available for implementation work or entered into any contracts to support the work. According to the department, the General Assembly would need to approve implementation of the program. Work to date has been for program planning and program application.

The Budget authorizes 243.0 FTE positions for EOHHS in FY2026, an increase of 10.0 FTEs relative to the FY2025 Enacted level. The increase includes 4.0 FTE positions to enhance program integrity and compliance functions for Medicaid by proactively training providers to prevent fraud, waste, and abuse in the Medicaid program. Another 4.0 new FTE positions are added to evaluate and implement cost containment strategies in the Medicaid pharmacy program; however, only 1.0 FTE position is funded in FY2026. 2.0 new FTE positions are provided to work toward creating an integrated data system that is less reliant on contract employees. The integrated data system positions are budget neutral since the budget reallocates contract services financing.



Health System Transformation Project

The Budget includes \$122,882 from federal funds and \$2.3 million from restricted receipts (\$2.4 million all funds) for the Health System Transformation Project (HSTP) in FY2026, a decrease of \$1.2 million in all funds from the FY2025 Budget as Enacted. The decrease is due to the sunset of the incentive program which is the largest program expense.

Analyst Note: A Governor’s Budget Amendment (GBA) is expected to correct an error, changing the funding to \$855,334 in federal funds and \$2.6 million in restricted receipts (\$3.5 million all funds).

The Health System Transformation Project is an ongoing initiative that began in FY2017. It was a product of the Governor’s Working Group to Reinvent Medicaid, which established a model to reform the State’s Medicaid program to shift to value-based payments; coordinate physical, behavioral, and long-term healthcare; rebalance the care delivery system away from high-cost settings; and, promote efficiency, transparency, and flexibility in publicly-funded healthcare.

The primary focus of HSTP has been to partner with the State’s institutions of higher education to bolster the healthcare workforce and with the State’s managed care organizations (MCOs) to establish Accountable Entities (AEs). Accountable Entities are integrated provider organizations responsible for improving the quality of care and outcomes for patients while also managing costs. This delivery system provides

coordinated care and reduces unnecessary and ineffective utilization of services. Currently, the State has approved the operation of seven certified Accountable Entities: Blackstone Valley Community Health Care, Coastal Medical, Integrated Healthcare Partners, Integra Community Care Network, Providence Community Health Centers, Prospect Health Services, and Thundermist Health Center.

On October 20, 2016, the federal government approved an amendment to the State’s Section 1115 Waiver to provide funding for the HSTP. This amendment brought in \$115.0 million in federal funding, by expanding matching authority for health professional education. The claimed funds were deposited into a restricted receipt account to be invested in the development of Accountable Entities, allowing approximately \$230 million in total new, one-time funding after matched per Medicaid rules.

CENTRAL MANAGEMENT

EOHHS’ Central Management division is responsible for consolidating and coordinating major programmatic and administrative functions of the four health and human services agencies, including budget, finance, and legal services.

Central Management	General Revenue
FY2025 Enacted	\$58,336,613
<i>Target and Other Adjustments</i>	<i>(111,139)</i>
UHIP Operating Expenditure Consolidation	8,819,731
Initiative Implementation Support	(1,750,000)
RUG to PDPM Transition for Nursing Facility Payments	(1,071,815)
MES Modular System	1,005,781
Enhanced Program Integrity/Legal Team (4.0 new FTE positions)	416,693
Pharmacy Strategy (4.0 FTE positions)	279,034
Nursing Facilities Conversion Assistance	(275,000)
Hospital Care Transitions	250,000
Medicaid Access and Managed Care Rules - Waiver Resources	221,346
DCYF Court Monitor	175,000
OHIC Rate Review Recommendations MMIS Implementation Costs	(125,000)
e-Consults Program	20,765
FY2026 Governor	\$66,192,009

Central Management	Other Fund Changes
ARPA Enhanced FMAP: Home and Community Based Services (federal funds)	(\$6,595,397)

UHIP Operating Expenditure Consolidation **\$8.8 million**

The Governor recommends consolidating the operating and contract costs of UHIP/RIBridges within EOHHS to make the expenditures more transparent. There is no recommended change in the governance or management of the system. While budget neutral, the shift results in an increase of \$8.8 million in general revenue (\$17.0 million all funds) in EOHHS relative to the FY2025 Budget as Enacted.

Currently, funding for UHIP is located in three separate agencies: The Department of Administration, the Department of Human Services (DHS), and EOHHS, resulting in segmented programmatic operations. DHS is primarily responsible for eligibility and enrollment services, which is employed by the Division of Health Care Eligibility. The DHS will continue to manage the eligibility and enrollment component of the program, and maintain the FTEs within the Division of Healthcare Eligibility.

Initiative Implementation Support **(\$1.8 million)**

The FY2025 Budget as Enacted included an additional \$1.8 million in general revenue for system changes and contractor support that may be needed to implement new FY2025 initiatives. The FY2026 Budget removes this funding.

RUG to PDPM Transition for Nursing Facility Payments**(\$1.1 million)**

The FY2025 Budget as Enacted provided \$1.1 million in general revenue (\$2.8 million all funds) to shift nursing facility payments from the Resource Utilization Group (RUG) system to a Patient-Driven Payment Model (PDPM) as recommended by the Centers for Medicare & Medicaid Services (CMS). The funding is removed from the FY2026 Budget as the contract should be fulfilled. EOHHS will request that any unspent funds will be carried forward through October 1, 2025, in case additional support is needed.

This funding supported necessary MMIS system changes and contract costs for subject matter experts. Rhode Island used the RUG model, which is based on resident acuity, to determine per-diem payments to nursing facilities; however, CMS, the Office of the Inspector General (OIG), and the Medicaid Payment Advisory Commission noted that the RUG model is based on the amount of therapy provided regardless of a resident's individual needs or goals. CMS asserts that the PDPM will improve payment accuracy and appropriateness by focusing on the patient instead of the amount of services provided. In addition, the PDPM is expected to reduce the administrative burden on providers and improve payments for underserved beneficiaries. Since CMS is discontinuing support for the technical infrastructure Rhode Island needs for the RUG-based payment on September 30, 2025, and EOHHS cannot gather the data necessary to calculate the RUG payments; the State will transition to the PDPM. The system redesign costs associated with the transition are eligible for 75.0 percent federal funding. The subject matter expert costs are eligible for 50.0 percent federal funding. EOHHS received approval of an Advanced Planning Document for the project which provides a 90.0 percent federal match for some expenditures. Article 9 of the FY2025 Budget as Enacted included the changes to the State Medicaid Resolution and RIGL 40-8-19 (Rates of payments to nursing facilities), necessary for this transition.

According to the Department, the majority of states are transitioning to the PDPM model.

MES Modular System**\$1.0 million**

The Budget provides an additional \$1.0 million in general revenue (\$10.1 million all funds) as the state match for the design, development, and implementation of the Medicaid Enterprise System (MES), a module structure for managing data, as directed by the Centers for Medicare and Medicaid Services (CMS). The State's existing Medicaid Management Information System (MMIS) was originally implemented in 1993. This MMIS is a rules-based, table-driven, client server system that supports integrated MMIS functionalities and data management capabilities. The MMIS is currently contracted through a single vendor. Over the years, the State's MMIS has been adapted to meet the needs of the State, but in order to come into CMS compliance, the State must adopt a modular system. CMS projects that the modular system will improve functionality and cost-effectiveness by allowing the state to procure technology that fits the states' business and operational needs from multiple vendors. The MES Transformation program includes the procurement, modernization, and modularization of the Medicaid systems and provides 90.0 percent federal funding for design, development, and implementation costs, and 75.0 percent federal funding for maintenance and operation costs.

The cost for the shift to the MES is expected to increase through FY2029 as modules and vendors are procured. Planning for the MES began in FY2023; however, the first module, Third-Party Liability (TPL), is projected to be implemented in late FY2025 and early FY2026. Additional modules, including a System Integrator (SI) and an Operational Data Store (ODS), are scheduled for implementation in late FY2026 and early FY2027. The existing MMIS system will run in tandem with the new MES modules until the transition is completed.

Enhanced Program Integrity/Legal Team (4.0 new FTE positions)**\$416,693**

The Budget includes \$416,693 in general revenue (\$833,386 all funds) to support five FTE positions, including four new FTE positions and one previously unfunded position, and additional operating expenses to enhance program integrity and compliance functions for Medicaid by proactively training providers to prevent fraud, waste, and abuse in the Medicaid program. The initiative is estimated to generate \$2.9 million

in general revenue savings (\$6.9 million all funds), for a net general revenue savings of \$2.5 million (\$6.0 million all funds). An additional FTE position is provided in the Office of Internal Audit and Program Integrity in the Department of Administration to support this initiative. This position will spend one half of its time assisting Medicaid, resulting in a 50.0 percent federal match for this one half. In addition, the recommendation upgrades an existing position to create parity with the new fraud investigator positions.

EOHHS reports that the Centers for Medicare and Medicaid Services has found the State to be noncompliant with the staffing requirements for program integrity in two consecutive reviews, and that the State is non-compliant with the Corrective Action Plan due to the inability to hire more staff to conduct the federal requirements. Currently, EOHHS has 3.0 FTE positions assigned to fraud investigations. CMS is scheduled to audit the Program Integrity unit in FY2025.

The positions include the following; however, one position will be managed within the existing FTE cap:

- 1.0 FTE Chief of Strategic Planning, Monitoring, and Evaluation: This position will serve as the Unit director and be responsible for all the investigations, coordination with the Attorney General's Medicaid Fraud Unit, and developing the relationship with the Managed Care Organizations' (MCO's) fraud units to ensure timely recoupment;
- 1.0 FTE Assistant Director of Financial and Contract Management: This position will manage the investigators and oversee recoupments and overpayments.
- 2.0 FTE Interdepartmental Project Managers: These positions will be fraud investigators.
- 1.0 FTE Programming Services Officer: This position will be a paralegal to help prepare evidence packages and documents for hearings and investigations.

Pharmacy Strategy (4.0 new FTE positions)

\$279,034

The Governor recommends an increase of \$279,034 in general revenue (\$558,068 in all funds) and 4.0 new FTE positions to evaluate and implement cost containment strategies in the Medicaid pharmacy program; however only 1.0 FTE position is funded in FY2026. The Budget includes \$258,068 in salaries and benefits and \$300,000 in contracted professional services. The proposal is estimated to save \$4.1 million in general revenue costs in FY2027, and \$8.3 million in FY2028.

Nursing Facilities Conversion Assistance

(\$275,000)

The FY2025 Budget as Enacted provided \$275,000 in general revenue to support nonprofit nursing facilities in converting licensed nursing home beds to assisted living beds; however, this funding is not continued into FY2026. Of that total, \$200,000 was designated for Linn Health and Rehabilitation. This funding was in addition to \$10.0 million in federal State Fiscal Recovery Funds (SFRF) provided in the Department of Administration to continue funding for nursing facilities during the first three months of FY2025, until the new rate changes take effect in October 2024. The final report completed by Pandemic Recovery Office (PRO) on the \$10.0 million Health Care Facilities: Nursing Home Assistance Phase II project can be found [here](#).

Hospital Care Transitions

\$250,000

The FY2025 Budget as Enacted included \$250,000 in general revenue (\$500,000 all funds) to continue the operation of the Hospital Care Transitions Initiative (HCTI); however, the funding was allocated to the Medical Assistance Program. In FY2026 the funding is appropriately moved to Central Management. The HCTI is a partnership between EOHHS and the Rhode Island Parent Information Network (RIPIN) that supports high-risk, elderly, Medicaid patients being discharged from the hospital to prevent extended stays in skilled nursing facilities. HCTI programs provides certified community health worker teams at South County Hospital, Kent Hospital, and Rhode Island Hospital.

Medicaid Access and Managed Care Rules - Waiver Resources**\$221,346**

The Budget provides \$221,346 in general revenue (\$442,691 in all funds) to support contracted professional services needed to continue certain federal participation in the 1115 Demonstration Waiver renewal. Under the current waiver, Rhode Island has authority to claim federal participation for inpatient and residential treatment of substance use disorder (SUD) in settings dedicated to such treatment. Federal participation is generally not permitted. In the waiver renewal application, EOHHS has requested to continue this authority in 2025-2029. In exchange, the Centers for Medicare and Medicaid Services (CMS) has complex and varying quarterly and annual monitoring and reporting requirements.

While not recommended by the Governor, in the FY2026 Budget Request, EOHHS requested \$2.3 million in general revenue and \$5.7 million in federal funds to support 10.0 new FTE positions and increased vendor costs to implement the Medicaid Access Rule and Medicaid Managed Care Rule that were finalized by the Centers for Medicare and Medicaid Services (CMS) in May 2024. The new rules delineate significant changes to the Medicaid program including new requirements to improve and standardize the monitoring, evaluation, and reporting of access to Medicaid services.

Of the \$8.0 million in all funds, \$1.3 million would support the 10.0 new FTE positions, assuming a September 1, 2025, start date. The positions include:

- 1.0 Chief of Family Health Systems FTE to function similar to an ombudsman in supporting the development and management of the new advisory groups including the Medicaid Advisory Committee (MAC), the Beneficiary Advisory Council (BAC), and the HCBS Interested Parties Advisory Group.
- 3.0 FTE positions to support the collection of quality metric data and reporting. Currently, 1.0 FTE and 1.0 contract position focus on data collection and reporting for the managed care metrics. Under the new rules, managed care and HCBS metrics will be expanded and updated regularly. The Department anticipates needing an additional 2.0 FTE positions in FY2027 for quality data and reporting requirements.
- 1.0 FTE position to support the development and oversight of grievance and incident management systems, as well as support in coordinating incident management work. Currently, there is no statewide grievance or incident management system, instead, each agency has a separate system. The Department anticipates another 1.0 FTE for FY2027 dedicated to the IT work necessary to implement the system.
- 3.0 FTE positions to support compliance efforts with the new rules. The Department anticipates needing an additional 2.0 FTE positions in FY2028. The team would be responsible for evaluating and reporting provider data, investigating instances of noncompliance, elevating cases to management/legal as needed, and other similar functions.
- 1.0 health program administrator FTE to support the Medicaid finance program through annual rate reporting and analysis required through the new rules, and to support the new State Directed Payment (SDP) rules.
- 1.0 project manager FTE, and another in FY2027, to support the overall implementation of the new rules.

The remaining \$6.7 million will support increased vendor costs for the new federal 1115 Demonstration Waiver evaluation and monitoring requirements that require an independent evaluation of the waivers, internal evaluations will no longer be permitted.

Effective July 9, 2024, the Medicaid Access Rule aims to improve access to care, quality, and health outcomes, while addressing health equity issues across fee-for-service (FFS), managed care, and home and community-based services (HCBS) programs. More information on the new managed care rule can be found [here](#).

DCYF Court Monitor **\$175,000**

To support costs required by the consent decree with the United States Department of Justice pertaining to the hospitalization of children with behavioral health disabilities under DCYF care, the Budget includes an increase of \$175,000 in general revenue for a court monitor to oversee the State’s compliance.

OHIC Rate Review Recommendations MMIS Implementation Costs **(\$125,000)**

The FY2025 Budget as Enacted included \$22.2 million in additional general revenue (\$56.0 million all funds) for the Department’s recommendation related to the Office of the Health Insurance Commissioner (OHIC) submitted [final report](#) on the Social and Human Services Programs Review as required pursuant to RIGL 42-14.5-3(t)(2)(x). The total recommendation included \$125,000 in general revenue (\$500,000 all funds) to support additional contract professional services in Central Management. This funding does not continue into FY2026.

e-Consults Program **\$20,765**

The Budget includes \$131,518 in net general revenue savings (\$511,709 all funds) realized through the implementation of an e-Consult program in the Medicaid fee-for-service (FFS) program to facilitate the asynchronous exchange of health record assessments, management services, and referral services. The proposal includes an increase of \$20,059 in general revenue funded contract professional services (\$83,059 all funds) and \$152,283 in general revenue (\$594,768 all funds) in Medicaid program savings. The program would allow primary care physicians to consult with specialists without requiring unnecessary in-person patient visits. Currently, this program is used in the Managed Care. This initiative would reduce the average per-member-per-month (PMPM) for specialists from \$83 to \$70.

ARPA Enhanced FMAP: Home and Community Based Services (federal funds) **(\$6.6 million)**

The Budget includes a decrease in federal funds of \$10.0 million and restricted receipts of \$24.4 million reflecting the expiration of time-limited funds. Of this total, \$6.6 million in federal funds and \$22.1 million in restricted receipts is in Central Management and \$3.4 million in federal funds and \$2.3 million in restricted receipts is in Medical Assistance. Through the American Rescue Plan Act (ARPA), the State was eligible for enhanced FMAP of 10.0 percentage points on Home and Community Based Services (HCBS) for all expenditures that took place from April 1, 2021, through March 31, 2022. These new federal dollars freed up an equal amount of state funding that was deposited into a restricted receipt fund which were used to enhance, expand, or strengthen Medicaid HCBS. According to the Department, all of the funds were used for one-time expenses except for ongoing development and operating costs for WellSky, the software used to support home healthcare providers, payers, and community organizations.

Analyst Note: Due to an error in the Budget, the decrease in funds for Medical Assistance is over stated. The actual change across the entire department results in a decrease in federal funds of \$8.3 million and restricted receipts of \$23.3 million. In the Medical Assistance program, this reflects a decrease of \$1.7 million in federal funds and \$1.2 million in restricted receipts. Central Management remains at the level reported above.

Opioid Accounts (restricted receipts) **(\$10.2 million)**

The Budget includes a net increase in restricted receipt opioid funding of \$10.2 million, including the following:

Project	FY2023 Actual	FY2024 Spent	FY2025 Enacted	FY2025 Governor	Change from Enacted	FY2026 Governor	Change from Enacted
Statewide Opioid Abatement Account							
Investment in Community -Based Mental Health - RI Foundation	\$1,375,000	\$1,125,000	\$1,200,000	\$1,775,000	\$575,000	\$1,200,000	\$0
Overdose Prevention Center	400,000	867,642	1,000,000	2,982,358	1,982,358	1,250,000	250,000
Harm Reduction Technologies	7,500	189,858	300,000	446,250	146,250	550,000	250,000
First Responder/Peer Recovery Specialist Trauma Supports	-	1,000,000	-	-	-	250,000	250,000
Housing Capital, Operating, and Services for High-Risk Communi	-	802,534	1,200,000	4,517,466	3,317,466	1,000,000	(200,000)
Non-Profit Capacity Building and Technical Assistance - RI Found	750,000	-	-	250,000	250,000	-	-
BIPOC Industry Workers and Chronic Pain Treatment and Prever	1,133	160,879	300,000	637,988	337,988	600,000	300,000
Recovery Infrastructure	-	-	1,300,000	1,300,000	-	800,000	(500,000)
Family Recovery Supports	-	450,000	450,000	450,000	-	450,000	-
Project Evaluation (contractor)	-	250,203	500,000	1,249,797	749,797	800,000	300,000
Communications - multilingual media	3,194	114,352	300,000	562,454	262,454	447,500	147,500
Emergency Response Set-Aside - Department of Housing	149,702	33,100	925,000	1,593,590	668,590	1,000,000	75,000
Racial Equity Across All Agencies	-	-	500,000	800,000	300,000	350,000	(150,000)
Youth Treatment Infrastructure	-	-	800,000	-	(800,000)	500,000	(300,000)
Post Overdose	-	-	250,000	-	(250,000)	300,000	50,000
Treatment - Stimulant	-	-	500,000	500,000	-	325,000	(175,000)
Program Administration	179,895	221,700	753,187	1,069,327	316,140	667,500	(85,687)
Harm Reduction Infrastructure/Naloxone	-	-	-	-	-	300,000	300,000
Analytical Drug Testing Forensic Toxicology Laboratory	-	-	11,204,415	-	(11,204,415)	240,000	(10,964,415)
Workforce Supports	-	-	-	-	-	200,000	200,000
Total	\$2,866,423	\$5,215,268	\$21,482,602	\$18,134,230	(\$3,348,372)	\$11,230,000	(\$10,252,602)
McKinsey Opioid Settlement Fund							
Harm Reduction Communications Campaign	\$192,179	\$190,145	\$100,000	\$262,676	\$162,676	\$24,000	(\$76,000)
Harm Reduction - West Elmwood Health Equity Zone (HEZ)	60,000	-	-	-	-	-	-
Total	\$252,179	\$190,145	\$100,000	\$262,676	\$162,676	\$24,000	(\$76,000)
Opioid Stewardship Fund							
Administration: Director and Accountant Positions	\$164,778	\$347,088	\$358,508	\$325,199	(\$33,309)	\$474,128	\$115,620
Support for the Task Force Work Group Community Co-Chairs	13,223	39,600	65,000	90,400	25,400	65,000	-
Total	\$178,001	\$386,688	\$423,508	\$415,599	(\$7,909)	\$539,128	\$115,620
Total	\$3,296,603	\$5,792,101	\$22,006,110	\$18,812,505	(\$3,193,605)	\$11,793,128	(\$10,212,982)

Source: EOHHS

- Statewide Opioid Abatement Account:** The Budget provides \$11.2 million in Statewide Opioid Abatement, a.k.a. Distributors Settlement, funds in FY2026 and \$18.1 million in FY2025, a decrease of \$10.3 million and \$3.2 million respectively from the FY2025 Budget as Enacted. The decrease is due to a placeholder for a project that did not materialize so the funds are carried forward for ongoing projects. The fund supports 2.5 FTE positions with \$347,946 in salaries and benefits through the Program Administration line in the above table. The programming of the Opioid Abatement Account is determined through formal recommendations from the Advisory Committee to the Secretary of EOHHS. The Distributors Settlement requires the establishment of an Advisory Committee to ensure that the State and participating municipalities have equal input into the distribution of the funds for approved purposes across the State. Distributions from the McKinsey Settlement Agreement will continue to be deposited into a separate account.
- McKinsey Opioid Settlement:** The Budget provides \$24,000 in McKinsey Opioid Settlement restricted receipts in FY2026 and \$262,676 in FY2025, an increase of \$252,821 in FY2024, due to the carry forward of unutilized funds from FY2023. In FY2024, FY2025 and FY2026, the communications funds will be used to continue the evidence-based, Harm Reduction Campaign. In FY2023, the funding for the communications campaign was used for an interagency evidence-based communications campaign on polysubstance use, fentanyl risk, and harm reduction, and \$60,000 was used for the West Elmwood Health Equity Zone.

A Health Equity Zone (HEZ) is designed to organize people in specific neighborhoods to build healthy resilient communities. The West Elmwood (02907) HEZ encompasses the West End, Elmwood, South Elmwood, and Reservoir neighborhoods in Providence, as well as the western portion of the Upper South Providence neighborhood.

In February 2021, the Attorney General's office reached a settlement with McKinsey and Company, consultant to several opioid manufacturers including Purdue Pharma. Rhode Island has

received \$2.6 million as part of the settlement for McKinsey’s role in the opioid epidemic. The funds must be used to address the impact of the opioid epidemic in the State through treatment, rescue, recovery, and prevention programs.

- **Opioid Stewardship Fund:** The Budget provides \$539,128 in restricted receipts from the Opioid Stewardship Fund within EOHHS in FY2026 and \$415,599 in FY2025, an increase of \$115,620 and a decrease of \$7,909 respectively relative to the enacted level. The funds support 1.5 FTE positions, including one half of the Director of Overdose, Prevention, and Response and a Supervising Accountant.

The FY2020 Budget as Enacted established an annual restricted, \$5.0 million Opioid Stewardship Fund requiring all licensed manufacturers, distributors, and wholesalers to contribute towards the fund through a registration fee. The registration fee is intended to encourage the monitoring of prescription opioids produced and distributed in Rhode Island and to provide accountability for the role that pharmaceuticals have had in the opioid crisis. Licensed manufacturers, distributors, and wholesalers are required to report the details of all opioids sold or distributed in the State to calculate their liability. Registration payments are due annually on December 31. The first payment was due by December 31, 2019, based on 2018 data.

The Opioid Stewardship Fund is only to be used for opioid addiction treatment, recovery, prevention, education services, and other related programs. The FY2023 Budget as Enacted transferred the management of the Opioid Stewardship Fund and the assessment of the registration fee to the Executive Office of Health and Human Services (EOHHS) from the Department of Health. According to the Office of Management and Budget, as the health and human services umbrella agency, EOHHS can better lead and coordinate the Opioid Stewardship Fund efforts.

MEDICAL ASSISTANCE

The Medical Assistance (Medicaid) program provides medical benefits to low-income, elderly, and disabled individuals. The State pays for a growing portion of Medicaid services through *managed care*, whereby the State contracts with managed care organizations (Neighborhood Health Plan of Rhode Island, Tufts Health Plan, and United Healthcare) and pays a fixed monthly fee, or capitation rate, for each enrolled beneficiary. A smaller portion of Medicaid services continue to be financed through *fee-for-service* arrangements, whereby providers bill the Medicaid program directly based on the specific services utilized.

Medical Assistance	General Revenue
FY2025 Enacted	\$1,358,081,619
<i>Target and Other Adjustments</i>	
November 2024 Caseload Estimating Conference	60,571,892
Eliminate Hospital UPL Payments	(6,682,298)
HLF Base Year Shift and Partial SDP Reinvestment	5,000,000
Home and Community Based Services (HCBS) Rate Freeze	(4,274,868)
Nursing Facilities Rate Reduction	(3,243,185)
Enhanced Program Integrity/Legal Team	(2,943,226)
DSH Payment to Eleanor Slater Hospital	2,525,200
Rite Care Parent Caregiver	(1,929,150)
Shift DSH Appropriation to State Directed Payment (SDP)	(1,798,418)
Inpatient/Outpatient Hospital Rate Freeze	(1,671,115)
e-Consults Program	(152,283)
FY2026 Governor	\$1,403,484,168

Medical Assistance	Other Fund Changes
ARPA Enhanced FMAP: Home and Community Based Services (federal funds)	(\$3,430,486)
Transfer Organ Transplant Fund transfer from EOHHS to DHS (restricted receipts)	(15,000)

November 2024 Caseload Estimating Conference

\$60.6 million

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget year. These adopted expenditure levels determine the appropriations for the Governor’s and Enacted Budgets. Projections are based on enrollment trends as well as inflation-based price adjustments.

November 2024 CEC	FY2025 Enacted		FY2026 November CEC		Change to Enacted	
	GR	AF	GR	AF	GR	AF
Hospitals - Regular	\$114,743,376	\$345,400,000	\$117,707,766	\$370,500,000	\$2,964,390	\$25,100,000
Hospitals - DSH	9,497,713	21,738,872	9,239,021	21,738,872	(258,692)	-
Nursing and Hospice Care	173,311,380	393,800,000	200,218,400	467,800,000	26,907,020	74,000,000
Home and Community Care	97,185,377	221,203,676	115,774,000	270,500,000	18,588,623	49,296,324
Managed Care	456,944,195	1,070,082,576	468,387,769	1,134,100,000	11,443,574	64,017,424
Rhody Health Partners	150,069,004	338,533,764	140,186,619	340,300,000	(9,882,385)	1,766,236
Rhody Health Options	96,965,547	220,508,737	100,537,200	234,900,000	3,571,653	14,391,263
Medicaid Expansion	78,053,872	733,026,212	78,555,065	725,400,000	501,193	(7,626,212)
Pharmacy	104,515	(300,000)	1,188,761	2,000,000	1,084,246	2,300,000
Clawback	96,800,000	96,800,000	98,400,000	98,400,000	1,600,000	1,600,000
Other Medical Services	84,406,640	227,125,552	88,458,911	251,400,000	4,052,271	24,274,448
Total	\$1,358,081,619	\$3,667,919,389	\$1,418,653,511	\$3,917,038,872	\$60,571,892	\$249,119,483

The November 2024 CEC projected increased general revenue expenditures of \$60.6 million and increased all funds by \$249.1 million in the medical assistance program in FY2026, relative to the FY2025 Budget as Enacted. The increase in general revenue is primarily a result of price and utilization increases.

- **Disproportionate Share Hospital (DSH) Payments:** Article 8 authorizes the disbursement of Medicaid Disproportionate Share Hospital (DSH) payments to qualifying community hospitals in federal fiscal years (FFY) 2025 and 2026. Federal law requires that state Medicaid programs make DSH payments to qualifying community hospitals that serve a large number of Medicaid and uninsured patients. The DSH program subsidizes hospitals with high uncompensated care costs, which include certain expenses that are not covered by Medicaid or other sources. DSH payments are lump-sum disbursements issued each June and are subject to the applicable Federal Medical Assistance Percentage (FMAP) at the time of issuance. Funds are distributed in proportion to each hospital’s share of statewide uncompensated care

DSH Payment	FY2025 Enacted	FY2025 Governor	Change from Enacted	FY2026 Governor	Change from CEC
General Revenue	\$9,497,713	\$12,094,303	\$2,596,590	\$8,016,016	(\$1,481,697)
Federal Funds	12,241,159	15,544,569	3,303,410	5,883,984	(6,357,175)
Total	\$21,738,872	\$27,638,872	\$5,900,000	\$13,900,000	(\$7,838,872)

Article 8 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. The cap represents an increase of \$2.6 million in general revenue (\$5.9 million all funds) relative to the FY2025 Budget as Enacted and the November 2025 Caseload Estimating Conference (CEC).

In FY2026, the article requires EOHHS to submit a state plan amendment to the federal government to limit aggregate DSH payments to \$13.9 million, including a limit of \$12.9 million for government-owned hospitals and \$1.0 million for other participating hospitals. This limit represents a decrease of \$3.6 million in general revenue (\$7.8 million all funds). Payments to both government-owned and other participating hospitals must be made by June 30, 2026, and are conditioned upon approval by the Secretary of the United States Department of Health and Human Services of all state plan amendments necessary to secure the benefit of federal financial participation for the DSH payments in FFY2026.

Analyst Note: In FY2026, the budget includes the shift of \$13.7 million in all funds from DSH to the State Directed Payment (SDP) program, resulting in a general revenue savings of \$1.8 million due to the more favorable federal match in the SDP program.

Eliminate Hospital UPL Payments (\$6.7 million)

Section 5 of Article 8 eliminates the Upper Payment Limit (UPL) payments to hospitals for out-patient services to Medicaid participants that was established to ensure that Medicaid rates are comparable to Medicare rates, beginning in FY2026. The Governor asserts that the state directed payment (SDP) program established in FY2024 sufficiently addresses hospital rate disparities. In FY2026, the SDP program is budgeted at \$333.8 million, including \$99.2 million in general revenue. Eliminating UPL payments would reduce general revenue expenditures by \$6.7 million (\$18.3 million all funds).

HLF Base Year Shift and Partial SDP Reinvestment \$5.0 million

Pursuant to Article 8, in FY2026, the base year for nongovernmental hospital licensing fee (HLF) is shifted into 2023, consistent with government-owned hospitals. The HLF is estimated to generate \$215.7 million in FY2025, consistent with the enacted budget, and \$232.5 million in FY2026, an increase of \$16.8 million in general revenue. Of the increased revenue, the Budget reinvests \$5.0 million in general revenue (\$16.8 million all funds) into the state directed payment (SDP) to managed care organizations who then make quarterly payments to hospitals.

The federal government allows states to assess taxes on health care provided the taxes are broad-based, uniformly imposed throughout a jurisdiction, and do not violate the hold harmless provisions specified in federal regulation. These taxes include revenue from patient care activity but exclude non-patient enterprises such as research, academic activity, or investment earnings. Rhode Island assesses a number of provider taxes, including a hospital licensing fee (HLF) authorized by RIGL 23-17-38.1. The HLF must be authorized annually.

Nursing Facilities	
Rate	
Date	Increase
1-Oct-20	2.4%
1-Oct-21	2.7%
1-Oct-22	4.0%
1-Oct-23	6.9%
1-Oct-24	14.5%
	6.1%

The SDP is based on the difference between the Medicaid reimbursement and a percentage of commercial equivalent reimbursement by class, not to exceed 100.0 percent of the commercial equivalent. The commercial equivalent reimbursement is calculated using the top five commercial payers for each of the services of the eligible provider class for the enhanced payment.

Home and Community Based Services (HCBS) Rate Freeze (\$4.3 million)

Since home-care providers are included in the biennial rate review process conducted by the Office of the Health Insurance Commissioner (OHIC), section 6 of Article 8 eliminates the annual rate increase provided in statute. Home care was the only provider type included in the rate review that was also receiving a secondary rate adjustment. The inflationary rate is applied to the base rate for home-care providers, home nursing care providers, and hospice providers to deliver Medicaid fee-for-service personal care attendant services, skilled nursing and therapeutic services, and hospice. This proposal is estimated to generate \$4.3 million in general revenue savings (\$10.1 million all funds).

Inflationary Increases for Home Care Providers	
Date	Increase
1-Jul-20	3.40%
1-Jul-22	2.43%
1-Jul-23	2.29%
1-Jul-24	0.12%
1-Oct-24	15.8% to 74.28%
(OHIC)	based on code ¹

¹ Rate Increases compared to July 1, 2024, and exclude home hospice care. There was no inflationary increase in FY2021.
Source: Office of Management and Budget

Pursuant to federal regulation, home hospice care rates cannot be lower than Medicare rates; consequently, the rates are reviewed by EOHHS annually and adjusted as necessary.

Nursing Facilities Rate Reduction (\$3.2 million)

As a cost containment measure for FY2026, section 4 of Article 8 reduces the annual inflationary increases on rates paid to nursing homes to 2.3 percent to match state revenue growth, instead of the 4.2 percent

adopted by the November 2024 Caseload Estimating Conference. This recommendation reduces general revenue expenditures by \$3.2 million (\$7.7 million in all funds), relative to the FY2025 Budget as Enacted.

Enhanced Program Integrity/Legal Team

(\$2.9 million)

The Budget includes \$416,693 in general revenue (\$833,386 all funds) to support five FTE positions, including four new FTE positions and one previously unfunded position, and additional operating expenses to enhance program integrity and compliance functions for Medicaid by proactively training providers to prevent fraud, waste, and abuse in the Medicaid program. The initiative is estimated to generate \$2.9 million in general revenue savings (\$6.9 million all funds), a net general revenue savings of \$2.5 million (\$6.0 million all funds) with the additional salary and benefits for 5.0 FTE positions. An additional FTE position is provided in the Office of Internal Audit and Program Integrity in the Department of Administration to support this initiative. This position will spend one half of its time assisting Medicaid, resulting in a 50.0 percent federal match for this one half. In addition, the recommendation upgrades an existing position to create parity with the new fraud investigator positions.

DSH Payment to Eleanor Slater Hospital

\$2.5 million

In FY2026, Article 8 requires EOHHS to submit a state plan amendment to the federal government to limit aggregate Disproportionate Share Hospitals (DSH) payments to \$13.9 million, including a limit of \$12.9 million for government-owned hospitals and \$1.0 million for other participating hospitals. This represents an increase of \$2.5 million in general revenue DSH payments to Eleanor Slater (\$5.9 million all funds).

Payments to both government-owned and other participating hospitals must be made by June 30, 2026, and are conditioned upon approval by the Secretary of the United States Department of Health and Human Services of all state plan amendments necessary to secure the benefit of federal financial participation for the DSH payments in FFY2026.

The Disproportionate Share Hospitals (DSH) payments are required under federal statute and intended to offset uncompensated care costs for hospitals to improve access for Medicaid and uninsured patients, as well as improving the financial stability of safety-net hospitals.

Rite Care Parent Caregiver

(\$1.9 million)

The Budget includes \$1.9 million in general revenue savings due to a technical correction to the 138.0 percent eligibility threshold for the parent caregiver pathway. The error was revealed through the Medicaid Program review being conducted to ensure that the program is compliant with all federal and state regulations, and that the regulations are consistent with the state plan and 1115 Demonstration Waiver. The corrective action taken by EOHHS is projected to lower expenses and the Governor's budget assumes savings relative to the November caseload estimate.

Shift DSH Appropriation to State Directed Payment (SDP)

(\$1.8 million)

In FY2026, the Budget includes the shift of \$13.7 million in all funds from DSH to the SDP program, resulting in a general revenue savings of \$1.8 million due to the more favorable federal match in the SDP program.

Federal law requires that state Medicaid programs make DSH payments to qualifying community hospitals that serve a large number of Medicaid and uninsured patients. The DSH program subsidizes hospitals with high uncompensated care costs, which include certain expenses that are not covered by Medicaid or other sources. DSH payments are lump-sum disbursements issued each June and are subject to the applicable Federal Medical Assistance Percentage (FMAP) at the time of issuance. Funds are distributed in proportion to each hospital's share of statewide uncompensated care. The SDP federal match is a blended rate that includes the Children's Health Insurance Program (CHIP) and Expansion populations providing a more favorable rate than the traditional FMAP used for the DDH program. For example, in the November 2024 Caseloads, the traditional FMAP for FY2026 was 57.20 percent, while CHIP was 70.04 percent and Expansion was 90.0 percent.

Inpatient/Outpatient Hospital Rate Freeze

(\$1.7 million)

As a cost containment measure for FY2026, section 3 of Article 8 reduces the annual inflationary increases on fee-for-services rates paid to hospitals to 2.3 percent to match state revenue growth. Current law, which requires rate changes based on national price indices, would have increased payments to hospitals by 3.4 percent for fee-for-services and 2.9 percent for managed care. This recommendation reduces general revenue expenditures by \$1.7 million (\$5.3 million in all funds), relative to the FY2025 Budget as Enacted.

Hospitals	
Date	Rate
	Increase ¹
SFY2021	2.6%
SFY2022	2.4%
SFY2023	5.0%
SFY2024	4.1%
SFY2025	3.3%
Average	3.5%

¹ for Inpatient and Outpatient services

e-Consults Program

(\$152,283)

The Budget includes \$131,518 in net general revenue savings (\$511,709 all funds) realized through the implementation of an e-Consult program in the Medicaid fee-for-service (FFS) program to facilitate the asynchronous exchange of health record assessments, management services, and referral services. The proposal includes an increase of \$20,059 in general revenue funded contract professional services (\$83,059 all funds) in Central Management and \$152,283 in general revenue (\$594,768 all funds) in Medicaid program savings. The program would allow primary care physicians to consult with specialists without requiring unnecessary in-person patient visits. This initiative would reduce the average per-member-per-month (PMPM) for specialists from \$83 to \$70.

ARPA Enhanced FMAP: Home and Community Based Services (federal funds)

(\$3.4 million)

The Budget includes a decrease in federal funds of \$10.0 million and restricted receipts of \$24.4 million reflecting the expiration of time-limited funds. Of this total, \$6.6 million in federal funds and \$22.1 million in restricted receipts is in Central Management and \$3.4 million in federal funds and \$2.3 million in restricted receipts is in Medical Assistance. Through the American Rescue Plan Act (ARPA), the State was eligible for enhanced FMAP of 10.0 percentage points on Home and Community Based Services (HCBS) for all expenditures that took place from April 1, 2021, through March 31, 2022. These new federal dollars freed up an equal amount of state funding that was deposited into a restricted receipt fund which were used to enhance, expand, or strengthen Medicaid HCBS. According to the Department, all of the funds were used for one-time expenses except for ongoing development and operating costs for WellSky, the software used to support home healthcare providers, payers, and community organizations.

Analyst Note: Due to an error in the Budget, the decrease in funds for Medical Assistance is over stated. The actual change across the entire department results in a decrease in federal funds of \$8.3 million and restricted receipts of \$23.3 million. In the Medical Assistance program, this reflects a decrease of \$1.7 million in federal funds and \$1.2 million in restricted receipts. Central Management remains at the level reported above.

Transfer Organ Transplant fund from EOHHS to DHS – restricted receipts

(\$15,000)

The Budget transfers \$15,000 in restricted receipts for the Organ Transplant Fund from EOHHS to the Department of Human Services (DHS) to align with RIGL 42-11-13, which mandates that DHS administer the program. The fund, which is not part of the Medicaid program, is used to help minimize any expenses incurred by Rhode Island residents and their families during the process of human organ transplants.

CAPITAL PROJECTS

The Executive Office has no capital projects.

Department of Children, Youth, and Families

Expenditures by Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted	Enacted	Governor	Enacted	Enacted
Central Management	\$30.4	\$25.5	\$37.0	\$11.6	45.4%	\$33.4	\$7.9	31.0%
Children's Behavioral Health Services	16.7	17.4	21.5	4.1	23.4%	16.4	(1.0)	-6.0%
Child Welfare	244.4	317.4	299.5	(17.9)	-5.6%	306.9	-10.5	-3.3%
Youth Development Services	24.0	38.5	53.9	15.4	39.9%	40.3	1.8	4.7%
Higher Education Incentive Grants	0.1	0.2	0.2	-	-	0.2	-	-
Total	\$315.7	\$399.1	\$412.1	\$13.1	3.3%	\$397.2	(\$1.9)	-0.5%

Expenditures by Source								
	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted	Enacted	Governor	Enacted	Enacted
General Revenue	\$215.1	\$261.4	\$261.4	(\$0.0)	0.0%	\$263.0	\$1.6	0.6%
Federal Funds	97.6	121.7	120.4	(1.4)	-1.1%	117.4	(4.3)	-3.5%
Restricted Receipts	1.5	0.7	1.5	0.8	110.1%	1.5	0.8	118.2%
Other Funds	1.5	15.3	29.0	14	-	15.3	-	-
Total	\$315.7	\$399.1	\$412.1	\$13.1	3.3%	\$397.2	(\$1.9)	-0.5%

Authorized FTE Levels	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted	Enacted	Governor	Enacted	Enacted
Authorized FTE Levels	705.5	714.5	714.5	-	-	713.5	-1.0	-0.1%

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

The Department of Children, Youth, and Families (DCYF) is charged with implementing a statewide network of supports to protect vulnerable children and families. The Department develops, oversees, and evaluates programs which provide opportunities for children to reach their full potential. DCYF has three major operational divisions: Children’s Behavioral Health Services; Child Welfare (including child protective services, family services, and permanency supports); and Youth Development Services (formerly Juvenile Correctional Services), which includes the Rhode Island Training School and juvenile probation. The Department supports an average of 3,400 children and their families and indirectly services thousands more through community-based programs.

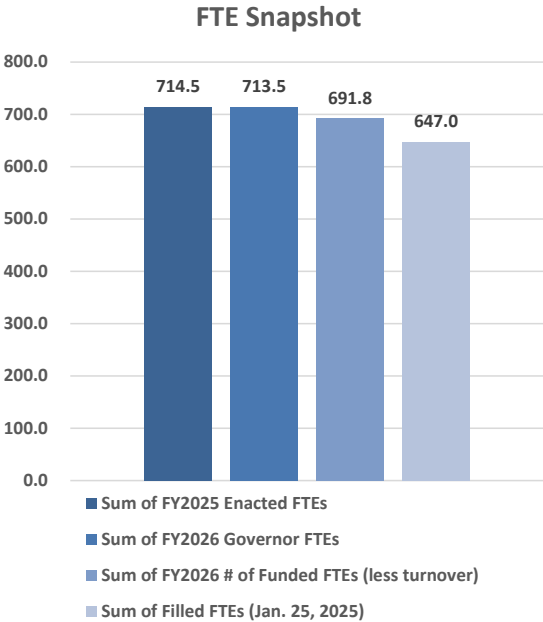
MAJOR ISSUES AND TRENDS

The Budget includes \$397.2 million in all funds for the Department of Children, Youth, and Families (DCYF). This includes \$263.0 million in general revenue, \$117.4 million in federal funds, \$1.5 million in restricted receipts, and \$15.3 million in other funds. General revenue funding increases by \$1.6 million, or 0.6 percent relative to the FY2025 Budget as Enacted. Federal funding decreases by \$4.3 million, or 3.5 percent. Restricted receipt funding increases by \$831,414, or 118.2 percent, due primarily to an increase in a Children’s Trust Fund SSI allocation.

The Budget also shifts 1.0 Early Childhood System Coordinator FTE to DHS, decreasing the Department’s total FTE authorization to 713.5 FTEs. The Budget includes funding for approximately 691.8 of the positions authorized for FY2026, or 97.0 percent. As of February 22, 2025, the Department had 654.0 FTE positions filled (91.7 percent).

Accreditation

In light of ongoing challenges at the Department, the 2019 General Assembly required that DCYF seek accreditation from the national Council on Accreditation (COA) in order to ascertain how its operations compare to national standards and identify areas for



improvement. Article 13 of the FY2020 Budget as Enacted amended RIGL 42-72-5.3 to require that the Department initiate the application process by September 1, 2019, with a final accreditation plan due by October 1, 2020, to inform the Governor and the General Assembly regarding necessary organizational changes to obtain and maintain accreditation along with the resources needed in order to do so.

The Department engaged with the COA in September 2019 and submitted its accreditation plan on October 1, 2020. The plan analyses the Department's alignment with 59 COA standards and establishes a timeline and process to implement policy, practice, programmatic, and operations changes needed to reach accreditation. The analysis is limited to the Department's child welfare and behavioral health standards and does not include benchmarks for the juvenile justice population, which is reviewed separately by the Annie E. Casey Foundation.

The analysis found that many of the Department's practice models, screening tools, risk assessments, and service planning already comport with many COA standards. The report recommended replacing the Department's case management information system, known as RICHIST.

The report also highlighted that staffing is the primary structural barrier to accreditation. Specifically, it identified the Department's need for an additional 34.0 Child Protective Investigators, 7.0 Child Protective Supervisors, 24.0 Social Case Workers, and 5.0 Casework Supervisors to satisfy COA per-worker caseload standards in the Child Protective Services and Family Services units. In addition, the report identified the need for 2.0 FTEs to notify kin of a DCYF placement, 1.0 FTE to monitor assessments of adolescent life skills development, 10.0 FTEs to enhance clinical capacity for behavioral health services, 5.0 FTEs for a permanent unit to manage accreditation and ongoing reform activities, and 3.0 additional staff to support continuous data monitoring and staff training and development functions at DCYF. The additional 91.0 FTE positions and pay incentives would require a sustained investment of approximately \$10.8 million from all funds per year. The report also recommends an additional \$300,000 to boost efforts to recruit resource families and \$291,851 for fixed expenditures to maintain support from the COA, including site visits and application fees.

The report recommends a "Prioritized Practice" approach for the Department, occurring over a four-year period, where the Department completes a self-study and gradually demonstrates alignment with COA standards. The timeline is "contingent upon the approval and appropriation by the Governor and the General Assembly of sufficient and sustained funding necessary for the Department to achieve COA accreditation". Accordingly, the FY2022 Budget as Enacted authorized and funded the 91.0 FTE positions and incidental operating costs identified in the COA report. The Budget also provides a financing mechanism to replace the RICHIST system. These investments provide the necessary support for the Department to continue its progress towards accreditation.

Accreditation Update: On February 14, 2025, the Department received notification that it had received accreditation. A Final Accreditation Report will be delivered which will contain the scores from the review team. This report will be made public. The Department is developing a calendar and monitoring procedure to ensure each division remains on track to maintain key standards and related activities. The Department will submit quarterly and annual reports to COA over the next four years, at which time they will need to be re-accredited. This re-accreditation process will begin in FY2028 and is expected to have a budgetary impact.

RICHIST Replacements

The FY2021 Revised Budget transferred \$17.0 million to the Information Technology Investment Fund (ITIF) to provide upfront capital to fund the 60.0 percent State share of the costs to replace RICHIST, the Department's case management information system, over a three-year period. RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, provider, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was a national leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes

over the last 23 years. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested. The project was initially scheduled to take place from FY2022 to FY2024, but the FY2023 Budget as Enacted included an adjusted schedule stretching the project into FY2025 due to project delays. The FY2025 Budget stretched the project into FY2026 and added a general revenue line to account for IT personnel expenditures related to the project. The RICHIST project technically appears under the Department of Administration budget.

RICHIST Replacement Update: The FY2026 Budget stretches the project further in FY2027 and extends the general revenue line, bringing total project costs to \$56.9 million. The procurement process included federal approval of the vendor contract, which required revisions and a resubmission, resulting in the project delay. The project officially kicked off with the selected vendor in January 2025 and is currently in the discovery phase, which is anticipated to last six months before advancing into the configuration stage.

Children's Rights Settlement

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State's child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement outlined a number of new screening and reporting requirements to be met by the Department and overseen by the Office of the Child Advocate. The Department continues to monitor these benchmarks and provides monthly reports pursuant to the settlement. The Budget contains \$138,000 in annual general revenue funding within the Child Welfare program for a data validator for this purpose.

Children's Behavioral Health Consent Decree

In December 2024, a Consent Decree was filed following a Federal investigation which found that from 2017 to 2022, children with behavioral health disabilities in the care of the State of Rhode Island were unnecessarily segregated in an acute-care psychiatric hospital, a violation of federal civil rights law. The State worked with the U.S. Department of Health and Human Services and the U.S. Attorney's Office to develop the Consent Decree, which formally went into effect on January 7, 2025. The Consent Decree is intended to strengthen community-based services for children with behavioral health disabilities, transition children who have been hospitalized at Bradley Hospital to family settings, and to prevent further avoidable psychiatric hospitalization. There are three intended phases; a planning phase lasting from 2025-2026, an implementation phase from 2026-2028, and a monitoring phase through 2029. A Court Monitor and consultant team were assigned to monitor and support the State's progress.

Status Update: The first action step in the Consent Decree is a Baseline Data Report due 180 days from the effective date. With the Consent Decree in effect as of January 7, 2025, this report is due by July 6, 2026, and is intended to provide an overview of the focus population including Bradley Hospital admissions, availability of community-based services and therapeutic foster care parents, and number of children with open cases experiencing three or more emergency room visits in a period of twelve months. The report is to be submitted to the United States and the Court Monitor, and must be posted on the DCYF website within 14 days of being produced.

Psychiatric and Intensive Residential Treatment Facilities

The FY2023 Budget included funding for the expansion of a current psychiatric residential treatment facility (PRTF) as well as the construction of a new step-down facility, both of which will help increase state capacity to house female youth with severe behavioral challenges. A current shortage of available, in-state, residential facilities for these youth results in, on average, approximately 25 to 30 female youth being placed out of state at any given time.

Psychiatric Residential Treatment Facility: The FY2023 Budget as Enacted included \$11.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to expand existing in-state capacity at private facilities. The Department announced a signed agreement for the expansion of services

with St. Mary's Home for Children, the only existing licensed PRTF in the State, on February 9, 2023. The expansion was intended to consist of the construction and operation of an additional 12-bed facility on the St. Mary's Campus in North Providence, bringing their total capacity to 26.

PRTF Status Update: The project was officially paused on June 14, 2024, following the issuance of a letter from the Division of Purchases requiring St. Mary's to cease all work and \$644,724 in unexpended funds was returned to the State. All children were transitioned out of St. Mary's, with no children remaining in its facilities as of June 2024, and the facility was closed in August 2024, ending the contract for this project. The FY2026 Budget shifts unspent funds from the project to the expansion and maintenance of a similar facility at Bradley Hospital.

Intensive Residential Treatment Facility: The FY2023 Budget included \$15.0 million per year in RICAP funds from FY2024 through FY2026, for a total of \$45.0 million in RICAP funds for the construction of a new 16-bed intensive residential treatment facility. \$1.0 million in SFRF funding was also included for the initial design and construction stage of the project. The IRTF facility began construction in FY2024, with an estimated start of operations in early 2026.

IRTF Status Update: Construction on the facility began on August 13, 2024. The SFRF portion of the project is considered completed as of September 18, 2024, and a closeout report was issued on October 1, 2024. The FY2026 Budget maintains total funding of \$45.0 million from FY2024 to FY2026 in RICAP funds for the construction phase of the project, which is estimated to be completed in FY2026.

CENTRAL MANAGEMENT

The Central Management program includes the Office of the Director and Support Services. Central Management functions are primarily administrative and strive to improve policies and maximize operational efficiency. These functions provide coordination and oversight, fiscal management, accountability supports, facility management, legal services, and youth development services.

Central Management	General Revenue
FY2025 Enacted	\$15,565,996
<i>Target and Other Adjustments</i>	
Salary and Benefit Adjustments	1,381,843
Consent Decree Consultant	750,000
Personnel Adjustments (statewide adjustments)	611,207
Financial Consultant Report	(578,888)
Inflation Factor	547,732
Early Childhood System Coordinator FTE to DHS	(186,570)
FY2026 Governor	\$18,147,159

Central Management	Other Fund Changes
ARPA SFRF: DCYF Provider Workforce Stabilization (federal funds)	(1,200,000)
RICHIST Replacement (federal funds)	Informational

Salary and Benefit Adjustments **\$1.4 million**

The FY2025 Budget as Enacted included an underestimate for direct salary costs in the Central Management program. The FY2026 Budget returns direct salaries to the correct number based on FY2024 actual spending as well as increases general revenue expenses in response to a reduction of Temporary Assistance for Needy Families Emergency Assistance (TANF/EA) funding, an overall increase in salary and benefits costs of \$1.4 million. This adjustment is separate from the statewide COLA increases applied in FY2026.

Consent Decree Consultant \$750,000

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 of \$175,000 has also been proposed in the Executive Office of Health and Human Services’ budget for a court monitor.

Financial Consultant Report (\$578,888)

The Budget decreases general revenues by \$578,888 to represent the end of temporary funding included in the FY2025 Budget for a rate setting consultant. The consulting work is expected to be completed by the end of FY2025, therefore, no additional funding was included in FY2026.

Inflation Factor \$547,732

The Budget adds a 4.0 percent inflation factor across the Operating Supplies and Expenses category to mitigate a potential deficit in FY2026. The FY2024 budget closed with a significant deficit in this category. \$547,732 is added in general revenues as a result of this increase.

Early Childhood System Coordinator FTE to DHS (\$186,570)

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.

ARPA SFRF: DCYF Provider Workforce Stabilization (federal funds) (\$1.2 million)

The FY2025 Budget as Enacted included \$1.2 million in ARPA SFRF funds to continue the provider workforce stabilization program. No additional funding for this initiative is included in FY2026. Funding for the program was initially intended to end in FY2024, but the FY2025 Budget extended the payments through the final months of the Department’s contract procurement process which concluded in FY2025. In addition to the \$1.2 million included in FY2025, the initiative provided \$12.5 million in FY2022, \$2.5 million in FY2023, and \$7.9 million in FY2024 for a total appropriation of \$24.1 million. As of the Department’s January 24, 2025, report, \$22.9 million has been disbursed and providers have reported a net gain of 146 staff.

RICHIST Replacement (federal funds) Informational

The Budget includes \$9.5 million in federal funds to finance the costs to replace RICHIST, the Department’s case management system, consistent with the FY2025 allocation. The Budget also includes \$9.8 million in restricted receipt funds for this purpose within the Department of Administration (DOA) to draw funds from the Information Technology Investment Fund (ITIF), which is housed in DOA. The upgrade was initially planned to take approximately three years, from FY2022 to FY2024, and \$28.0 million from all funds, with the costs shared 60/40 between the State and federal government. The FY2024 Budget adjusted the funding schedule to stretch the project through FY2026 to reflect project delays as well as an increase in project costs. The FY2025 Budget added a general revenue line to capture IT personnel expenditures related to the project, increasing total project funding across all years and sources to \$56.5 million. In the FY2026 Budget, the project is stretched an additional year into FY2027 and the general revenue line item is extended, increasing total project costs to \$56.9 million.

RICHIST Replacement - Revised Schedule	Pre-FY2025	FY2025	FY2026	FY2027	Total
State Funds - ITIF	\$153,000	\$9,700,000	\$9,797,000	\$5,000,000	\$24,650,000
General Revenue	-	1,270,000	1,270,000	1,270,000	3,810,000
Federal Funds	-	9,487,000	9,487,000	9,487,000	28,461,000
Total	\$153,000	\$20,457,000	\$20,554,000	\$15,757,000	\$56,921,000

The FY2021 Revised Budget transferred \$17.0 million to the ITIF to provide upfront capital to fund the 60.0 percent State share of the system replacement over the three-year period. The Governor proposed issuing debt, in the form of certificates of participation (COPs), which would have accrued \$2.7 million in interest over ten years; instead, the Budget used one-time general revenues to provide interest-free financing.

RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, providers, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was a national leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes over the last 23 years. Most significantly, the existing RICHIST system does not enable easy mobility for staff in the field which inhibits the Department's ability to operate efficiently.

The new system would be a modular system that enables data analytics and reporting, allows easy access to real-time information when making important decisions for children and families, and simplifies the system's mobile interface. The federal government encourages use of modular systems because they are more comprehensive and flexible, and enhance the ability to navigate case information and incorporate data analytics into child welfare practice. Modern systems are also more dynamic, allowing child welfare agencies to respond more adeptly to frequent changes in standards and practices. The Budget assumes the use of Custom-Off-the-Shelf (COTS) software package which can be adapted from interfaces being used in other states, as opposed to custom-building a solution from scratch. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested.

CHILDREN'S BEHAVIORAL HEALTH SERVICES

The Children's Behavioral Health Services program designs, implements, and monitors a statewide system of care for children and youth requiring mental health services, including those children who are involved with the Department due to abuse, neglect, or delinquency. The Department seeks to support all children and youth with developmental disabilities or emotional disturbances in the least restrictive settings possible.

Children's Behavioral Health Services	General Revenue
FY2025 Enacted	\$7,732,064
<i>Target and Other Adjustments</i>	<i>(267,564)</i>
FY2026 Governor	\$7,464,500

CHILD WELFARE

The Child Welfare division has two major sub-programs:

- **Child Protective Services (CPS):** CPS reviews and responds to reports of child abuse and neglect. CPS staff includes child protective investigators who specialize in the investigation of these reports. If a child is deemed to be at imminent risk of harm, they may be removed from the home and placed in State care for up to 48 hours, pending petitions before the Rhode Island Family Court.
- **Family Services Unit (FSU):** Staff members within Family Services provide ongoing social services and case management to children and families who become involved with DCYF due to abuse, neglect, substance abuse, or behavioral health issues.

The Child Welfare program includes out-of-home placements such as foster and congregate care. Foster care settings include kinship and non-kinship placements as well as private agency homes. Congregate care settings encompass residential treatment facilities, group homes, semi-independent living, and independent living. Child Welfare also includes the Permanency Services Unit, which oversees the administration of the adoption and guardianship subsidy program for children and youth in permanent placements.

Child Welfare	General Revenue
FY2025 Enacted	\$214,966,186
<i>Target and Other Adjustments</i>	
Congregate Care Reduction	3,825,304
Personnel Adjustments (statewide adjustment)	(6,968,484)
Unclaimed LEA Costs	3,714,185
Overtime Reduction	(2,975,000)
FY2026 Governor	\$212,351,378

Central Management	Other Fund Changes
Emergency Housing (federal funds)	\$6,144,394
Children's Trust Account - SSI (restricted receipts)	900,294

Congregate Care Reduction **(\$7.0 million)**

The Budget includes a reduction of \$7.0 million in general revenues to reflect the reduction of congregated care placements, both in and out-of-state, for youth in DCYF custody. Prior year investments in the Department’s provider services are expected to enhance the ability to place children in foster care placements and home-based settings, therefore decreasing the need for congregated care. The reduction targets youth in both out-of-state care and congregated care, with the intent of transitioning such youth into foster care with wrap around services and other step-down care options. Currently, 25.0 percent of youth in the care of the Department are in congregated care placements.

In order to reach the goal of a reduced need for congregated care placements, the Department has outlined strategic initiatives including the following:

- Increased capacity for family-based care through recruitment of additional foster homes and expanded supports for kinship care, intensive foster care, and other transitional homes
- Expansion of home and community-based services supported by wrap-around services
- Analysis of youth placement data, in particular youth in group placements identified as having a lower level of need
- Enhanced interagency coordination and public-private partnerships for better coordination of care as well as transition planning
- Enhanced oversight and data evaluation for youth progress in both family-based and congregated care placements
- Increased support for resource families to encourage more care opportunities for higher-need children

These strategies are intended to support the Department’s overall goal of shifting its placement philosophy to emphasize family-based care over congregated care settings.

Unclaimed LEA Costs **(\$3.0 million)**

The Budget includes \$3.0 million in general revenue savings resulting from the reduction of annual uncollected receivables due from Local Education Authorities (LEAs). Currently, the State makes upfront payments to providers educating DCYF youth in residential treatment centers and must then bill providers for the reimbursement, resulting in uncollected LEA amounts ranging between \$3.0 and \$4.0 million annually. This proposal shifts the responsibility for these payments from DCYF to the required agency or town in an effort to improve collection rates and ensure a timelier reimbursement process.

Overtime Reduction **(\$210,813)**

The Budget proposes a net \$210,813 decrease in general revenue for reductions in overtime. The savings is estimated based on historical data and operational requirements for the Department. The proposal targets reducing overtime by 20.0 percent and is intended to focus on Child Protective Services. The Department has noted an all-time high for current staffing levels along with higher retention percentages, contributing to a higher likelihood for filling vacancies which drives overtime coverage requirements.

Emergency Housing (federal funds) **\$6.1 million**

The Budget includes \$6.1 million in federal funding for emergency hotel housing for DCYF-involved families. The Department had previously funded emergency hotel stays for unhoused families in instances where housing was a barrier to reunification through general revenues. The FY2026 Budget utilizes a mechanism to transfer available Temporary Assistance for Needy Families (TANF) funds to Social Services Block Grant (SSBG) funding in order to fund these placements through federal rather than general revenue funds. SSBG funding is allowed for use for programs and services to children and families with an income less than 200 percent of the federal income poverty level (FPL).

Children’s Trust Account – SSI (restricted receipts) **\$900,294**

The Children’s Trust Account restricted receipt account is funded by SSI income from children in State care. The FY2026 increases funding for this account by \$900,294 to more closely align with FY2024 Actuals following an underestimate of funding in the FY2025 Budget as Enacted.

YOUTH DEVELOPMENT SERVICES

The Youth Development Services program (formerly Juvenile Correctional Services) includes two major sub-programs.

- **Rhode Island Training School (RITS):** The RITS is a secure correctional facility for adjudicated juvenile offenders as well as those who are detained and awaiting trial. The facility has a maximum capacity of 148, with 124 beds for male residents and 24 beds for female residents. The Training School is a 24-hour, 365-day operation providing housing, food, clothing, medical care, education, vocational training, and other programs and services to meet the needs of its residents.
- **Juvenile Probation and Parole:** Juvenile Probation supervises all formerly adjudicated youth placed on probation by the Family Court. Each youth is evaluated to determine their risk for recidivism. Staff members then create and enforce individualized plans to address the factors which contribute to delinquent behavior in order to prevent recidivism.

Youth Development Services	General Revenue
FY2025 Enacted	\$22,893,954
<hr/>	
<i>Target and Other Adjustments</i>	<i>18,111</i>
Personnel Adjustments (Statewide Adjustment)	1,857,656
Central Utilities Fund (Statewide Adjustment)	702,516
Overtime Reduction	(589,187)
Financial Consultant Report	(61,029)
FY2026 Governor	\$24,822,021

Overtime Reduction **(\$589,187)**

The Budget proposes a net \$589,187 decrease in general revenue for reductions in overtime. The savings is estimated based on historical data and operational requirements for the Department. The proposal targets reducing overtime by 20.0 percent and is intended to focus on the Training School. The Department has

noted an all-time high for current staffing levels along with higher retention percentages, contributing to a higher likelihood for filling vacancies which drives overtime coverage requirements.

Financial Consultant Report **(\$61,029)**

The Budget decreases general revenues by \$61,029 to represent the end of temporary funding included in the FY2025 Budget for a rate setting consultant. The consulting work is expected to be completed by the end of FY2025, therefore, no additional funding was included in FY2026.

HIGHER EDUCATION INCENTIVE GRANTS

The Higher Education Incentive Grant Program provides tuition assistance for former foster youth to attend a wide range of post-secondary institutions. The program is funded by State higher education incentive grants and federal Education and Training Vouchers (ETVs). General revenue funding for the incentive program is set by statute at \$200,000 per year. DCYF coordinates with the Office of the Post-Secondary Education Commissioner’s Division of Higher Education Assistance (DHEA) to administer this grant program and provide tuition assistance to between 50 and 75 former foster youth each year. DHEA provides information regarding cost of attendance and financial aid for each applicant to the program. This allows DCYF to ensure that funding is distributed equitably across participants.

Higher Education Incentive Grants	General Revenue
FY2025 Enacted	\$200,000
FY2026 Governor	\$200,000

CAPITAL PROJECTS

The Budget includes a total of \$47.8 million in Rhode Island Capital Plan (RICAP) funds from FY2025 through FY2030, including \$29.0 million in FY2025 and \$15.3 million in FY2026.

Intensive Residential Treatment Facility: The Budget includes \$28.6 million in FY2025 and \$15.0 million in FY2026 for the construction of a 16-bed Intensive Residential Treatment Facility (IRTF) for female youth in Rhode Island. A current shortage of available, in-state-, residential facilities for female youth with severe behavioral challenges results in an average of approximately 25 to 30 female youth being placed out of state at any given time. The facility began construction in FY2024 and is estimated to be completed in FY2026. Total funding for the project is \$46.0 million, including \$45.0 million in RICAP funds and \$1.0 million in SFRF funds. The SFRF allocation was provided pre-FY2025 for the initial design and construction phase of the project. This spending has been completed and a closeout report has been issued.

Training School Asset Protection: The Budget funds improvements and ongoing maintenance at the Training School, including resolving security system, water heater, and other structural issues. The Budget includes \$377,000 in FY2025 and \$250,000 per year in FY2026 through FY2030. Pre-FY2025 spending on this project totals \$1.2 million, for a total project total of \$3.1 million.

Department of Health

Expenditures by Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	21.4	33.9	33.2	(\$0.7)	-2.0%	\$29.0	(\$4.8)	-14.3%
Community Health and Equity	139.0	165.5	157.4	(8.1)	-4.9%	157.8	(7.7)	-4.6%
COVID-19	72.8	68.9	100.6	31.7	46.0%	15.2	(53.7)	-78.0%
Customer Services	21.3	23.0	25.9	3.0	13.0%	-	(23.0)	-100.0%
Emergency Preparedness and Infectious Disease	-	-	-	-	-	17.1	17.1	100.0%
Environmental Health	16.1	19.6	22.9	3.3	16.8%	22.4	2.8	14.4%
Health Laboratories	15.8	18.9	20.3	1.4	7.7%	20.9	2.1	11.0%
Healthcare Quality and Safety	-	-	-	-	-	15.8	15.8	100.0%
Policy, Information, and Communication	6.4	6.9	6.7	(0.2)	-2.3%	9.2	2.3	33.2%
Preparedness, Response, Infectious Disease, and Emergency Medical Services	21.3	19.7	20.8	1.1	5.6%	-	(19.7)	-100.0%
Medical Examiner	-	-	-	-	-	4.6	4.6	100.0%
Total	\$314.0	\$356.3	\$387.8	\$31.6	8.9%	\$292.1	(\$64.2)	-18.0%

Expenditures by Source	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
General Revenue	34.0	40.1	40.5	\$0.5	1.2%	38.1	(\$2.0)	-4.9%
Federal Funds	204.7	205.1	248.3	43.2	21.1%	152.9	(95.5)	-25.5%
Restricted Receipts	74.9	108.1	95.3	(12.8)	-11.8%	92.4	(2.9)	-14.5%
Other Funds	0.4	3.0	3.7	0.6	21.1%	8.8	5.1	190.0%
Total	\$314.0	\$356.3	\$387.8	\$31.6	8.9%	\$292.1	(\$64.1)	-18.0%

Authorized FTE Levels 575.6 572.6 572.6 - - 572.6 - -

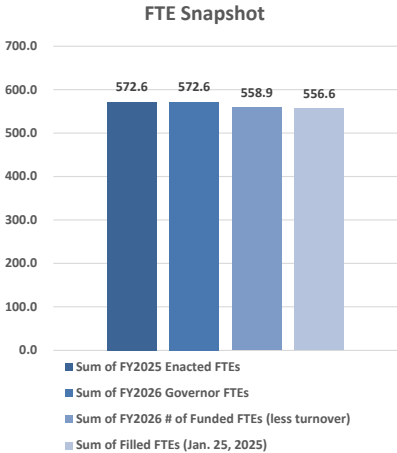
*\$ in million. Totals may vary due to rounding.

The mission of the Rhode Island Department of Health (RIDOH) is to prevent disease and to protect and promote the health and safety of the people of Rhode Island. Since Rhode Island has no local health departments the Department coordinates public health activities across the State. The Department’s responsibilities include licensing and regulation, collection and analysis of health data, disease surveillance, prevention, and control, vital records, and state laboratories. The Department also houses the Office of the Medical Examiner, the agency responsible for investigating and certifying suspicious or otherwise unexplained deaths.

MAJOR ISSUES AND TRENDS

The FY2026 Budget allocates funding for the nine programs within the Department of Health (DOH): Central Management, Community Health and Equity, COVID-19, Emergency Preparedness and Infectious Disease, Environmental Health, Health Laboratories, Healthcare Quality and Safety, Policy, Information and Communications, and Medical Examiner. The Budget includes \$292.1 million in all funds for FY2026, a decrease of \$64.1 million from the FY2025 Budget as Enacted. General revenues compromise 13.1 percent of the total funds, equaling \$38.1 million, a decrease of \$2.0 million from the FY2025 Budget as Enacted.

The Budget includes \$387.8 million in all funds for FY2025, an increase of \$31.6 million from the FY2025 Budget as Enacted. General revenues compromise 10.5 percent of the total funds, equaling \$40.5 million, an increase of \$479,410 from the FY2025 Budget as Enacted.



The Budget includes a total authorized FTE count of 572.6, level with the FY2026 Enacted Budget.

RIDOH Program Restructure:

The FY2026 recommended budget proposes the reorganization of several programs which will help to facilitate and enhance implementation of their three leading priorities; addressing the socioeconomic and environmental determinants of health in Rhode Island, eliminate disparities of health in Rhode Island and to promote health equity, and ensure access to quality health services for Rhode Islanders, including its vulnerable populations. The public health emergency emphasized gaps and ongoing challenges in the delivery of public health services to Rhode Island. The reorganization of the Department will enable the Department to streamline and improve coordination across public health operations, create agility to respond to a public health crisis, and leverage analytics and data to identify and address the most critical determinants of health. The proposal dissolves the Division of Customer Services, shifting its functions to Central Management, and Healthcare Safety and Quality; dissolves the Division of Preparedness Response, Infectious Diseases, and Emergency Medical Services, shifting its functions to Emergency Preparedness and Infectious Disease, and Healthcare Quality and Safety; and splits the Division of Health Laboratories and Medical Examiner into the Division of Health Laboratories, and the Division of the Medical Examiner. The reorganization also shifts the Health Equity Institute from Central Management to Community Health and Equity.

Functions	FY2025	FY2026
Health Equity Institutes	Central Management	Community Health and Equity
Opioid Overdose Prevention	Customer Services	Central Management
Vital Records	Customer Services	Policy, Information, and Communications
Emergency Preparedness, and Response	Preparedness, Response, Infectious Disease, and Emergency Medical Services	Emergency Preparedness and Infectious Disease
Emergency Medical Services	Preparedness, Response, Infectious Disease, and Emergency Medical Services	Healthcare Quality and Safety
Health Facilities Regulation	Customer Services	Healthcare Quality and Safety
Health Professionals Boards and Licensing	Customer Services	Healthcare Quality and Safety
Medical Examiners	Health Laboratories and Medical Examiners	Medical Examiners
Health Laboratories	Health Laboratories and Medical Examiners	Health Laboratories

CENTRAL MANAGEMENT

Central Management provides overall leadership, management, and administrative functions for the Department. The Division includes two subprograms: Executive Functions, and Management Services.

Central Management	General Revenue
FY2025 Enacted	\$6,269,508
<i>Target and Other Adjustments</i>	
	6,000
Health Equity Institute Shift to Community Health and Equity	(3,607,652)
Personnel Adjustments (statewide adjustments)	(129,124)
Gloria Gemma Breast Cancer Grant	50,000
FY2026 Governor	\$2,588,732

Central Management	Other Fund Changes
Opioid Overdose Prevention (restricted receipts)	\$6,880,872
Health Equity Institute Shift to Community Health and Equity (federal funds)	(3,918,355)
Indirect Cost Recovery (restricted receipts)	(3,671,381)
Preventive Health and Health Services Block Grant (federal funds)	(736,565)
Public Health Infrastructure Grant (federal funds)	181,251

Health Equity Institute Shift to Community Health and Equity ***(\$3.6 million)***

The Budget includes a \$3.6 million decrease to reflect the transfer of the Health Equity Institute to the Division of Community Health and Equity. The Health Equity Institute ensures that every Rhode Islander has a fair and just opportunity to be healthy by identifying the root cause of uneven health outcomes across population groups, collaborating with partners to address those root causes, and monitoring Rhode Island’s progress towards more equitable outcomes. The Department believes that the Institute better aligns with the Division of Community Health and Equity over Central Management as the Division is tasked with eliminating health disparities. This budget item includes a corresponding federal funds shift of \$3.9 million.

The FY2025 Budget as Enacted includes \$2.7 million within the Health Equity Institute to support Primary Care training sites, and the Office of Primary Care, which corresponded with Article 11 of the FY2025 Enacted. However, the reorganization does not include any funding for primary care training sites, reducing total funding to \$0. These funds supported the implementation of the Office of Primary Care and grants of up to \$90,000 for participating training sites. Article 11 also charged the Department with the authority to enter into contracts with participating primary care sites so long as they focus on a curriculum based on the patient-centered medical home model, a model of care placing patients at the forefront of care. PCMH models build better relationships between patients and physicians, resulting in high quality and efficient care, improving both patient and staff experience.

Gloria Gemma Breast Cancer Grant ***\$50,000***

The Budget includes a \$50,000 general revenue increase to support the Gloria Gemma Breast Cancer Grant, which will support the foundation’s new survivorship and well-being center in Lincoln. Gloria Gemma provides free programs and support services to breast cancer patients, survivors, and their loved ones.

Opioid Overdose Preventions (restricted receipts) ***\$6.9 million***

The Budget includes a restricted receipt shift of \$6.9 million, reflecting the transfer of Opioid programs from customer services to central management. This is \$1.8 million more than the FY 2025 Enacted Budget (\$5.1 million). Of these funds, \$1.4 million derive from the Opioid Stewardship Funds, and the remaining \$5.5 million derive from the Statewide Opioid Abatement Account. According to the Department, this program best fits into the Division of Central Management as the Division is primarily responsible for management operational functions, which includes financial management.

Indirect Cost Recoveries (restricted receipts)**(\$3.7 million)**

The Governor recommends a net decrease of \$3.7 million related to changes in the indirect cost recovery expenditures resulting from changes in various federal grant programs accounts within DOH. This decrease is attributable to the decrease of COVID-19 awards in FY2024 and is based on the most recently ended fiscal year, which is SFY2023. The Department utilizes indirect cost recovery funds for state-supported operational costs to federal programs or activities.

In accordance with RIGL 34-4-23.1, the Department applies for federal indirect cost recoveries through an indirect cost proposal, which is submitted directly to the U.S. Department of Health and Human Services (DHHS). To receive this reimbursement, the DOH submits an indirect cost proposal requesting federal approval of the indirect rate for the upcoming fiscal year.

Preventative Health and Health Services Block Grant (federal funds)**(\$736,565)**

The Budget includes a federal funds decrease of \$736,565 to reflect the conclusion of the state's Preventive Health and Health Services Block Grant, which was provided to the State by the U.S. Centers for Disease Control and Prevention (CDC) to bolster public health systems. The Department, in partnership with its Prevention Block Grant Advisory Committee, set program priorities, including a focus on health disparities, health promotion, community interventions, and public health information. The grant supported numerous Department initiatives including increasing physical activity and active transportation, expanding the perinatal mental health workforce, supporting access to food in high need areas, Health Equity Zones, and supportive services to individuals with disabilities.

Public Health Infrastructure Grant (federal funds)**\$181,251**

The Budget includes a \$181,251 federal funds increase (\$4.6 million total) related to the Public Health Infrastructure Grant. The grant supports activities that bolster the staffing diversity required to effectively implement and respond to public health emergencies. The Department received a five-year, \$15.3 million grant from the CDC to address critical public health infrastructure in ways that improve the Department's ability to serve the needs of Rhode Island's residents. These funds are to be used in support of workforce, data modernization, and foundational capabilities.

COMMUNITY HEALTH AND EQUITY

The Division of Community Health and Equity aims to eliminate health disparities, assure healthy child development, control disease, and strive for healthy communities. The division includes four centers: chronic care and disease management, health promotion and wellness, perinatal and early childhood health, and preventive services.

Community Health and Equity	General Revenue
FY2025 Enacted	\$1,151,326
<i>Target and Other Adjustments</i>	<i>19,221</i>
Health Equity Institute Shift to Community Health and Equity	847,220
FY2026 Governor	\$2,017,767

Community Health and Equity	Other Fund Changes
Immunizations (restricted receipts)	(\$13,295,582)
Maternal and Child Health (federal funds)	4,833,103
Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program	4,339,923
CARES Act: RI Community Health Workers for COVID	(2,451,927)
Health Equity Institute Shift to Community Health and Equity (federal funds)	2,101,399
Suicide Prevention	(1,104,895)

Health Equity Institute Shift to Community Health and Equity **\$847,220**

The Budget includes a general revenue shift of \$847,220 to reflect the transfer of the Health Equity Institute to the Division of Community Health and Equity, resulting in a \$2.8 million decrease to the institute relative to FY2025 Enacted.

The Health Equity Institute collaborates with RIDOH staff to ensure that every Rhode Islander has a fair and just opportunity to be healthy by identifying the root cause of uneven health outcomes across population groups, collaborating with partners to address those root causes, and monitoring Rhode Island's progress towards more equitable outcomes. The Department believes that the institute better aligns with the Division of Community Health and Equity over Central Management as the Division is tasked with eliminating health disparities. This budget item includes a corresponding federal funds shift of \$2.1 million.

Immunizations (restricted receipts) **(\$13.3 million)**

The Budget includes a decrease of \$13.3 million to support immunization efforts within the Department. The immunization estimates were done in 2024 without exact costs and dosage requirements, actual vaccine costs and demand were lower than projected. This decrease reflects revised projections for vaccine costs, dosage, and demand in FY2026.

Maternal and Child Health Services (federal funds) **\$4.8 million**

The Budget includes a \$4.8 million increase in federal funds associates with the Maternal and Child Health Block Grant. The Department receives this grant from the Health Resources and Services Administration to improve public health systems for mothers, children, and their families. The Department emphasizes health equity as an underlying principle of the program, which results in improving the health of women and children by reducing perinatal health disparities, reducing maternal mortality rate, strengthening the bond between mother and baby, ensuring school readiness, supporting behavioral health in adolescence, and ensuring effective care coordination.

Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program **\$4.3 million**

The Budget increases federal funds by \$4.3 million to support the Department's share of the Maternal, Infant, and Early Childhood Home Visiting Program. The Budget removes federal funds for the home visiting program that are associated with the Medicaid match to ensure more efficient Medicaid billing processes; however, the Department will still administer the program. These funds cover the remaining costs of the home visiting program that are not associated with Medicaid.

CARES Act: RI Community Health Workers for COVID (federal funds) **(\$2.5 million)**

The Budget decreases federal funds by \$2.5 million for the CARES Act Community Health Workers Grant.

Suicide Prevention (federal funds) **(\$1.1 million)**

The Budget includes a \$1.1 million decrease in federal funds to support the Department's suicide prevention initiatives. These funds help the Department maintain Prevent Suicide RI and Rhode Island Youth Suicide Prevention Project, as well as provide resources, educating parents, and develop the suicide prevention State Plan. The FY2025 Enacted budget included a \$1.5 million federal fund increase, restoring programming expenditures to pre-FY2025 levels.

COVID-19

The COVID-19 program was established within the Department of Health in FY2021 to support Rhode Island's pandemic response. The program primarily consists of federal appropriations related to the public health response to the COVID-19 pandemic. This program continues into the FY2024 Revised and FY2025 Enacted budgets. The Department of Health is responsible for coordinating the State's efforts in combatting COVID-19 with contact tracing and case investigations, treatment, testing, vaccinations, and lab processing.

COVID-19	Other Fund Changes
COVID-19 Adjustments (federal funds)	(\$53,693,240)

COVID-19 Adjustments (federal funds) (\$53.7 million)

The Budget decreases federal funds by \$53.7 million to reflect expenditures towards the State's response to the COVID-19 pandemic. Expenditures are funded through the Consolidated Appropriations Act 2021, the CARES Act, PPHCE, FEMA disaster resources, and from the American Rescue Plan Act (ARPA) direct appropriations. The funding within the Department of Health supports efforts in testing, contact tracing, vaccination, other public health-related activities, and the construction of a new State Health Laboratory. The Budget includes \$7.1 million in ARPA funds and \$8.1 million in the other COVID-19 funds.

COVID-19	FY2025 Enacted	FY2026 Governor	Change from Enacted	
Other Support Services	\$49.0	\$6.9	(\$42.0)	-85.8%
Contact Tracing/ Case Investigation	3.7	4.2	0.5	12.3%
Supplies	4.6	0.0	(4.6)	-100.0%
Data Analytics, Tech, & Modeling	6.3	2.3	(4.0)	-62.9%
Community Mitigation & Prevention	4.3	0.0	(4.3)	-100.0%
Testing	0.9	1.6	0.7	82.6%
Communications	0.1	0.2	0.1	56.5%
Total	\$68.9	\$15.2	(\$53.7)	-78.0%

COVID-19	FY2025 Enacted	FY2026 Governor	Change from Enacted	
ARPA Direct	\$53.1	\$7.1	(\$46.0)	-86.6%
CARES Act	0.1	0.7	0.6	659.7%
PPEHCE	4.1	2.3	(1.7)	-42.7%
Consolidated Appropriations Act	11.6	5.0	(6.6)	-57.0%
Total	\$68.9	\$15.2	(\$53.7)	-78.0%

- **Other Support Services:** The Budget decreases federal funds by \$42.0 million for support services. These services include miscellaneous costs associated with the overall response to the public health crisis. These include costs related to community mitigation, high density cases, human services relief, childcare, and government readiness.
- **Testing:** The Budget increases federal funds by \$710,596 for costs related to equipment, staffing, and contracted services related to COVID-19.
- **Data Analytics, Tech, and Modeling:** The Budget decreases federal funds by \$4.0 million for costs related to tracking data associated with COVID-19. This includes tracking cases, tests, treatment, hospitalizations, and deaths as well as infrastructure needed to develop models that predict disease projections.
- **Case Investigations and Contact Tracing:** The Budget increases federal funds by \$455,202 reflecting increased need for the infrastructure required for contract tracing and investigations, operating support, and the personnel to manage the overall process.
- **Communications:** The Budget increases federal funds for communications by \$60,583 to reflect a decreased need for infrastructure related to delivering information to Rhode Island residents that will assist them in making appropriate health decisions.
- **Supplies:** The Budget decreases federal funding by \$4.6 million for vaccination and immunization costs.

- **Community Mitigation and Prevention:** The Budget decreases federal funds for Community Mitigation by \$4.3 million for services related to mitigation and prevention of COVID-19. This expense includes community outreach, mitigation and prevention in homeless service sites and health equity zones, and vaccination costs.

CUSTOMER SERVICES

Customer Services	General Revenue
FY2025 Enacted	\$8,969,365
<i>Target and Other Adjustments</i>	
Program Restructure	Informational
FY2026 Governor	\$0

Program Restructure

Informational

Due to the Department's reorganization initiative, the Division of Customer Services has been dissolved, shifting its functions to the Division of Policy, Information, and Communications, Division of Healthcare Quality and Safety, and Central Management. The Division of Customer Services had licensure and regulatory responsibilities of health care professionals and facilities, and was comprised of three centers: Professional Licensing, Boards and Commissions; the Center for Vital Records', and the Center for Health Facilities Regulation.

Functions	FY2025	FY2026
Opioid Overdose Prevention	Customer Services	Central Management
Vital Records	Customer Services	Policy, Information, and Communications
Health Facilities Regulation	Customer Services	Healthcare Quality and Safety
Health Professionals Boards and Licensing	Customer Services	Healthcare Quality and Safety

EMERGENCY PREPAREDNESS AND INFECTIOUS DISEASE

The Division of Emergency Preparedness and Infectious Disease is responsible for creating and promoting a state of readiness and prompt response to protect the health of Rhode Islanders during catastrophic events, large-scale disasters, and other types of emergencies and controlling person-to-person spread of infectious disease. The Division oversees the Center for Acute Infectious Disease Epidemiology, Center for HIV, Hepatitis, STD, and TB Epidemiology, Center for Emergency Preparedness and Response, and Center for COVID-19 Epidemiology.

Emergency Preparedness and Infectious Disease	General Revenue
FY2025 Enacted	2,169,568
<i>Target and Other Adjustments</i>	
Emergency Medical Services Shift to Health Quality and Safety	(3,970)
Personnel Adjustments (statewide adjustments)	89,993
FY2026 Governor	\$1,907,851
<i>Other Fund Changes</i>	
Federal Fund Changes (federal funds)	(2,306,804)

The Emergency Preparedness and Infectious Disease program is new to RIDOH's FY2026 budget. Narratives compare CSL to the accounts shifted from the Preparedness, Response, Infectious Disease, and Emergency Medical Services (PRIDEMS) program that have been discontinued.

Emergency Medical Services Shift to Health Quality and Safety (\$347,740)

The Budget proposes shifting the Emergency Medical Services program to the Division of Health Quality and Safety, resulting in a general revenue decrease of \$347,740. The Division oversees emergency medical services throughout the State by collaborating with the Ambulance Service Advisory Board, developing comprehensive statewide plans for emergency medical services, establishing standards for licensing, vehicles, equipment, personnel, training, and communications; and analyzing ambulance run data. As the Division of Healthcare Quality and Safety oversees the provisions of healthcare services, the Department feels that the program will better align with the Division's mission.

Federal Fund Changes (federal funds) (\$2.3 million)

The Budget includes a decrease of \$2.3 million in federal funds, or negative 13.2 percent change to funding, which is primarily attributable to the shift of the Emergency Medical Services program to Emergency Preparedness and Infectious Disease program. The Division has a total of \$15.2 million in federal support. The table below illustrates the Division's federal fund changes by program, completely eliminating the Emergency Medical Services program, and decreasing the remaining three programs by an average of 14.6 percent.

Federal Funds Change by Program	FY2025 Enacted	FY2026 Governor	Change from Enacted	
Acute Infectious Disease	\$4.4	\$5.0	\$0.6	14.3%
Emergency Preparedness and Response	8.4	7.1	(1.2)	-14.9%
HIV, Hep, STDs and TB	3.6	3.1	(0.5)	-14.0%
Emergency Medical Services	1.2	-	(1.2)	-100.0%
Total	\$17.5	\$15.2	(\$2.3)	-13.2%

ENVIRONMENTAL HEALTH

The Environmental Health program holds responsibility for the licensure and regulatory activities related to Environmental Health and all activities related to Healthy Homes. The program regulates and provides oversight of population-based activities related to safe food; clean water; healthy homes in the areas of lead, asbestos, radon; and, health and safety in the workplace. The program includes three Centers: The Center for Food Protection, the Center for Drinking Water Quality, and the Center for Healthy Homes and Environment.

Environmental Health	General Revenue
FY2025 Enacted	\$7,155,472
<hr/>	
<i>Target and Other Adjustments</i>	<i>2,948</i>
Personnel Adjustments (statewide adjustments)	829,443
Health Risk Assessment	(622,279)
Operating Supplies and Expenses	(391,031)
Food Inspector to RR Funds	(137,657)
FY2026 Governor	\$6,836,896

Environmental Health	Other Fund Changes
Drinking Water Safety (federal funds)	(2,402,908)
Aid to Disadvantaged Communities (federal funds)	433,726
Lead Remediation in Schools and Child Care (federal funds)	315,228
Rhode Island Manufactured Food Regulatory Program (federal funds)	173,536
Food Inspector to RR Funds (restricted receipts)	137,657

Health Risk Assessment **(\$622,279)**

The Budget proposes \$1.5 million in general revenue to support the Health Risk Assessment (HRA), a decrease of \$622,279 from the FY2025 Enacted. This decrease is attributable to the implementation and initial roll out of the lead registry, which was projected to be much more than the subsequent years. The HRA account used towards salary & fringe match for federal award funding, lead education, lead inspection and lead related services

Operating Supplies and Expenses **(\$391,031)**

The Budget proposes a general revenue decrease of \$391,031, reflecting an expenditure decrease in operating supplies and expenses. This reduction is primarily within the Food Protection program, which is reduced by \$375,562. According to the Office of Management and Budget (OMB), the reduction is largely attributable to a trade off in miscellaneous expenditures shifting to personnel. It is a common practice for the Department to place funds for future FTE positions within operating expenditures, and then removes these costs the following fiscal year when the position is filled. It is unclear why the Department is budgeting funds for personnel in operating expenditures.

Food Inspector to RR Funds **(\$137,657)**

The Budget proposes shifting \$137,657 in general revenue funds to restricted receipts to preserve 1.0 FTE Food Inspector position for FY2026. According to the Department, the position would be removed in FY2027. The position is responsible for ensuring food safety and sanitation in licensed food businesses, including restaurants, hospitals, schools, cottage foods, etc. In the FY2026 Budget request, the Department notes that removing this position could jeopardize Rhode Island businesses that sell shellfish and milk interstate, as well as interstate and interdepartmental collaborations. The shellfish inspection program is a collaborative program with the Food and Drug Administration (FDA), and must follow the FDA National Shellfish Sanitation Program. The Rhode Island Milk Program has similar requirements under the FDA Pasteurized Milk Ordinance. Furthermore, this proposal could negatively impact interagency collaboration as the Department of Education (RIDE) and the Department of Environmental Management (DEM) both rely on the food inspector programs to meet federal programmatic qualifications.

Drinking Water Safety (federal funds) **(\$2.4 million)**

The Budget includes \$1.9 million in federal funds to support initiatives related to the safe drinking water act (SDWA), resulting in a federal funds decrease of \$2.4 million. These monies enable RIDOH to sample public water systems, provide guidance related to the SDWA, provide outreach and training, and plan for

emergencies. The Safe Drinking Water Act requires the Environmental Protection Agency (EPA), to set standards for drinking water such as barriers related to pollution, including source water protection, treatment, and distribution system integrity.

Aid to Disadvantaged Communities (federal funds) \$433,726

The Budget includes a federal funds increase of \$433,726, reflecting two new grants intended to mitigate adverse social determinants of health within Rhode Island’s disadvantaged communities. Of these funds, \$143,209 derive from the Southeast New England Program (SNEP) Opportunity to Advance Resilience (SOAR) Fund, a program developed in 2023 by the Environmental Protection Agency (EPA) region 1, to improve climate resiliency in communities throughout southeast New England. SOR is funded through the Infrastructure Investment and Jobs Act. The remaining \$290,517 is funded through the Small and Underserved Communities Emerging Contaminants EPA grant, which provides states with grants for public water systems in small or disadvantaged communities.

Lead Remediation for Schools and Child Care (federal funds) \$315,228

The Budget includes \$315,228 in federal funds, reflecting the inclusion of the new Lead Remediation in Schools and Child Care grant provided by the EPA. In August of 2024, the EPA announced the award, which is intended to protect children from lead in drinking water at schools and childcare facilities. The funding will be used to reduce lead exposure where children learn and play while advancing the goals of the Biden Administration’s Lead Pipe and Paint Action Plan.

Rhode Island Manufactured Food Regulatory Program (federal funds) \$173,536

The Budget includes a total of \$173,536 in federal funds to support the manufactured food program, which ensures the safety of food processed in RI. The Food Safety Modernization Act (FSMA), a federal law enacted in 2011, requires firms that manufacture food to follow the preventative controls for human food (PCHF) food safety requirements. RIDOH adopted these regulations and enforced all applicable provisions. The increase in federal funds is attributable to a new federal reward; the Department expects to receive \$150,000 per year.

HEALTH LABORATORIES

The Division of Health Laboratories provides laboratory services to state and municipal agencies, health care providers, and the general public, for the purposes of public health, environmental protection, and forensic science.

Health Laboratories	General Revenue
FY2025 Enacted	\$13,340,120
<i>Target and Other Adjustments</i>	
State Medical Examiner subprogram shift	(4,199,657)
Personnel Adjustments (statewide adjustments)	651,253
Operational Adjustments	(219,196)
Contract Adjustments	(58,000)
FY2026 Governor	\$9,514,520

Health Laboratories	Other Fund Changes
Capital Purchases (other funds)	\$5,742,121

State Medical Examiner Subprogram Shift (\$4.2 million)

The Department’s reorganization removes the State Office of the Medical Examiner, establishing a stand-alone division. In December 2024, the Department hired a Medical Examiner, with an annual salary of \$393,750. It has been more than eight years since the State has had a permanent medical examiner. Due to

the extensively long vacancy, the Department had previously combined the Divisions of Health Laboratories, and Medical Examiner, charging the associate Director of Health Laboratories with oversight of the Medical Examiner’s Office.

Operational Adjustments **(\$219,196)**

The Budget includes a general revenue decrease of \$219,196, which is primarily due to the program restructure, which resulted in a \$340,596 decrease in the Office of the Associate Director. This change is attributable to internal service fund adjustments made by the Department of Administration, which is due to anticipated staff level needs for contracted clerical services.

Contract Adjustments **(\$58,000)**

The Budget includes a \$58,000 decrease in contract expenditures, which is primarily attributable to the hiring of a medical examiner, and the reorganization of the Division. Prior to hiring a Medical Examiner, the Division would contract out these services, which was consistently costlier than maintaining the position. This change is attributable to ISF adjustments made by the Department of Administration, which is due to anticipated staff level needs for contracted clerical services.

HEALTHCARE QUALITY AND SAFETY

The Division of Healthcare Quality and Safety oversees the minimum standards for the provision of healthcare services. The Division licenses, investigates, and disciplines healthcare professionals, healthcare facilities, and health-related facilities. The Division encompasses three centers; the Center for Professional Licensing, Boards, and Commissions, the Center for Health Facilities Regulation, and the Center for Emergency Medical Services.

Healthcare Quality and Safety	General Revenue
FY2025 Enacted	\$8,969,365
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	532,778
Operating Adjustments	(818,020)
Contract Adjustment	(968,668)
Nursing Home Staffing and Regulation	109,173
Emergency Medical Services Shift	43,693
FY2026 Governor	\$7,868,321

Healthcare Quality and Safety	Other Fund Changes
Cannabis 1.0 FTE (restricted receipts)	165,833

The Division of Healthcare Quality and Safety is new to the Department’s FY2026 Budget. Narratives compare accounts shifted from the Division of Customer Services, and the Division of Preparedness, Response, Infectious Disease, and Emergency Medical Services, which have been discontinued. The general revenue accounts that are impacted include the Associate Director (CS), Facilities Regulation (CS), Assisted Living Regulation (CS), Professional Licensing and Boards (CS), and Emergency Medical Services (PRIDEMS).

Operating Adjustments **(\$818,020)**

The Budget includes \$640,361 in general revenue, a \$818,020 decrease in operating expenditures, aligning the Division with the prior year actuals of the Division of Customer Services. Of these funds, the Division includes total operating expenditures of \$14,430 for the Center for Emergency Medical Services, \$199,620 for the Center for Health Facilities Regulation, and \$344,485 for the Center for Professional Licensing, Boards, and Commissions.

In the wake of a budget deficit, the Governor made the decision to constrain operating expenditures to control spending growth, which has resulted in significant decreases in contract expenditures. The Governor proposes this budget mechanism, rather than broad based tax increases or personnel layoffs.

Contract Adjustments **(\$967,168)**

The Budget includes \$301,297 in general revenue to fund contract expenditures, resulting in a \$967,168 general revenue decrease, which is primarily attributable to decreased contracting expenditures in out years due to the winding down of 1.0 Senior Data Collection Quality Control Specialist, and 2.0 Program Manager I position's. These positions contributed to the Center for Emergency Medical Services, servicing the Mobile Integrated Health Community Paramedicine Program, EMS for Children Program, the First Responders Workgroup, the Governors Overdose Taskforce, and Comprehensive and Addiction Recovery programs.

Nursing Home Staffing and Regulation **\$109,173**

The Budget includes a general revenue increase of \$109,173 to support operations related to the Nursing Home Staffing and Quality Care Act, which established a minimum standard of hours in which direct care staff interacted with patients, and requires the Department to consult with industry experts to determine new staffing standards. Article 10 amends the Nursing Home Staffing and Quality Care Act, establishing new staffing standards and penalty structure, removing the 5-year requirement that the Department consult with industry experts, and waiving all penalties assessed before the third quarter of 2025.

Emergency Medical Services Shift **\$43,693**

The Budget includes a general revenue increase of \$43,693 to support the shift of the Center of Emergency Medical Services from the Division of Preparedness, Response, Infectious Disease, and Emergency Medical Services (PRIDEMS) to the Division of Healthcare Quality and Safety. PRIDEMS has been discontinued as a result of the Department's reorganization initiative, however, the Division's functions remain within the Department. According to the Department, the Center for Emergency Medical Services is better suited for the Division of Healthcare Quality and Safety as its primary function includes the licensure, regulation, and oversight of EMS practitioners, ambulance services, ambulances, and training programs.

Cannabis 1.0 FTE (restricted receipts) **\$165,883**

The Governor proposes a restricted receipt increase to support 1.0 FTE Data Analyst I position which will be tasked with oversight of cannabis testing laboratories - ensuring compliance to State regulations, managing cannabis testing responsibilities, and responding to compliance investigations. Currently, the State utilizes private third-party laboratories to test batches, however, several issues have arisen related to the structure and compliance of the third-party labs. RIDOH, in conjunction with the Department of Business Regulation (DBR), have requested this position to deploy a statistical analysis of the testing protocol and processes.

POLICY, INFORMATION, AND COMMUNICATIONS

The Division of Policy, Information, and Communication is responsible for public health communications; data collection, analysis, and dissemination; coordination of the Department's legislative and regulatory functions; and ensuring standards of care are maintained in new and existing healthcare facilities. The Division includes four centers: Public Health Communications, Health Data and Analysis and Public Informatics, Health Systems Policy and Regulation, and Legislative and Regulatory Affairs.

Policy, Information, and Communications	General Revenue
FY2025 Enacted	\$2,669,329
<i>Target and Other Adjustments</i>	
DOH - Loan Repayment Program	37,340
Associate Director	200,000
Center for Vital Records	(153,029)
FY2026 Governor	\$2,785,613

Healthcare Quality and Safety	Other Fund Changes
Primary and Behavioral Health Care Integration (federal funds)	\$590,885
All Payor Claims Database (restricted receipts)	(338,146)
State Loan Repayment Match (restricted receipts)	(321,639)
State Loan Repayment Match (federal funds)	(260,331)
Health Systems Reimbursement (restricted receipts)	(204,126)

DOH - Loan Repayment Program **\$200,000**

The Budget includes a general revenue increase of \$200,000 in general revenue to support the health professional loan repayment program, which provides loan repayment assistance to health professionals such as licensed primary care, dental, and mental health clinicians, working for a minimum of 2.0 years at an approved health professional shortage area. The program aims to improve access to care and address health professional shortages that cause disparities in health. There is a corresponding federal funds, and restricted receipts decrease of \$260,311, and \$321,639, respectively.

Associate Director **(\$153,029)**

The Budget includes a general revenue decrease of \$153,029, which is primarily attributable to the elimination of 1.0 FTE Senior Research Technician (\$126,608), as well as eliminate an additional \$47,000 in contracted services which supported a temporary administrative position. RIDOH stated that the Department is able to absorb the responsibilities of these positions. This funding change relates to the Governor’s proposal to amend the Certificate of Need Process through consolidation and streamlining within the program.

Center for Vital Records **\$31,973**

The Budget includes a \$31,973 general revenue increase to support the transfer of the Center for Vital Records from the now defunct Division of Customer Services to the Division of Policy, Information, and Communications. The Center for Vital Records ensures the appropriate access to permanent records related to births, deaths, marriages, and civil unions for all 39 municipalities in Rhode Island. The funding change is primarily attributable to a \$98,060 increase in personnel expenditures, a \$105,389 decrease in contracting expenditures, and a \$36,302 increase in operating expenditures, aligning the Centers expenditures with prior year actuals.

Due to the Department’s reorganization initiative, the Center for Vital Records, has shifted to the Division of Policy, Information, and Communication. Previously, the Center was located within the Division of Customer Services. FY2025 Enacted numbers are derives from the Center for Vital Records subprogram within the Division Customer Services.

Primary and Behavioral Health Care Integration (federal funds) **\$590,885**

The Budget includes a federal funds increase of \$590,885, reflecting a new grant awarded to the Department from the Substance Abuse and Mental Health Services Administration. The grant incentivizes projects that focus on the coordination and integration of services in community-based behavioral settings.

All Payor Claims Database (restricted receipts) (\$338,146)

The Budget includes a decrease of \$338,146 in restricted receipts. The account supports HealthFacts RI, the State’s all payor claims database. HealthFacts RI collects healthcare claims data from a variety of sources including Medicare and Medicaid. In FY2025, the budget included an increase in contracted services to maintain the database, as the services have been completed, these funds have been decreased to prior year actuals.

Health Systems Reimbursement (restricted receipts) (\$204,126)

The Budget includes a restricted receipt decrease of \$204,126. The Health Systems Reimbursement account is paid for by contributions from healthcare entities as part of their Conditions of Approval in relation to an application (Certificate of Need, Change of Effective Control, Initial Licensure). It supports staff costs and related expenses in the Office of Health Systems Development. Additionally, the Office of Health Systems Development requires legal consultants to represent RIDOH in connection with the review of applications as referenced in RI Gen Laws 23-1-53. These legal expenses are reimbursed by the applicants.

PREPAREDNESS, RESPONSE, INFECTIOUS DISEASE, AND EMERGENCY MEDICAL SERVICES

Preparedness, Response, Infectious Disease, and Emergency Medical Services	General Revenue
FY2025 Enacted	\$2,169,568
<i>Target and Other Adjustments</i>	<i>(2,169,568)</i>
Program Restructure	Informational
FY2026 Governor	\$0

Program Restructure Informational

Due to the Department’s reorganization initiative, the Division of Preparedness, Response, Infectious Disease, and Emergency Medical Services has been dissolved, shifting its functions to the Division of Emergency Preparedness and Infectious Disease, and Division of Healthcare Quality and Safety. The Preparedness, Response, Infectious Disease, and Emergency Medical Services division included four centers: Emergency Preparedness and Response; Infectious Disease and Epidemiology; HIV, Hepatitis, STD, and TB Epidemiology; and, Emergency Medical Services. The Division prepared for and responded to catastrophic events, disasters, and emergencies. It also monitored and worked to prevent the spread of infectious diseases, and licenses and regulates emergency medical services in the state.

Functions	FY2025	FY2026
Emergency Preparedness, and Response	Preparedness, Response, Infectious Disease, and Emergency Medical Services	Emergency Preparedness and Infectious Disease
Emergency Medical Services	Preparedness, Response, Infectious Disease, and Emergency Medical Services	Healthcare Quality and Safety

MEDICAL EXAMINER

The Office of the Medical Examiner determines the cause and manner of death through postmortem investigations of all known or suspected homicides, suicides, accidental deaths, sudden infant deaths, drug-related deaths, medically unattended or unexplained deaths, and deaths that may constitute the threat of an epidemic or in any way endanger the public. OSME interacts with federal, state, and local law enforcement agencies when a death is found to be due to a crime. Medical examiners provide testimony in court as subject matter experts during criminal prosecutions.

State Medical Examiner	General Revenue
FY2025 Enacted	\$4,199,657
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<i>Target and Other Adjustments</i>	11,339
Personnel Adjustments (statewide adjustments)	428,610
Contract Adjustments	(117,822)
FY2026 Governor	\$4,521,784

Contract Adjustments **(\$117,822)**

The Budget includes a \$117,822 general revenue decrease to reflect decreased use in contracted services. The State has experienced vacancies within the Chief Medical Examiner, and Assistant Medical Examiner positions for eight years, contracting out these services. In December 2024, the Department hired the Chief Medical Examiner position, resulting in decreased expenditures related to contracted services. As the Department continues to onboard new positions, contracting expenditures will continue to decrease.

Due to the Department’s reorganization initiative, the Office of the State Medical Examiner, has been separated, creating its own standalone Division. Previously, the Office was located within the Division of Health Laboratories and State Medical Examiner. FY2025 Enacted numbers are derives from the Office of the State Medical Examiner subprogram within the Division of Health Laboratories and Medical Examiner.

CAPITAL PROJECTS

State Health Laboratory Building

The Budget includes \$97.7 million in all funds within the Department to construct a new state health laboratory building, of which \$81.7 million derive from a federal CDC grant. The total expenditures exceed the projected cost of the lab (\$81.8 million) by \$15.2 million. The FY2026 Budget includes \$8.4 million in RICAP funds.

New Health Lab	Total Funding	FY2026 Recommended
Federal Funds	\$81.7	-
Restricted Receipts	4.4	-
RICAP	11.6	8.4
Total	\$97.7	\$8.4

\$ in millions

Health Laboratories & Medical Examiner Equipment

The Budget includes \$400,000 in Rhode Island Capital Plan (RICAP) funds within the Department for various capital improvement projects in FY2026, with a total project fund of \$3.5 million from FY2022 through FY2028. The funding will support the Laboratory Medical Equipment Fund to replace laboratory equipment at the State Health Laboratory. Much of the equipment is obsolete or no longer supported by the manufacturer. Failure to replace the equipment could result in the Health Lab losing the capability to complete necessary testing on food and water, infectious diseases, insect-borne viruses, forensics, and air quality.

Department of Human Services

Expenditures by Program	FY2024 Actuals	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
Central Management	\$17.2	\$15.1	\$16.2	\$1.0	6.9%	\$16.0	\$0.9	5.7%
Child Support Enforcement	16.82	18.44	18.75	0.3	1.7%	18.4	(0.0)	0.0%
Health Care Eligibility	29.75	27.46	27.31	(0.1)	-0.5%	27.2	(0.3)	-1.0%
Individual and Family Support	186.92	176.69	200.37	23.7	13.4%	164.1	(12.6)	-7.1%
Office of Healthy Aging	32.60	37.09	38.28	1.2	3.2%	38.9	1.8	4.9%
Office of Veterans Affairs	44.92	52.17	52.82	0.6	1.2%	51.9	(0.2)	-0.4%
State Funded Programs	358.57	363.55	383.04	19.5	5.4%	384.7	21.1	5.8%
Rhode Island Works/ Child Care	87.25	107.65	107.14	(0.5)	-0.5%	111.4	3.7	3.4%
Supplemental Security Income Program	16.63	16.59	16.65	0.1	0.4%	16.6	0.0	0.3%
Total	\$790.6	\$814.7	\$860.5	\$45.8	5.6%	\$829.2	\$14.4	1.8%

Expenditures by Source	FY2024 Actuals	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
General Revenue	\$135.3	\$142.8	\$147.3	\$4.5	3.2%	\$135.6	(\$7.2)	-5.0%
Federal Funds	645.4	659.7	697.3	37.6	5.7%	682.2	22.5	3.4%
Restricted Receipts	4.6	6.2	9.9	3.7	58.6%	6.0	(0.2)	-3.7%
Other Funds	5.3	6.0	6.0	(0.0)	-0.8%	5.4	(0.6)	-10.0%
Total	\$790.6	\$814.7	\$860.5	\$45.8	5.6%	\$829.2	\$14.4	1.8%

Authorized FTE Levels	1,067	1,070	1,070	-	-	1,079	9.0	0.8%
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\$ in millions. Totals may vary due to rounding.

The Department of Human Services (DHS) administers programs and services that support the needs of children and families, adults and children with disabilities, veterans, and the elderly. These services include health care, child care, cash assistance, and other supportive services for working parents and families.

MAJOR ISSUES AND TRENDS

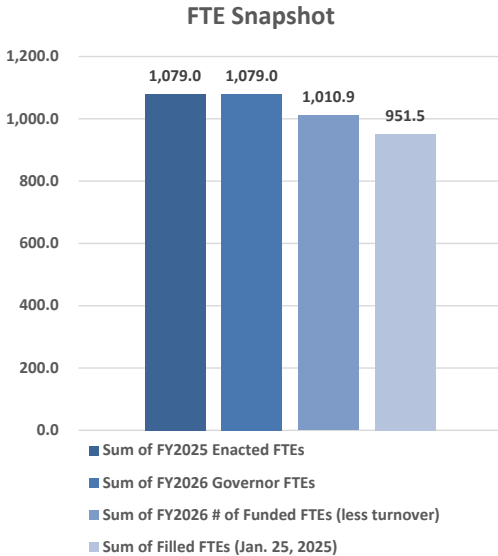
The FY2026 Budget includes total funding of \$829.2 million, a \$14.4 million increase from the FY2025 Budget as Enacted. This includes a general revenue decrease of \$7.2 million.

The Budget includes a 4.0 percent cost of living adjustment (COLA) which resulted in a \$4.9 million general revenue increase (\$10.3 million all funds), a \$1.0 million adjustment to ISF, and other initiatives. Additionally, the Governor’s budget includes consolidating UHIP operating expenditures to EOHHS, which results in a \$8.1 million general revenue decrease (\$16.3 million all funds), and shifts field operating expenses to block grants.

The Budget authorizes 1,079.0 FTE positions for FY2026, consistent with enacted levels.

RI Bridges

The RI Bridges Project, previously known as Unified Health Infrastructure Project (UHIP), is the largest information technology (IT) project undertaken by the State intended to fully integrate health and human service programs, and establish a State-based health insurance exchange, HealthSource RI. The project was developed in two phases. Phase I, launched in 2013, created an online portal for purchasing commercial health insurance and income-based



Medicaid eligibility. Phase II of UHIP, launched in September of 2016, was intended to expand the system to serve as a portal through which residents apply for and enroll in other health and human service programs such as Child Care, Supplemental Nutrition Assistance Program (SNAP), General Public Assistance (GPA), and Supplemental Security Income (SSI) programs.

The terms UHIP and RI Bridges tend to be used interchangeably by the State's health and human services agencies; however, they are distinct. UHIP is the infrastructure that coordinates health and human services programs as supported by the RI Bridges system. RI Bridges is the major eligibility and enrollment system supporting health and human services programs administered by DHS, HSRI, and Medicaid. The UHIP budget supports agency operations and the ongoing development, maintenance, and operation of RI Bridges, which is allocated across three agencies; the Executive Office of Health and Human Services (EOHHS), DHS, and HealthSource RI (HSRI), totaling \$103.3 million in FY2025 and \$94.5 million in FY2026. The Department's FY2026 budget includes a total of \$12.8 million related to RI Bridges/UHIP expenditures, a decrease of \$16.5 million from the FY2025 Budget as Enacted level.

RI Bridges Data Breach

On December 13th, 2024, the State was informed by Deloitte, the vendor for RI Bridges, that there had been a major security threat to the RI Bridges system, which manages the State's social and human services programs. According to the State and Deloitte, there is a high probability that cybercriminals obtained personal information for individuals enrolled in the RI Bridges system. This includes names, date of birth, home addresses, and social security numbers. Any individual who received or applied to State health coverage or health and human services programs or benefits could be impacted by this breach.

In January, the State began notifying individuals affected by the data breach, sending out individual notification letters to those whose information was stolen. As of February 5, 2025, it has been reported that personal information of more than 650,000 Rhode Islanders was stolen in the breach, and prevented approximately 2,000 Rhode Islanders from enrolling in state-paid healthcare coverage. Deloitte agreed to pay \$5.0 million to the State to cover expenses incurred as a result of the data breach, as well as credit monitoring and identity theft protection services for the 650,000 individuals who had their data stolen. The FY2026 Budget does not reflect any additional expenditures related to the breach.

Caseload Estimating Conference

Every November and May, the State revises cash assistance caseload forecasts in order to estimate entitlement program spending for both the current and the following fiscal year. The November 2024 Caseload Estimating Conference adopted estimates dictate the entitlement program appropriations included in the FY2026 Recommended Budget.

Overall spending for cash assistance programs, including RI Works, child care subsidies to working families, Supplemental Security Income (SSI) state supplement, and General Public Assistance (GPA), is estimated to be \$130.1 million in FY2026, an increase of \$11.0 million from the FY2025 Enacted level. Major contributors to the increase include eligibility expansion for the CCAP program, increased childcare reimbursement rates, a Rhode Island Works benefit increase, and the elimination of full family sanctions.

Cash Assistance Program - November 2024 Adopted Estimates

	FY2024 Actual	FY2025 Enacted	FY2025 Revised	FY2026 November	FY2026 Governor	Change to Enacted
Rhode Island Works						
Persons	8,323	9,278	9,400	9,700	9,700	422
Monthly Costs per Person	\$235.8	\$274.9	\$295.0	\$300.5	\$300.5	\$25.60
Federal Funds*	\$24.7	\$25.5	\$32.7	\$35.5	\$37.3	\$11.8
Child Care						
Subsidies	6,099	6,571	6,400	6,500.0	6,500.0	(71.0)
Annual Cost per Subsidy	\$10,108.0	\$11,411.0	\$11,200.0	\$11,390.0	\$11,390.0	-\$21.0
Federal Funds*	\$51.5	\$64.8	\$61.6	\$64.1	\$64.1	(\$0.7)
General Funds*	\$10.2	\$10.1	\$10.1	\$9.9	\$9.9	(\$0.2)
SSI - State Supplement						
Persons	30,900	30,608	30,655	30,700	30,700	92
Monthly costs per Person	\$44.7	\$45.0	\$45.1	\$45.0	\$45.0	\$0.0
General Revenue*	\$16.6	\$16.6	\$16.6	\$16.6	\$16.6	\$0.0
General Public Assistance						
Persons	533	725	650	790	790	65
Monthly Costs per Person	\$137.5	\$167.0	\$160.2	\$168.0	\$168.0	\$1.0
General Revenue*	\$1.5	\$2.1	\$1.9	\$2.2	\$2.2	\$0.1
Total	\$104.5	\$119.1	\$122.9	\$128.3	\$130.1	\$11.0
Federal Funds*	\$76.2	\$90.3	\$94.3	\$99.6	\$101.4	\$11.1
General Revenue*	\$28.3	\$28.8	\$28.6	\$28.7	\$28.7	(\$0.1)

*\$ in millions.

CENTRAL MANAGEMENT

Central Management, which includes the Office of the Director, supervises, coordinates, and monitors all departmental functions within DHS. This division also includes the Office of Policy Analysis, Research, and Development; the Operations Management Unit; the Collections, Claims, and Recoveries Unit; and, the Fraud Investigation Unit.

Central Management	General Revenue
FY2025 Enacted	\$6,793,641
<i>Target and Other Adjustments</i>	
	-
ERP Maintenance and Operation Billing (statewide adjustment)	1,067,567
Community Service Grants	(250,000)
Operating Adjustments	(101,500)
Personnel Adjustments (statewide expenditures)	48,332
Centralized Services (statewide adjustments)	42,791
FY2026 Governor	\$7,600,831

Community Service Grants (250,000)

The Budget includes a general revenue decrease of \$250,000, to support the Department Community Service Grants, reflecting a \$250,000 decrease in grant funds that supported the RI Community Food Bank. Generally, community service grants are appropriated to reflect the General Assembly's priorities and

provide additional support to organizations outside of the Department's scope. The FY2025 Enacted budget increased the grant to the food bank by \$250,000, from \$550,000 to \$800,000. The Budget now includes \$550,000 for the food bank.

Operating Adjustments **(\$101,500)**

The Budget includes a \$101,500 general revenue decrease to reflect a \$110,000 decrease related to the operating expenses in the Grant Management Office. According to the Office of Management and Budget, the reduction aligns with the past two years of actual expenditures. The decrease is partially offset by a \$2,000 increase in out-of-state transportation, \$2,000 increase in out-of-state registration, \$2,000 increase in out-of-state lodging, and \$500 in out-of-state per diem costs.

CHILD SUPPORT ENFORCEMENT

The Office of Child Support Enforcement assists families by ensuring payment of court-ordered child support payments. The Office provides the following services: location of non-custodial parents, establishment of paternity, establishment and modification of child support orders, and enforcement, through the use of license suspensions, tax refund intercepts, and liens. Collections recovered from families that receive state support through Rhode Island Works or Medicaid are retained by the State, while other collections are distributed directly to families.

Child Support Enforcement	General Revenue
FY2025 Enacted	\$4,624,506
<i>Target and Other Adjustments</i>	<i>39,847</i>
Child Support Enforcement Case Management System Transition	(274,307)
FY2026 Governor	\$4,390,046

Child Support Enforcement	Other Fund Changes
Personnel Adjustments (statewide adjustment) (federal funds)	\$477,890
Child Support Enforcement Case Management System Transition (federal funds)	198,000
Child Support Enforcement Case Management System Transition (restricted receipts)	102,000

Child Support Enforcement Case Management System Transition **(\$274,307)**

The Budget proposes a general revenue decrease of \$274,307, which is offset by a federal funds increase of \$198,000, and a restricted receipt increase of \$102,000 in FY2026, to support the transfer of RIKidsBridge, the primary mainframe utilized by the Office of Child Support Enforcement, off the mainframe and into a web-based platform. While the mainframe is utilized by the Office, it has become outdated (designed in the early 1990s). Additionally, by CY2028, the Office will be the only tenant following the end of the current contract. The system supports approximately 70,000 child support cases, and is the collection platform for about \$93.0 million in child support annually.

OFFICE OF HEALTHY AGING

The Office of Healthy Aging, previously the Division of Elderly Affairs, provides comprehensive services, advocacy, and public policy dedicated to the needs of older Rhode Islanders, adults with disabilities, their caregivers, and families. The Office implements a system of community-based care for individuals sixty years and older as well as adults with disabilities. The Office is responsible for developing and implementing a State Plan on Aging under the federal Older Americans Act. The Office oversees the Aging and Disability Resource Center (called "The Point") and a network of community information specialists who provide referrals to services and other resources to elders and adults with disabilities.

Office of Healthy Aging	General Revenue
FY2025 Enacted	\$14,223,241
<i>Target and Other Adjustments</i>	
OHA At-Home Supports for Individuals 60+	(6,066)
Elderly Transportation	713,366
Senior Center State Directed Grant	458,555
ISF Adjustments	200,000
Housing Security	92,181
CNOM FMAP Adjustments	(85,000)
Personnel Adjustments (statewide expenditures)	(32,908)
Administrative Savings	20,371
FY2026 Governor	\$15,573,340

Office of Healthy Aging	Other Fund Changes
ARP Direct Adjustments (federal funds)	(\$1,181,838)
CNOM Adjustments (federal funds)	948,397
OHA At-Home Supports for Individuals 60+ (federal funds)	526,372
Intermodal Service Transportation Fund (other funds)	275,143
Elder Justice Act (federal funds)	176,868
Older Americans Act - Nutrition Incentives Program (federal funds)	(174,000)

OHA At-Home Supports for Individuals 60+ **\$713,366**

The Budget includes a general revenue increase of \$713,366 to expand eligibility to the at-home cost share program to older adults age 60-64 meeting existing level of care and financial criteria. Currently, RIGL 42-66-8 outlines the OHA responsibility for community living supports as individuals ages 60+, however, national and State standards set the eligibility at age 60. The higher age threshold creates confusion among providers. Aligning this statute with the majority of other eligibility criteria will minimize confusion and streamline access to programming for older adults. This budget initiative includes a \$526,372 increase in federal funds to support the additional population covered.

Elderly Transportation **\$458,555**

The Budget includes an increase of \$458,555 in general revenue for an anticipated increase in elderly non-emergency transportation. The Office requires additional funds due to an annual 5.0 percent growth in the contract with Medical Transportation Management Inc. (MTM), Rhode Island's contracted non-emergent medical transportation services. Of these funds, \$166,424 funds adjustments to the elderly transportation program, while the remaining \$292,131 align with gas tax estimates from the revenue estimating conference. There is a corresponding other funds increase of \$275,143.

Senior Center State Directed Grants **\$200,000**

The Budget includes a general revenue increase of \$200,000, resulting in a total of \$1.8 million in senior center grants, resulting in rates equal to \$8.19 per senior. The Governor intends to reach rates equal to \$10.00 per senior by 2030.

Senior Centers are tasked with meeting the needs of the aging community, and are one of the most widely used services among older adults. According to Rhode Island Senior Center Directors' Association, senior centers are significantly underfunded, with the present rate equal to approximately \$7.00 per senior in each municipality, and concur with the Governor's goal to increase funding to \$10.00 per senior. According to

the Directors Association, a rate of \$10.00 per senior will provide the necessary funding to provide holistic, connective, and compassionate services to Rhode Island residents as they age.

As of 2024, 31.0 percent of Rhode Island's population is age 55 or older, exceeding national rates of 28.0 percent. By 2030, it is estimated that one in four Rhode Island residents will be 65 or older. As the population ages, the utilization and needs for senior services will continue to increase. Increasing funding now, may mitigate organizational and industry challenges.

ISF Adjustments ***\$92,181***

The Budget includes a general revenue increase of \$92,181 to support adjustment to internal service funds (ISF). The ISF accounts are reimbursements for services that OHA receives from other State agencies including IT services, state fleet, facilities, and HR services.

Housing Security ***(\$85,000)***

The Budget proposes a general revenue decrease of \$85,000 which supported grants which fund the Security for Housing for the Elderly program. Eliminating this program will also require legislative and regulatory updates; these were not included in the Governor's budget submission. This will also result in six housing authorities not receiving annual funding through a competitive grant process, therefore cutting funds for security installations, enhancements, and repairs, and could also jeopardize future federal awards and subawards. This initiative was originally proposed by the agency to meet its constrained budget request, and adopted by the Governor in the FY2026 recommended budget.

CNOM FMAP Adjustments ***(\$32,908)***

The Budget includes a decrease of \$32,908 in general revenue to account for updated utilization rates, which the Office originally overestimated based on FY2024 Enacted rates. CNOM, or costs not otherwise matchable, are finances spent on population and services not covered by Medicaid. These expenses include, but are not limited to, dentures, most dental care, co-payments, hearing aids and fittings, and long term/ custodial care and the Department is experiencing a decrease in these services. OHA reports that the Office continues to see program growth, but have not yet returned to pre-pandemic levels as there is decreased utilization in housekeeping, meal service, adult day care, health centers, and other assistance to individuals 65 and older. There is a corresponding federal funds increase of \$948,397.

Administrative Savings ***(\$10,400)***

The Budget proposes a \$10,400 general revenue decrease, reducing discretionary administrative expenses by 20.0 percent. To accomplish this, OHA will hold 1.0 FTE position vacant for FY2026. The agency warns that this could result in the elimination or significantly reduce programs that rely heavily on state funds. It could also have a detrimental impact on the agencies ability to acquire or maintain federal funding.

ARP Direct Adjustments (federal funds) ***(\$1.2 million)***

The Budget includes a total reduction of \$1.2 million in ARP Direct federal funds, reflecting the spend down of ARP direct funds appropriated to the Office of Healthy Aging during the public health emergency. The following table shows specific changes to the Offices APR Direct funds.

ARP Direct Adjustments	FY2025 Enacted	FY2026 Governor	Change from Enacted	
Adult Protective Services	\$357,442	\$155,400	(\$202,042)	-56.5%
ARP for LTCO	14,431	10	(14,441)	-99.9%
Building ADRC Public Health Workforce	25,263	13	(25,276)	-99.9%
Congregate Meals	187,247	94	(187,341)	-99.9%
Expanding the Public Health Workforce (SHIP)	20,550	10	(20,560)	-100.0%
Expanding the Public Health Workforce within the	19,653	-	(19,653)	-100.0%
Family Caregivers	153,155	83,146	(236,301)	-45.7%
Home Delivered Meals	389,671	195	(389,866)	-99.9%
Preventive Services	50,536	13,295	(63,831)	-73.7%
Supportive Services	240,120	24,067	(264,187)	-90.0%
	\$1,458,068	\$276,230	(\$1,181,838)	-81.1%

Elder Justice Act (federal funds)**\$176,868**

The Budget includes \$176,868 in federal funds to account for the reauthorization of the Elder Justice Act. Although the Act was passed in 2010, Congress chose to reauthorize and modernize the Act to fund programs that prevent, investigate, and prosecute elder abuse, neglect, and exploitation.

Older Americans Act- Nutrition Incentives Program (federal funds)**(\$174,000)**

The Budget includes a federal funds decrease of \$174,000 to reflect federal cuts to the program. In federal FY2024, the nutrition incentives program experienced a funding reduction of 30.0 percent, while the entire program experienced a 0.8 percent decrease. This decrease reflects these funding cuts.

The Nutrition Incentives Program provides funding to States to support nutrition services to seniors such as home-delivered meals, and food for congregate meals. This grant intends to incentivize nutritious meals for eligible seniors.

HEALTH CARE ELIGIBILITY

Health Care Eligibility is responsible for determining Medicaid eligibility. This includes the determination of eligibility for medical benefits for certain low-income individuals and/or families with dependent children, and individuals who meet eligibility criteria within the following populations: RI Works participants; SSI participants; Children with Special Health Care Needs; children in foster care or subsisted adoption within the Department of Children, Youth, and Families; low income families; and aged, blind, or disabled individuals.

Health Care Eligibility	General Revenue
FY2025 Enacted	\$7,915,242
<hr/>	
<i>Target and Other Adjustments</i>	38,039
Personnel Adjustment (statewide adjustment)	709,288
Operating Adjustments	(672,804)
Reduce Miscellaneous Expenses	(168,647)
FY2026 Governor	\$7,821,118

Health Care Eligibility	Other Fund Changes
Reduce Miscellaneous Expenses (federal funds)	(\$168,647)
UHIP Rebasing (federal funds)	1,622,908
Personnel Adjustments (federal funds)	1,182,812

Operating Adjustments ***(\$672,804)***

The Budget proposes a general revenue decrease of \$672,804, to reflect decreasing operating costs due to the Governor's initiative to control spending growth, reducing operating expenditures to prior year actuals. As the State faces a significant budget deficit in the upcoming fiscal years, the Governor has instructed agencies to decrease contract, operating, and capital costs to control growth of spending.

Reduce Miscellaneous Expenses ***(\$168,647)***

The Governor proposes a \$168,647 general revenue decrease, with a corresponding federal funds decrease of \$168,674. These funds support operating expenses in the Medical Assistance program, and would likely impact records retention and software maintenance.

INDIVIDUAL AND FAMILY SUPPORT

The Division of Individual and Family Support (IFS), also referred to as the Division of Economic Support, operates the Department's economic benefits and work support programs, including the federal Supplemental Nutrition Assistance Program (SNAP), the Emergency Food Assistance Program, child care subsidies, the Rhode Island Works cash assistance program, Supplemental Security Income (SSI), and General Public Assistance (GPA).

The Division also provides services to individuals with disabilities, operating the Office of Rehabilitation Services (ORS), which includes the State's vocational rehabilitation program, services for the blind and visually impaired, and disability determination.

Individual and Family Support	General Revenue
FY2025 Enacted	\$44,747,836
<i>Target and Other Adjustments</i>	<i>(170,512)</i>
UHIP Consolidation EOHHS	(8,125,977)
Personnel Adjustments (statewide adjustment)	2,505,830
Shift Field Operation Expenses to Block Grants	(2,038,000)
Contract Adjustments	(976,962)
Reduce Miscellaneous Expenses	(350,364)
Operating adjustments	(260,253)
Capital Adjustments	(200,000)
DCYF Early Childhood Systems Coordinator Position Transfer	186,570
Assistance and Grants Adjustments	163,262
Turnover (statewide adjustment)	(156,652)
ISF Adjustments	(154,955)
OT COLA Ratified (statewide adjustments)	63,820
FY2026 Governor	\$35,233,643

Individual and Family Support	Other Fund Changes
SNAP Adjustments (federal funds)	\$13,017,808
UHIP Operating Expenditures Consolidation (federal funds)	(8,210,449)
LIHEAP (federal funds)	(4,030,939)
RI Work's Vendors (federal funds)	4,006,000
Shift Field Operation Expenses to Block Grants (federal funds)	2,038,000
UHIP - Child Care Federal Allocation (federal funds)	1,251,043
Preschool Development Block Grant (federal funds)	(1,088,590)
UHIP Operating Expenditures Consolidation (restricted receipts)	(520,708)
ARP Direct Federal Adjustments (federal funds)	(392,000)
Reduce Miscellaneous Expenses (federal funds)	(376,026)
Refugee Social Services Programs (federal funds)	(365,433)
Food Stamp Bonus Funding (other funds)	(298,874)
Transfer Organ Transplant Fund from EOHHS to DHS (restricted receipts)	15,000

UHIP Consolidation to EOHHS ***(\$8.1 million)***

The Budget includes a general revenue reduction of \$8.1 million, with a corresponding federal funds decrease of \$8.2 million to reflect the decision to centralize all operating and contract expenditures related to the Unified Health Infrastructure Program (UHIP) at the Executive Office of Health and Human Services (EOHHS).

Currently, funding for UHIP are located in three separate agencies; The Department of Administration, The Department of Human Services, and EOHHS, resulting in segmented programmatic operations DHS is primarily responsible for eligibility and enrollment services, which is employed by the division of Health Care Eligibility.

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

Shift Field Operation Expenses to Block Grants**(\$2.1 million)**

The Budget includes a decrease of \$2.1 million in general revenue to account for a shift in operating and personnel funds to the Temporary Assistance to Needy Families (TANF) Block grant and social services block grant, which supports administrative funding up to 15.0 percent. According to the Department, this shift could jeopardize meeting the State's Maintenance of Effort (MOE) of \$64.4 million and potentially decrease future TANF Block grants.

According to the May 2023 Caseload Estimating Conference testimony, the TANF Maintenance of Effort (MOE) is a requirement that a state must spend at least a specified amount of state funds for benefits and services for families in need each year. Federal law allows six types of expenditures to be counted towards MOE:

- Cash Assistance
- Child care assistance
- Educational activities designed to increase self sufficiency
- Administrative costs in connection with other allowable purposes
- Job training and work
- Any other use of funds reasonably calculated to accomplish a TANF purpose

These funds supported eligibility technician and social workers personnel costs. The consequences of not meeting the MOE are that the TANF grant will be reduced the following year on a dollar-for-dollar basis. In FY2023, the Department projects that \$67.0 million in State funds were spent to meet the MOE; \$2.6 million more than required. In FY2022, the Department spent a total of \$70.0 million and in FY2021 the Department spent a total of \$65.0 million to meet the MOE.

Contract Adjustments**(\$976,962)**

The Budget includes a general revenue reduction of \$976,962 relative to the RI Bridges contracting and operations consolidation initiative, as well as, complying with target reductions. The Agency reduced general revenue financing to Deloitte.

According to the Department of Administration, funding cuts were made to the FY2026 target reductions within RI Bridges across all three agencies. These cuts are realized in the FY2026 proposed budget unless otherwise reinstated by the General Assembly.

The Department's unconstrained budget request proposed a \$3.5 million general revenue increase in FY2026, and an additional \$3.5 million through FY2030, to restore the budget cuts outlined in the target adjustments, therefore restoring state funding to the RIBridges Interagency program. These funds would allow RIBridges to move forward with previously approved system improvements submitted to the US Department of Health and Human Services (US HHS) Center for Medicare and Medicaid Services (CMS) and the United State Department of Agriculture (USDA) Food and Drug Administration (FDA). Advanced planning documenting (APDs) were submitted in July 2024, outlining various improvements including; application enhancement work through existing Deloitte Consulting Contract, hardware and software purchases, and IT Contract Management and Project Management. According to the Department, restoring these budget cuts still reflects a net 16.0 percent in spending from what was submitted in the advanced planning documents

According to the Department of Human Services, the budget cuts could result in several adverse impacts including; confusing and contradictory communications messaging mechanisms resulting in increased call volumes and appeals, potential to miss meeting the CMS required level of care redetermination, early termination of health insurance coverage, and reduced restricted receipt revenue from Qualified Health Plan (QHP) premiums.

Reduce Miscellaneous Expenses **(\$350,364)**

The Budget includes a \$350,364 general revenue decrease, with a corresponding federal funds decrease of \$376,026. These funds supported operating expenses in RIWorks, and SNAP operations of the Department. These reductions would likely impact records retention and software maintenance.

Operating Adjustments **(\$260,253)**

The Budget includes a general revenue reduction of \$260,253, which is primarily attributable to a decrease in UHIP funds that supported the Department's eligibility and enrollment work. However, there is a general revenue increase of \$174,510 to support SNAP Summer EBT administration related to increased Food Stamp Fees.

Capital Adjustments **(\$200,000)**

The Budget includes a \$200,000 general revenue increase as this was a one-time expenditure increase to support the purchase of furniture while the Department moved into the Shepard Building. These funds are no longer needed as the Department has completed its move into the building.

DCYF Early Childhood Systems Coordinator Position Transfer **\$186,570**

The Department proposes a general revenue increase of \$186,570 for the addition of 1.0 FTE Administrator – Operations Management position. The position will act as an interagency coordinator between DHS, RIDE, RIDOH, and EOHHS to advance the State's early childhood goals. The Coordinator will oversee initiatives such as federal grant applications, interagency contracts, and Children's Cabinet coordination. While this proposal is 100 percent supported by general revenue, the Department assumes that the position will be supported partially through federal funds in the future.

Assistance and Grants Adjustments **\$163,262**

The Budget includes a general revenue increase of \$163,262 which is attributable to Habilitative/Rehab Services in Vocational Rehabilitation program. The VR program is the public state and federally funded program that assists individuals with disabilities to choose, prepare for, obtain, and maintain employment.

ISF Adjustments **(\$154,955)**

The Budget includes a general revenue decrease of \$154,955 to realize savings related to internal service funds (ISF). The ISF accounts provide reimbursements to the Department of Administration for services in which the DOA provides to the Division. These services include IT, Facilities, HR, and State Fleet services.

SNAP Adjustments (federal funds) **\$13.1 million**

The Budget includes a federal funds increase of \$13.1 million, which funds supportive programs such as employment, training, and nutrition education to support SNAP beneficiaries. These services are intended to aid beneficiaries with gaining employment, reducing or preventing dietary health-related disparities among low-income groups by improving their diets, addressing food insecurity, and increasing physical activity.

LIHEAP (federal funds) **(\$4.1 million)**

The Budget includes a decrease of \$4.1 million in federal funds to reflect the removal of a one-time appropriation of \$4.4 million for low-income energy, heating, and weatherization assistance. Rhode Island's Low-Income Home Energy Assistance Program (LIHEAP) helps low-income residents by providing assistance that offset the costs of home energy. The Budget includes \$28.6 million for LIHEAP in FY2026.

RI Works Vendors (federal funds) **\$4.0 million**

The Budget includes a \$4.0 million increase in federal funds, which is fully supported by Temporary Assistance to Needy Families (TANF) funds. The Department issued requests for proposals (RFP) and request for information (RFI), to expand the scope of work for RI Works vendors. Currently, vendors must

address issues related to workforce development, training, education, income, and child care. However, Rhode Island housing crisis is beginning to be a barrier for Rhode Island's most vulnerable. With increasing rents and lack of affordable housing, RI Works customers are unable to secure stable housing. Lack of secure housing has become a barrier to stable work for RI Works customers, therefore, the Department has added housing to the vendors' scope of work.

UHIP - Child Care Federal Allocation (federal funds) \$1.3 million

The Budget includes a general revenue increase of \$1.3 million to reflect federal initiative to expand access to high quality child care and preschool over the next 10 years. The federal government included an additional \$14.9 billion nationwide to support this initiative.

Preschool Development Block Grant (federal funds) (\$1.1 million)

The Budget includes a \$1.1 million decrease to the Preschool Development Block Grant to reflect the expiration and expenditure of the current Preschool Development Grant (PDG). In 2019, the Department announced that it had been awarded a one-time \$4.2 million grant that targets youth from birth through age five by encouraging the development of the State's early childhood education system through enhancing infrastructure and supporting high quality education. Since 2019, the State has been awarded two more PDG's in 2021 (Renewal) and 2023 (Planning). The PDG Planning funds, which are eligible for FY25 expenditure cannot be used to support pre-k seats; however, the Department has used these funds to conduct multiple needs assessment, reports, and to redesign the RI Children's Cabinet website.

Refugee Social Services Program (federal funds) (\$165,433)

The Budget includes a decrease of \$165,433 to reflect expenditure changes that support refugee social services. These funds support resettlement activities such as case management, employment services, cash and legal assistance, and youth mentoring. Of these funds, there is a \$502,000 decrease in Afghan refugee support, and a \$336,567 increase for Refugee Assistance. These funds are distributed to two resettlement organizations – Dorcas International Institute and Catholic Social Services – as well as to RIDOH, Providence Public Schools, and the Refugee Dream Center.

Refugee Assistance - Federal Adjustments	Enacted	Governor	Change from Enacted	
Refugee School Impact	92,000	-	(92,000)	-100.0%
Refugee Assistance - Administration	\$263,271	\$390,438	127,167	48.3%
Afghan Refugee Support	602,000	100,000	(502,000)	-83.4%
Refugee Social Services Program	3,200,000	3,501,400	301,400	9.4%
Total	\$4,157,271	\$3,991,838	(\$165,433)	-4.0%

American Rescue Plan Act (ARPA) Fund Changes (federal funds) (\$392,000)

The Budget includes a net change of \$392,000 in ARPA Direct awards. Throughout the pandemic, Congress appropriated funding to help the State maintain and support Rhode Islanders throughout the pandemic, including the subsequent impacts after the pandemic has ceased. In Rhode Island, as well as nationally, there was a significant influx in domestic and family violence throughout and after the lock-down period. These funds supported victims of domestic and family violence, by promoting preventative measures and supportive housing. As the public health emergency winds down and redetermination activities cease, ARPA funding will no longer be available to the States. The table below illustrates ARPA Direct changes in funding.

ARP Direct Federal Adjustments	FY2025	FY2026	Change from Enacted	
	Enacted	Governor		
ARP DIRECT: Sexual Assault Services	\$522,000	\$170,000	(\$352,000)	-67.4%
ARP DIRECT: FVPSA and DV Shelter and Supportive Services	350,000	300,000	(50,000)	-14.3%
ARP DIRECT: Family Violence and Prevention	-	10,000	10,000	100.0%
Total	\$872,000	\$480,000	(\$392,000)	-45.0%

Transfer Organ Transplant Fund from EOHHS to DHS (restricted receipts)**\$15,000**

The Department proposes a restricted receipt increase to support the transfer of the Organ Transplant Fund from EOHHS to DHS to align with RIGL 41-11-13, which mandates that the Department of Human Services administer the organ transplant program. The fund is used to help minimize any expenses incurred by Rhode Island residents and their families during the process of human organ transplants.

RHODE ISLAND WORKS/CHILD CARE

Rhode Island Works provides cash assistance and employment support services, including child care assistance, to enable working parents with children to support their families. Applicants may have up to \$5,000 in resources (excluding a home) and one vehicle per adult. Rhode Island Works (RIGL 40-5.2-5) replaced the Family Independence Program in 2008. This program is funded through the federal Temporary Assistance to Needy Families (TANF) program.

Article 13 of the FY2022 Budget as Enacted adjusted the payment standard for families receiving cash assistance under the RI Works program to match 40.0 percent of the 2022 federal poverty line. The payment standard was increased again in the FY2025 Budget as Enacted by 20.0 percent to bring the payment back up to about 40.0 percent of the federal poverty line.

The FY2022 Budget as Enacted also amended the RI Works program to include children who are over 18 and still in high school, and amended the Income section of the RI Works program, such that the first six months of earned income received by a RI Works member, in compliance with their employment plan, shall be excluded from the family's income as it pertains to receiving cash assistance. Article 13 of the FY2023 Budget as Enacted further amended the earned income disregard, increasing it from \$170 to \$300. The FY2023 Budget also raised the resource limit from \$1,000 to \$5,000. Article 11 of the FY2025 Budget again increased the earned income disregard by \$225, from \$300 to \$525. Article 11 of the FY2025 Budget also eliminated full family sanctions and terminations.

Prior to FY2022, beneficiaries were not allowed to receive cash assistance for more than 24 months (consecutive or not) within 60 continuous months. Article 13 of the FY2020 Budget as Enacted eliminated this constraint. Article 13 of the FY2023 Budget as Enacted extended the lifetime limit to 60 months, aligning Rhode Island with a majority of the country. The lifetime limit includes Temporary Assistance for Needy Families (TANF) cash assistance paid to the beneficiary in other states. Cash assistance provided to a child will not be counted toward their lifetime limit should they need to apply for benefits as adults.

The FY2023 Budget as Enacted expanded child care supports to include families, at or below 200.0 percent of the Federal Poverty Level, with parents enrolled at a Rhode Island institution of higher education or in a qualified training program. The FY2024 Budget as Enacted implemented the Child Care for Child Care workers pilot, extending CCAP eligibility to individuals working in child care centers earning less than 300.0 percent of the federal poverty line.

The FY2023 Budget as Enacted also expanded the work requirements and now allows RI Works recipients to participate in continuing education programs or vocational training at a Rhode Island institution for up to 24 months while still receiving cash assistance, provided that they successfully completed the first 12 months.

Article 11 of the FY2025 Enacted budget increased the RI Works benefit by 20.0 percent, increased the earned income disregard to \$500.0, increased childcare reimbursement rates by 5.0 percent across all age groups and tiers, increased child care eligibility to 261.0 percent of the FPL, and extended the Child Care for Child Care Workers Pilot.

Rhode Island Works / Child Care	General Revenue
FY2025 Enacted	\$10,139,902
<i>Target and Other Adjustments</i>	
November CEC	(248,364)
FY2026 Governor	\$9,891,538

Rhode Island Works / Child Care	Other Fund Changes
November CEC- RI Works (federal funds)	\$4,649,679
November CEC - Childcare Assistance Programs (federal funds)	(697,823)

November CEC **(\$248,364)**

The Budget includes \$9.8 million in general revenue for child care assistance in FY2026 as determined in the November 2024 Caseload Estimating Conference (CEC), a decrease of \$248,364 from FY2025 Enacted levels. The November 2024 CEC assumed a total of 6,500 subsidies, a decrease of 71 child care subsidies. The cost per subsidy decreased by \$21.0 compared to the FY2025 Budget as Enacted, to \$11,390. There is a corresponding federal funds decrease of 697,823. The FY2026 Governor's Budget maintains the number of subsidies and annual costs at 6,500 and 11,390, respectively.

The FY2025 Budget as Enacted included 6,571 subsidies and a cost per subsidy of \$11,411. The November 2024 Caseload Estimating Conference decreased the number of subsidies in FY2025 to 6,400 while decreasing the cost per subsidy to \$11,200.

November CEC - RI Works (federal funds) **\$4.6 million**

The Budget includes an increase of \$4.6 million in federal funds within the RI Works program as a result of the November 2024 Caseload Estimating Conference (CEC). The November 2024 CEC adopted a RI Works caseload estimate of 9,700 at a monthly cost of \$300.50 per person. The FY2026 Governor's Budget makes no changes to the CEC estimates. The total federal fund cost of the RI Works program in FY2026 is \$37.3 million, an increase of \$4.6 million from the FY2025 Enacted level. The RI Works program is primarily funded through the federal Temporary Assistance to Needy Families (TANF) grant.

STATE FUNDED PROGRAMS

State Funded Programs incorporates two different programs, General Public Assistance (GPA) and the Supplemental Nutrition Assistance Program (SNAP); however, only one of these programs is state-funded.

GPA is a state-funded program (RIGL 40-6-3) that provides basic cash assistance to adults between the ages of 19 and 64, with very limited income and resources, who have an illness, injury, or medical condition that is expected to last 30 days or more and prevents them from working. GPA also includes the hardship contingency fund, intended as the benefit of last resort for Rhode Islanders who do not qualify for Rhode Island Works or SSI. This benefit and funding level are directed by statute and does not typically fluctuate from year to year.

SNAP, or "food stamps", is a federal nutrition program that provides food assistance to low-income households. SNAP benefits are fully federally funded. SNAP's benefit disbursements are budgeted within this program; however, administrative responsibility of SNAP, as well as corresponding budgetary resources, are maintained by the Individual and Family Support program.

State Funded Programs	General Revenue
FY2025 Enacted	\$2,102,900
<i>Target and Other Adjustments</i>	
November CEC	139,740
FY2026 Governor	\$2,242,640

State Funded Program	Other Fund Changes
SNAP Benefits (federal funds)	15,655,166
SNAP Summer (federal funds)	3,636,427
Refugee Assistance (federal funds)	1,701,280

November CEC \$139,740

Estimators at the November 2024 Caseload Estimating Conference (CEC) projected that, in FY2026, 790 people would receive general public assistance (GPA) at a monthly cost of \$168.00 per person. Expenditures for monthly cash payments, indigent burials, and the GPA hardship contingency fund are projected to be \$2.2 million in FY2026, a \$139,740 general revenue increase from FY2025 enacted levels.

SNAP Benefits (federal funds) \$15.7 million

The budget includes \$365.1 million in federal funds for SNAP benefits, an increase of \$15.7 million from the FY2025 Budget as Enacted. These funds are directly awarded to beneficiaries receiving SNAP benefits. In the Federal Fiscal Year 2025 (October 1, 2024), the Food and Nutrition Service (FNS), increased SNAP benefits, increasing the maximum monthly award to \$292 for an individual, and \$768 for a family of three. This change also reflects the exhaustion of funds for the pandemic electronic transfer card program.

SNAP Summer (federal funds) \$3.6 million

The Budget includes an increase of \$3.6 million in federal funds to support the Summer SNAP EBT Program. In May 2023, the Department was approved by the U.S. Department of Agriculture (USDA) Food and Nutrition Services (FNS) to participate in Summer SNAP, which provides a lump sum of \$120 per eligible school aged child for the months of July and August. Summer SNAP is intended to aid families in purchasing nutritious meals while children are not in school. Only children who receive free or reduced lunch and are school- aged are eligible for Summer SNAP, unlike the pandemic SNAP program where children under the age of 6 were also eligible.

Refugee Assistance (federal funds) \$1.7 million

The Budget includes \$1.7 million in federal funds to support the Refugee Cash Assistance Program. The program provides cash benefits to refugee adults without children, and the increase in federal funding is attributable to an increase in federal support as well as increased numbers of refugees coming to Rhode Island.

SUPPLEMENTAL SECURITY INCOME

The Supplemental Security Income (SSI) program is a federal income support program that provides basic cash assistance to individuals aged 65 or older, and to adults and children with serious disabilities. Individuals eligible for SSI are also eligible for Medical Assistance (Medicaid) and SNAP (food stamps). Like all but four states (Arizona, North Dakota, Mississippi, West Virginia), Rhode Island pays beneficiaries a state supplement to the SSI benefit (RIGL 40-6-27).

The federal government, through the Social Security Administration, pays a basic benefit to SSI recipients. The actual monthly benefit depends on the recipient’s income; generally, the more income an individual earns, the lower the monthly benefit. Like most states, Rhode Island provides a supplemental state-funded

payment to each recipient of the federal payment. The State also makes a state-only payment to some individuals who exceed the federal income eligibility requirements.

The total payment (state and federal) is set at a specific level and is recalculated each year as the federal benefit is adjusted so that the benefit keeps pace with inflation. As of January 1, 2024, the federal SSI payment was increased 3.2 percent based on the cost of living adjustment (COLA) calculated by the Bureau of Labor and Statistics. The state portion of the SSI payment remained the same at \$39.92 for individuals and \$79.38 for couples. Currently, the maximum federal monthly payment is \$943.00 for an individual and \$1,415.00 for a couple.

For SSI recipients in an assisted living residence, a majority of the payment goes to the facility and the resident retains up to \$75.00 of the payment as a personal needs allowance.

In order to be eligible for SSI, an individual must be age 65 or older, blind, or disabled. For the purposes of determining eligibility for SSI, “disabled” means that an individual over the age of 18 has a medically determinable physical or mental impairment that results in an inability to perform any “substantial gainful activity” and that is either expected to result in death or to last for a year or more. For a child, it is a condition that results in “marked and severe functional limitations” and is expected to either result in death or to last for a year or more.

SSI-eligible individuals must also have “limited resources,” defined as less than \$2,000 in resources for an individual or child, and less than \$3,000 in resources for a couple. Certain assets and resources are not included in the resource calculation, including the individual’s home, household goods and personal effects, burial plots, and a single vehicle.

Supplemental Security Insurance Program	General Revenue
FY2025 Enacted	\$16,588,320
<i>Target and Other Adjustments</i>	
November CEC	-
FY2026 Governor	\$16,638,000

November CEC- Supplemental Security Income 49,680

The November 2024 Caseload Estimating Conference (CEC) adopted a Supplemental Security Income (SSI) estimate of 30,700 persons at a monthly cost of \$45.00, and \$60,000 for transaction fees. This was an increase of 92 persons to the FY2025 Budget as Enacted. The total general revenue cost of the SSI program in FY2026 is \$16.6 million, an increase of \$49,680 from the FY2025 Enacted level.

VETERANS’ SERVICES

The Office of Veterans’ Services, previously the Division of Veterans’ Affairs, serves Rhode Island’s veteran population of approximately 70,000. The program operates the Rhode Island Veterans’ Home, a state-run nursing facility in Bristol, Rhode Island, and the Veterans’ Cemetery in Exeter, Rhode Island.

Office of Veterans Services	General Revenue
FY2025 Enacted	\$32,935,642
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	1,176,551
Operating Adjustments	(522,198)
VETS Per Diem	(281,926)
Contract Adjustments	191,795
FY2026 Governor	\$33,499,864

Office of Veterans Services	Other Fund Changes
Veterans Cemetery (federal funds)	(3,000,000)
Support for Domiciled Veterans (federal funds)	1,155,183
Personnel Adjustments (federal funds)	697,609
Veterans Home Collection Fund (restricted receipts)	341,000
VETS Per Diem (federal funds)	\$281,926

Operating Supplies and Expenses **(\$522,198)**

The Budget includes a \$522,198 decrease in operating expenses which is primarily attributable to a \$378,493 decrease to the Veterans’ Home, and an additional \$169,500 decrease to the Veterans’ Cemetery, reflecting statewide adjustments intended to curb spending to mitigate unintended costs related to the estimated budget deficit.

Vets per Diem **(\$281,926)**

The Budget includes a \$281,926 shift from general revenue to federal funds based on the federal per diem reimbursement rate, which is released annually on October 1. The increase is driven by the increases in national healthcare costs. The VA pays per diem for nursing home care, domiciliary care, and adult day health care.

Contracted Services **\$191,795**

The Budget includes an increase of \$191,795 in general revenue for contracted services in the event that the home is unable to fill openings. The fund increase is entirely isolated within the Veterans’ Home. The Home has reported serious workforce deficiencies and staffing shortages since the start of the public health emergency, resulting in increased wait times for elderly veterans interested in living at the home. The Home’s workforce shortages also result in the home operating below its residential capacity. As of June 27, 2024, the Veterans’ Home has 44 vacancies, of which 30 are CNAs, and a resident census of 144 individuals. The Veterans’ Home has a maximum capacity of 208 residents, including 192 nursing home residents and 16 domicile residents. The Department is actively working to increase the resident census through a variety of recruitment activities.

Veterans’ Cemetery Capital Program (federal funds) **(\$3.0 million)**

The Budget includes \$1.5 million in federal funds which coincides with RICAP funding for the design and construction with six new columbarium walls to complete Phase II of the Office’s Asset Protection improvement plan. More information about the project can be found in the *Capital Projects* section at the end of this report.

Veterans’ Home Collections Fund (restricted receipts) **356,764**

The Budget includes a \$356,764 increase in restricted receipts related to the Veterans’ Home collections fund. This fund is solely supported through the Home’s maintenance fees with 20.0 percent of the fee’s

collected are allocated to this fund. The Department forecasts around \$1.6 million in FY2026 for this account.

Veterans' Home Maintenance Fees

Informational

On June 19, 2020, the U.S. Department of Veterans' Affairs (VA) sent a letter to the RI Department of Human Services' Office of Veterans' Services (Office) alleging that beginning July 1, 2019, veterans at the RI Veterans' Home who have a service connected disability rating of 70.0 percent or more are being billed for Occupational Therapy (OT) and Physical Therapy (PT). The letter also alleged that veterans were paying out-of-pocket expenses for services which should be covered under their care at the Veterans' Home.

The VA found the allegation regarding OT and PT to be unsubstantiated. However, the claim that veterans are paying for out-of-pocket expenses was found to be substantiated. As of June 30, 2020, the Office has stopped collecting all maintenance fees as requested by the VA.

Pursuant to RIGL 30-24-10, the Office of Veterans' Services collects a maintenance fee from Veterans' Home residents that is equal to 80.0 percent of the resident's "net income" as defined under the law. Pursuant to federal law, the State may not collect additional fees from veterans for whom the VA pays the State home a prevailing wage to provide care. The VA pays a prevailing wage for residents with a service connected disability rating of 70.0 percent and over. From February 3, 2013, through June 30, 2020, the Veterans' Home was collecting maintenance fees from veterans with a service connect disability rating over 70.0 percent. In November 2020, the Office of Veterans' Services (Office) received approval of their Corrective Action Plan from the Veterans' Health Administration. The Plan outlines how they will refund maintenance fees that were collected from impacted veterans for whom the VA was paying a prevailing wage rate. According to the Corrective Action Plan, veterans who are eligible for a refund fall into three categories: current residents of the Veterans' Home; eligible veterans who once resided at the Veterans' Home but have since moved out; and deceased eligible veterans.

Since 2013, 53 veterans who are owed refunds totaling \$5.0 million have been impacted by this change.

As of December 16, 2024, the Office has refunded all 54 checks to current residents of the Veterans' Home, their eligible next of kin, or estates.

In accordance with the corrective action plans approved by the U.S Department of Veterans' Affairs, Veterans' Health Administration, a total of 70 refunds have been issues in accordance with CAP 1 and CAP 2, totaling \$5.6 million. The RI Veterans' Home has complied with all requirements set forth in CAP 1 and CAP 2.

CAPITAL PROJECTS

The Budget includes \$1.1 million in Rhode Island Capital Plan (RICAP) funding for FY2026 and \$1.4 million in FY2025. Projects include:

Crypt Installation and Cemetery Expansion: The Budget includes \$300,000 in RICAP funding in FY2026 for the expansion of the Veterans' Cemetery as well as crypt installations, a decrease of \$500,000 from FY2025. This funding will support the design phase of the expansion and installation.

Veterans' Home Asset Protection: The Budget includes \$665,000 in RICAP funding in FY2026 for asset protection projects at the RI Veterans' Home, a decrease of \$95,000 from FY2025 Enacted. This funding is intended to extend the useful life of the facility by addressing problems as they arise.

Blind Vending Facilities: The Budget includes \$165,000 in FY2026 for blind vending facilities. This funding supports the ongoing construction and renovation of vending facilities at buildings owned or rented by the State. There are currently 11 locations throughout the State that support six blind vendors who operate the facilities. This ongoing project provides employment opportunities for persons who are legally blind.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

Expenditures by Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted	Enacted	Governor	Enacted	Enacted
Central Management	\$2.5	\$4.1	\$11.2	\$7.1	175.9%	\$11.2	\$7.2	177.3%
Hospital and Community System Support	1.2	2.0	0.0	-2.0	-100.0%	0.0	(2.0)	-100.0%
Behavioral Healthcare Services	48.0	46.7	58.1	11.4	24.4%	43.0	(3.6)	-7.8%
Services for the Developmentally Disabled	454.0	474.9	487.1	12.2	2.6%	496.0	21.1	4.4%
Hospital and Community Rehabilitation Services	113.6	111.2	115.7	4.6	4.1%	120.2	9.0	8.1%
State of Rhode Island Psychiatric Hospital	34.8	33.5	34.7	1.2	3.7%	33.7	0.2	0.6%
Total	\$654.1	\$672.4	\$706.9	\$34.5	5.1%	\$704.2	\$31.8	4.7%

Expenditures by Source								
General Revenue	\$311.4	\$305.7	\$317.6	\$11.9	3.9%	\$316.3	\$10.6	3.5%
Federal Funds	333.7	353.2	366.5	13.3	3.8%	376.9	23.8	6.7%
Restricted Receipts	8.6	12.9	21.9	9.0	70.0%	10.5	(2.5)	-19.0%
Other Funds	0.4	0.6	0.8	0	35.1%	0.5	(0)	-16.7%
Total	\$654.1	\$672.4	\$706.9	\$34.5	5.1%	\$704.2	\$31.8	4.7%

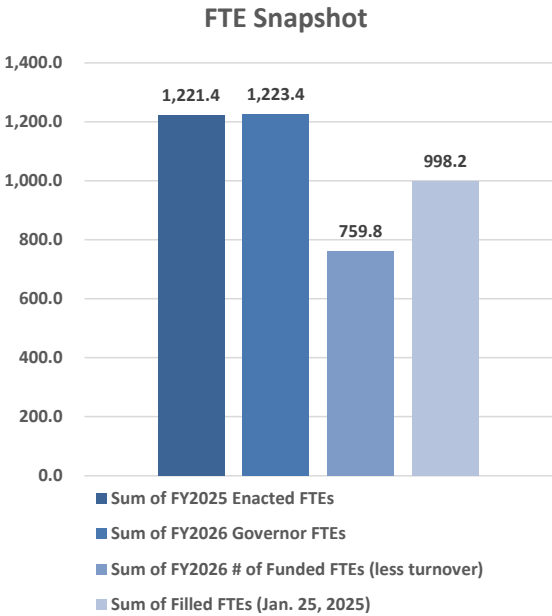
Authorized FTE Levels 1,204.4 1,221.4 1,221.4 0.0 0.0% 1,223.4 2.0 0.2%

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

The Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) provides a comprehensive system of care for individuals with mental or physical illnesses, developmental disabilities, and substance use disorders. BHDDH administers a coordinated system of mental health promotion and substance abuse prevention through contracted, community-based and direct services at the Eleanor Slater Hospital, the newly established Rhode Island State Psychiatric Hospital, and the Rhode Island Community and Living Supports (RICLAS) facilities.

MAJOR ISSUES AND TRENDS

The Budget includes \$704.2 million from all funds for BHDDH in FY2025, an increase of \$31.8 million or 4.7 percent as compared to the FY2025 Budget as Enacted. This includes an increase of \$10.6 million, or 3.5 percent in general revenues, bringing total general revenue funding for FY2026 to \$316.3 million. The increase is primarily driven by funding increases to the Services for the Developmentally Disabled program following the November 2024 Caseload Estimating Conference as well as statewide adjustments, including State employee COLAs, across programs. The Budget includes \$376.9 million in federal funds, an increase of \$23.8 million (6.7 percent). The increase is primarily driven by funding increases to the Services for the Developmentally Disabled program following the November 2024 Caseload Estimating Conference as well as resumed Medicaid billing at Eleanor Slater Hospital (ESH). The Budget includes \$10.5 million in restricted receipts, a decrease of \$2.5 million (19.0 percent) due largely to reductions in the Department’s various opioid funding



See analyst note on next page for more information on funded FTE numbers

allocations. The Budget includes \$500,000 to fund existing Rhode Island Capital Plan projects.

The Budget authorizes 1,223.4 FTE positions in FY2026 and 1,221.4 FTE positions in FY2025, maintaining FY2025 levels and increasing FY2026 levels by 2.0 FTE positions. As of February 22, 2025, there were 998.3 filled positions in the Department (81.7 percent).

Analyst Note: Total funded FTEs in FY2026 appear low due to a shift in the Department's approach to budgeting Medicaid expenses which began in FY2025. Total personnel funding as included in the Budget includes two subprograms containing Medicaid Revenue credits for Eleanor Slater Hospital and State Operated Residential and Community Services. These credits result in personnel funding levels appearing lower than they actually are when approaching the Budget per category, as the credits are offset in other categories of the Budget. Although the Department does anticipate some continued hiring and retention difficulties within the hospitals, real funding levels are not expected to be below the number of filled FTE positions as the chart reflects.

Eleanor Slater Hospital

Eleanor Slater Hospital (ESH) provides long-term acute and post-acute hospital levels of care to forensic, psychiatric, and medical patients with complex needs. Currently, the ESH patient population is heavily dependent on court decisions, as the court decides when forensic patients require hospitalization and when a patient may be discharged.

Beginning in August of 2019, BHDDH oversight personnel found there was a possibility that Eleanor Slater Hospital was out of compliance with the Center for Medicare and Medicaid Services (CMS) Institute of Mental Disease (IMD) exclusion regulation. The regulations do not permit the State to bill Medicaid for patients aged 22-64 when the Hospital is in an IMD status, which occurs when the majority of patients have a primary diagnosis of mental illness. In addition, while ESH is licensed as a long-term care hospital, many patients were not receiving and did not need a hospital level of care. As a licensed hospital, the State cannot bill for hospital-level of care if a patient needs a lower level of care. Due to the IMD exclusion and the fact that the Hospital is licensed as a long-term care hospital, the State could not bill Medicaid for patient care beginning in September of 2019. Upon discovering that the State may be violating the IMD exclusion the State hired a law firm, in November 2019, to provide expertise to the State on CMS regulations.

The State submitted a State Plan Amendment (SPA) to allow Eleanor Slater to resume billing for certain patients at the Hospital in May of 2020, and the application was approved by CMS on March 25, 2021, with an effective date of April 1, 2020. Patient counts determined that the state was not in an IMD status between April 1, 2020, and May 1, 2021. Subsequently, the State recouped some of the general revenue that supplemented the loss in federal funds in FY2020 and the beginning of FY2021.

The FY2023 Budget as Enacted approved a proposal for a separately licensed psychiatric hospital, funded entirely by general revenue. The separately licensed hospital has brought patient counts at ESH back into compliance, allowing the State to once again resume billing Medicaid.

Status Update: The Rhode Island State Psychiatric Hospital (RISPH) was licensed in October of 2022 and began operations on November 1, 2022, two months ahead of the anticipated start date of January 1, 2023.

Zambarano Long-Term Acute Hospital: The FY2023 Budget as Enacted included \$108.2 million in Rhode Island Capital Plan funds, formally budgeted within the Department of Administration (DOA), to construct a new 110-bed, long-term care facility on the Zambarano campus of Eleanor Slater Hospital. The new footprint ensures that the State is in compliance with federal regulations and transforms the State's long-term acute care hospital into a newly constructed long-term care facility. The new Zambarano building would be licensed as a mixed-use facility for skilled nursing, custodial care, intermediate care, and traumatic brain injury. The FY2025 Budget adjusted total funding for the project down to \$107.1 million, including \$7.1 million in FY2025, and stretched project funding through FY2029. The FY2026 Budget maintains these funding levels. As of March 6, 2025, the project timeline assumes ongoing design and

demolition phases through 2026, with construction beginning in 2026 and a targeted occupancy date in 2028.

Consent Decree

The State has been under a Consent Decree with the United States Department of Justice since 2014 for violating the Olmstead Decision of the Americans with Disabilities Act. The United States Department of Justice, focusing specifically on sheltered workshops, concluded that the State’s services for individuals with developmental disabilities were not adequately integrated within the community. The State subsequently entered into a Consent Decree, which requires BHDDH to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. Employment placements must be typical jobs that pay at least minimum wage and support employment for 20 hours or more per week. The Consent Decree requires funding to support a reformed system of care within the Division of Developmental Disabilities (DD) until FY2024.

In order to achieve compliance with the Consent Decree by FY2024, the State and the federal government have agreed to an action plan. The action plan required the State to increase wages to Direct Support Professionals (DSPs) to \$20 an hour by FY2024. The State was also required to conduct a rate review process in FY2023, and to include the Developmental Disabilities program in the semi-annual Caseload Estimating Conference. The action plan also required the State to establish a transformation fund and a technology fund.

Consent Decree Update: In October 2023, an addendum to extend the Consent Decree through a two-year oversight period was included, maintaining federal judge and court monitor involvement through June 30, 2026. It was noted that although the State has made significant improvements, it would be unable to meet full compliance by the original date of July 1, 2024. The FY2023 Budget as Enacted included \$35.1 million all funds to increase the average DSP wage from \$15.75 to \$18.00 per hour. The FY2024 Budget as Enacted included funding to meet the final wage requirement of the consent decree and increase DSP wages further to \$20 per hour, as well as additional funding to increase DSP wages to an average of \$22 per hour following the findings of the required rate review report which was delivered to the Department in December 2022. The Department was included in the Caseload Estimating Conference beginning in November of 2021. The FY2026 Budget includes funding and language for the transformation and technology funds.

CENTRAL MANAGEMENT

The Office of the Director provides overall management and policy direction for the Department. The program oversees most functions within BHDDH. The program’s functions include Management and Administration, Legislative Affairs, Constituent Affairs, Advocacy, Hospital Appeals, Strategic Planning, Community and Provider Involvement, and Public Education. The program also centralizes emergency management, asset management, and capital projects, performance improvement, and funds development for the Department.

Central Management	General Revenue
FY2025 Enacted	\$2,780,069
<i>Target and Other Adjustments</i>	<i>144,353</i>
Hospital and Community System Supports program shift	1,996,926
Forensic Services program shift	1,989,544
Salary and Benefits adjustment	666,509
Personnel Adjustments (statewide adjustment)	481,491
FY2026 Governor	\$8,058,892

Hospital and Community System Supports program shift **\$2.0 million**

Beginning in FY2026, the Hospital and Community System Supports program is being shifted into Central Management as a new Financial Management subprogram. The Budget adds \$2.0 million to represent this program shift. While the FY2025 Budget for this program was only \$1.5 million, the shift in FY2026 includes an increase in security costs, required computer upgrades, corrections to the program's salary and benefits as a result of the agency's Cost Allocation Plan (CAP), and additional contract expenses, resulting in the higher value.

Forensic Services program shift **\$2.0 million**

The FY2026 Budget shifts \$2.0 million in general revenue into Central Management to represent the relocation of one of Eleanor Slater Hospital's (ESH) subprograms. The Outpatient Services subprogram is proposed to be retired from ESH and moved to Central Management as a new Forensic Services subprogram.

Salary and Benefits adjustment **\$666,509**

In addition to a statewide adjustment related to the Cost of Living Allowance (COLA) increase in FY2026, the Budget increases salary and benefits in the Central Management program by \$666,509 to reflect changes to the agency's Cost Allocation Plan (CAP). The Department experiences a large amount of cross-program work which was historically budgeted within a home program and reallocated through a private contractor. In an effort to more efficiently budget for where positions are typically reallocated, the FY2024 Budget shifted position expenses across programs to create a more accurate representation of what the likely end-of-year reallocation would be, resulting in a large general revenue decrease within Central Management. In practice, this change resulted in budget execution issues at the Department, and the FY2025 Budget returned to the traditional way of budgeting staff. The FY2026 Budget maintains this return to traditional budgeting form, and this increase reflects that.

HOSPITAL AND COMMUNITY SYSTEM SUPPORT

The Hospital and Community System Support program historically provides financial management support for the entire Department, including the hospital and community patient care facilities. Operational areas within the program include Budget Development, Program Analysis, Business Services, Accounting, and Financial Control, Federal Grants, Contract Management, Revenue Collection, Billing and Accounts Receivable, Patient Resources and Benefits, Rate Setting, and Financial Reporting. Beginning in FY2026, the program is being folded into the Central Management program as a new subprogram. All funding previously allocated to this program is now represented within Central Management.

Hospital and Community System Support	General Revenue
FY2025 Enacted	\$1,463,642
FY2026 Governor	\$0

BEHAVIORAL HEALTHCARE SERVICES

The Division of Behavioral Healthcare Services is comprised of two subprograms: Integrated Mental Health Services, and Substance Use Disorder Treatment and Prevention Services. The Division plans, coordinates, and administers a comprehensive system of mental health promotion and substance use disorder prevention, intervention, and treatment activities. The program, primarily funded by federal grants, provides screening, early interventions, referrals, clinical treatment services, and recovery support activities. The program coordinates with other departments and agencies in the State, including the criminal justice system, public healthcare system, child welfare, education, and other allied human service entities.

Behavioral Healthcare Services	General Revenue
FY2025 Enacted	\$4,118,531
<i>Target and Other Adjustments</i>	
Salary and Benefit Adjustments	6,490
Personnel Adjustments (statewide adjustments)	366,687
CCBHC Contracting Costs	325,778
FY2026 Governor	\$5,025,849

Behavioral Healthcare Services	Other Funds Changes
Federal Fund Changes	(\$3,525,544)
Restricted Receipt Changes	(1,032,507)

Salary and Benefit Adjustments **\$366,687**

In addition to a statewide adjustment related to the Cost of Living Allowance (COLA) increase in FY2026, the Budget increases salary and benefits in the Behavioral Healthcare Services program by \$366,687. The increase represents updated expenses following a data error in the FY2025 budget within this program.

CCBHC Contracting Costs **\$208,363**

The Budget includes \$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 (SFRF) within the Executive Office of Health and Human Services to reflect previously budgeted funds for this purpose that have been reallocated.

Federal Funds Changes **(\$3.5 million)**

The Budget reduces federal funds by \$3.5 million as compared to the FY2025 Budget as Enacted for the following initiatives:

- **ARPA SFRF: 988 Hotline – (\$2.0 million):** The Budget includes \$159,902 in State Fiscal Recovery Funds (SFRF) for the 988 National Suicide Prevention Hotline in FY2026, a reduction of \$2.6 million as compared to the FY2025 Budget as Enacted. This reduction is partially offset by an increase of \$725,373 in federal Substance Abuse and Mental Health Services Administration grant funding to provide additional support as the project continues to search for a permanent funding source, resulting in a net reduction of \$2.0 million in federal funding. Any remaining FY2025 SFRF for the project would be reappropriated to FY2026. The FY2023 Budget as Enacted included an appropriation of \$1.9 million in SFRF funds for this initiative. The FY2024 Budget as Enacted included an additional \$1.6 million as the project continued to search for a permanent funding source. The hotline has been operational since July 2022 and was implemented to ensure that Rhode Island maintain compliance with the National Suicide Hotline Designation Act of 2020 and the Federal Communications Commission adopted rules to assure that all citizens receive a consistent level of crisis behavioral health services.
- **Primary and Behavioral Healthcare Grant – (\$262,821):** The Budget includes no funding related to the federal Promoting Integration of Primary and Behavioral Health Grant, a reduction of \$262,821 as compared to the FY2025 Budget as Enacted. The grant, which promotes collaboration between primary and behavioral healthcare as well as supports integrated care models, expired on December 31, 2023.
- **State Opioid Response – \$3.7 million:** The Budget increases federal funds by \$3.7 million for the State Opioid Response (SOR) program. The SOR aims to address the opioid crisis by increasing prevention, treatment, and recovery activities for substance use disorders. The FY2026 Budget includes \$11.5 million for these initiatives, an increase of \$3.7 million as compared to the FY2025 Budget as Enacted.

The FY2025 Enacted level reflected the expiration of SOR funding from 2020, while the FY2026 Budget includes new funding from an SOR 2024 grant.

- **Other Federal Grant Changes – (\$4.9 million):** The Budget reduces a variety of federal funds by \$4.5 million within the Behavioral Healthcare Services program to reflect the various federal grant adjustments.

Federal Grant Adjustments	FY2024 Actual	FY2025 Enacted	FY2025 Revised	Change from Enacted	FY2026 Governor	Change from Enacted
ARPA: Substance Abuse Prevention & Treatment Block Grant	\$4.1	\$2.7	\$0.9	(\$1.8)	\$0.2	(\$2.6)
Block Grants for Community Mental Health Services	1.9	-	3.8	3.8	3.6	3.6
ARPA: Mental Health Block Grant	2.0	2.3	2.0	(0.3)	0.8	(1.5)
Substance Abuse Prevention and Treatment Block Grant	0.7	0.3	-	(0.3)	-	(0.3)
Title XX Social Services Block Grant	1.1	1.1	1.1	-	1.1	-
Substance Abuse Block Grant	8.5	8.3	8.2	(0.1)	8.1	(0.2)
Mental Health Block Grant	2.5	3.9	0.0	(3.9)	0.0	(3.9)
Total	\$20.7	\$18.7	\$16.0	(\$2.7)	\$13.8	(\$4.9)

Restricted Receipts Changes

(\$1.0 million)

The Budget includes a net \$1.0 million decrease in restricted receipt funds for the following initiatives related to opioid abatement.

- **Opioid Stewardship Fund Allocation – (\$232,507):** The FY2026 Budget includes \$1.3 million in restricted receipts from the Opioid Stewardship Fund for opioid-related treatment services, reflecting a decrease of \$232,507 as compared to the FY2025 Budget as Enacted. The FY2020 Budget as Enacted established an annual, restricted, \$5.0 million Opioid Stewardship Fund requiring all licensed manufacturers, distributors, and wholesalers to contribute towards the fund through a registration fee. The FY2026 allocation for BHDDH is programmed as follows. Two programs funded in FY2025: BHOLD 3.0 and the Recovery Friendly Workplace initiative, receive no additional funding in FY2026:
 - **Hope Initiative - \$150,000:** The Budget includes \$150,000 for the Hope Initiative in FY2026. This funding supports reporting of suspected overdose death information to the Department and community providers, case management and support services, Substance Use Disorder (SUD) treatment, Narcan distribution, and follow-up care.
 - **Recovery Housing - \$600,000:** The Budget includes \$600,000 to support recovery and supportive housing for individuals with alcohol use disorder. Funds are provided to support core housing programs, including recovery housing and vouchers, for people with a history of use disorders who are at risk of returning to use. This funding provides additional support to those with alcohol use disorders, as only those with opioid and stimulant use disorders are eligible to receive recovery housing funds from the State Opioid Response grant.
 - **Regional Substance Abuse Taskforce - \$450,000:** These funds represent the portion of the Opioid Stewardship Fund allocation which must be distributed equally to the seven Regional Substance Abuse Prevention Task Forces to fund priorities as determined by each Task Force.
 - **Alcohol Detox - \$100,000:** The Budget includes \$100,000 to support detoxification services for individuals with alcohol use disorder who are underinsured, uninsured, and/or undocumented.
- **Opioid Abatement Fund Allocation – (\$1.4 million):** The Budget decreases restricted receipts by \$1.4 million for the BHDDH allocation of the Statewide Opioid Abatement Account. In January 2022, Rhode Island joined the national opioid settlement with three major opioid distributors, providing funding for state and local efforts to address the state's opioid crisis. Of these abatement funds, 20.0 percent are mandated to go directly to participating cities and towns, and 80.0 percent are mandated to be allocated by the Executive Office of Health and Human Services (EOHHS). All funds in the account are to be used solely for opioid abatement purposes, including opioid use disorder prevention,

intervention, treatment, and recovery. FY2026 fund allocations are illustrated in the table below. Projects can be categorized into four pillars of activity: social determinants of health (SDOH), prevention, treatment, and recovery.

Pillar	Opioid Abatement Budget	FY2025 Enacted	FY2026 Governor	Change to Enacted
SDOH	Basic Needs Provisions for High-Risk Clients	\$0.3	-	(\$0.3)
Treatment	Brick & Mortar Facility Investments	2.0	0.3	(1.8)
Recovery	Recovery Supports	0.3	-	(0.3)
Recovery	Recovery Housing	0.5	0.8	0.3
Prevention	Investment in School-Based Mental Health	1.2	1.5	0.3
Treatment	MAT Coverage for Undocumented and Uninsured	0.6	0.9	0.4
Totals		\$4.8	\$3.4	(\$1.4)

- Basic Needs Provisions for High-Risk Clients – (\$250,000):** The Budget includes no additional funding for basic needs provisions for high-risk clients and community members, a reduction of \$250,000 as compared to the FY2025 Budget as Enacted. This funding was distributed to six community centers, a behavioral health triage center, the Rhode Island Outreach pilot program, and additional behavioral health support organizations, including those who work to certify all recovery houses in the state.
- Brick & Mortar Facility Investments – (\$1.8 million):** The Budget includes \$250,000 in funding for brick and mortar facility investments to better support treatment on-demand, a reduction of \$1.8 million as compared to the FY2025 Budget as Enacted. The funding was new in FY2025, and provides increased residential beds in treatment facilities for both men and women.
- Recovery Supports – (\$250,000):** The Budget includes no additional funding for recovery capital supports, a reduction of \$250,000 as compared to the FY2025 Budget as Enacted. This funding was new in FY2025 and was allocated to community recovery centers to assist with distribution of recovery capital. Examples of recovery capital include gym memberships, transportation, self-help groups, employment services, and additional support resources.
- Recovery Housing – \$250,000:** The Budget includes \$750,000 for recovery housing, an increase of \$250,000 as compared to the FY2025 Budget as Enacted. The funding is intended to sustain FY2023 Stewardship funding for recovery housing for resident awards unable to be covered through the State Opioid Response grant.
- Investment in School-Based Mental Health - \$300,000:** The Budget includes \$1.5 million in funding for investment in school-based mental health, an increase of \$300,000 as compared to the FY2025 Budget as Enacted. The continued funding will sustain youth prevention programming and continued recruitment of various counseling and supervisor positions for school-based mental health initiatives.
- MAT Coverage for Undocumented and Uninsured - \$350,000:** The Budget includes \$900,000 in funding for Medication-Assisted Treatment (MAT) coverage for individuals who are uninsured and/or undocumented, an increase of \$350,000 as compared to the FY2025 Budget as Enacted.

SERVICES FOR THE DEVELOPMENTALLY DISABLED

The Division of Developmental Disabilities (DD) supports a statewide network of programs for adults with developmental disabilities. These supports include several levels of residential care, community placements, day programs, and respite programs. The program works to provide access to appropriate services in the least restrictive environment possible. The program manages a population that ranges from

those previously institutionalized at the Ladd School, before the closure of the facility in 1994, to those with mild functional disabilities in need of daytime supports and vocational training to function within the community.

The program serves approximately 4,300 through State-run programs and community-based providers, including those who receive case management services. The system consists of 24-hour, nursing-level facilities; the State group home system, otherwise known as Rhode Island Community Living and Supports (RICLAS); and a private residential provider network. As of January 2025, 1,537 individuals were served in residential placements, including 419 in Shared Living Arrangements. DD clients are also served through day programs, supportive employment, and programs that provide support to allow individuals to continue living with their families. Many clients are served by more than one program.

As required by the Consent Decree and RIGL 35-17-1, Services for the Developmentally Disabled were included in the Caseload Estimating Conference for the first time in November 2021.

The Budget includes \$496.0 million from all funds for the Division in FY2026, including \$214.5 million from general revenue. This is \$3.7 million more in general revenue than the FY2025 Budget as Enacted and \$3.4 million more than actual general revenue expenditures in FY2024.

Services for the Developmentally Disabled	General Revenue
FY2025 Enacted	\$210,802,707
<i>Target and Other Adjustments</i>	<i>124,428</i>
November 2024 Caseload Estimating Conference	2,375,278
Transformation and Technology Funding	928,200
RICLAS FTE transfer (2.0 FTEs)	222,868
FY2026 Governor	\$214,453,481

November 2024 Caseload Estimating Conference **\$2.4 million**

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget years. These adopted expenditure levels determine the appropriations for the Governor's and Enacted Budgets. The November 2024 CEC projected general revenue expenditures of \$190.2 million in the Services for the Developmentally Disabled program, or \$2.4 million more than the FY2025 Budget as Enacted. This increase captures continued expenditure growth in Residential and Community Based Services.

Transformation and Technology Funding **\$928,200**

The Budget includes an increase of \$928,200 for infrastructure and technology costs related to the Department's consent decree. This increase represents the shift of unspent funds from FY2024, pursuant to the Consent Decree Action Plan. A total \$1.9 million unspent balance is proposed to be split between FY2025 and FY2026.

RICLAS FTE transfer (2.0 FTEs) **\$222,868**

The Governor proposes the transfer of 2.0 facilities management FTEs from the Department of Administration to the Rhode Island Community Living and Supports (RICLAS) program within the Services for the Developmentally Disabled program. The positions are associated with state-owned group homes and represent an increase of \$222,868 in general revenue in FY2026.

HOSPITAL AND COMMUNITY REHABILITATIVE SERVICES

The Hospital and Community Rehabilitative Services program provides a continuum of treatment and residential options for psychiatric and developmentally disabled clients. The Hospital facilities are licensed by the Department of Health (DOH) and accredited by the national board for health care organizations, the

Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The Eleanor Slater Hospital (ESH) has two campuses, the Pastore Center in Cranston and the Zambarano Campus in Burrillville.

Hospital and Community Rehabilitative Services	General Revenue
FY2025 Enacted	\$53,030,624
<i>Target and Other Adjustments</i>	339,963
ESH and Zambarano Operational Savings	(3,542,215)
Centralized Services (statewide adjustment)	3,258,787
Hospital Licensing Fee Adjustment	2,454,052
Outpatient Services Program shift	(1,909,841)
Central Utilities Fund (statewide adjustment)	1,691,836
FY2026 Governor	\$55,323,206

ESH and Zambarano Operational Savings ***(\$3.5 million)***

The Budget includes a general revenue reduction of \$3.5 million related to operational savings within Eleanor Slater and Zambarano Hospitals. The savings are the result of optimizing billable patient head counts, Medicare Part D and other non-Medicaid revenue sources billing, and decreased expenditures on overtime and contracting costs.

Hospital Licensing Fee Adjustment ***\$2.5 million***

The FY2026 Budget includes a \$2.5 million increase related to the hospital licensing fee for Eleanor Slater Hospital (ESH). The Department recently implemented a new approach to budgeting Medicaid expenses, resulting in all hospital licensing fee expenses appearing as general revenue expenses as compared to previous years where these expenses were split across general revenue and federal funds.

Outpatient Services Program shift ***(\$1.9 million)***

The FY2026 Budget shifts \$1.9 million in general revenue out of Hospital and Community Rehabilitative Services and into Central Management to represent the relocation of one of Eleanor Slater Hospital's (ESH) subprograms. The Outpatient Services subprogram is proposed to be retired from ESH and moved to Central Management as a new Forensic Services subprogram.

STATE OF RHODE ISLAND PSYCHIATRIC HOSPITAL

The State of Rhode Island Psychiatric Hospital (RISPH) is a newly established program within BHDDH for a separately-licensed facility on the Pastore Center in Cranston to treat individuals who need psychiatric care. The facility became licensed on October 25, 2022, and treats psychiatric and court-ordered forensic patients who have serious mental illnesses.

Rhode Island State Psychiatric Hospital	General Revenue
FY2025 Enacted	\$33,499,422
<i>Target and Other Adjustments</i>	\$671,449
RISPH Operational Savings	(\$2,481,167)
Personnel Adjustments (statewide adjustments)	1,753,848
FY2026 Governor	\$33,443,552

RISPH Operational Savings ***(\$2.5 million)***

The Budget includes a general revenue reduction of \$2.5 million related to operational savings within the Rhode Island State Psychiatric Hospital. The savings are the result of optimizing Medicare Part D billing, as well as decreased expenditures on overtime, operating expenses, and contracting services.

CAPITAL PROJECTS

The Budget includes \$500,000 in Rhode Island Capital Plan (RICAP) funds within the Department for FY2026 and a total of \$3.3 million in RICAP funds from FY2025 through FY2030. In addition to the funding within the Department, the Budget includes \$31.5 million in FY2026 and a total of \$136.5 million from FY2025 through FY2030 within the Department of Administration. The funding is allocated to the following projects:

- **Zambarano Long-Term Acute Care Hospital:** The FY2023 Budget as Enacted included \$108.2 million in RICAP funds from FY2023 to FY2028 to construct a new 110-bed, long-term care facility on the Zambarano campus. The new building would be licensed as a mixed-use facility for skilled nursing, custodial care, intermediate care, and traumatic brain injury. The FY2026 maintains total project funding of \$107.1 million, including \$26.1 million in FY2026. This project is budgeted under the Department of Administration.
- **Group Home Consolidation:** The FY2025 Budget as Enacted included \$28.4 million from FY2025 through post-FY2029 to repair and maintain state-owned group homes, including \$4.3 million in FY2025. The FY2026 Budget maintains \$4.3 million in FY2026 but stretches the project through FY2030 and increases total project funding to \$29.5 million, including \$5.4 million in FY2026. This funding newly consolidates all BHDDH group home asset protection projects into one project in order to allow the Department to more efficiently manage the funds. This project is budgeted under the Department of Administration.
- **Developmental Disabilities Residential Support:** The Budget includes \$198,000 in FY2025 and \$100,000 in FY2026, as well as \$100,000 annually through FY2030, to finance capital equipment and furniture for individuals with developmental disabilities at state-owned facilities.
- **Hospital Equipment Asset Protection:** The Budget includes \$612,000 in FY2025 and \$300,000 in FY2026, as well as \$300,000 annually through FY2030, to finance the replacement of hospital equipment and hardware necessary for hospital operations and record maintenance.
- **RISPH Equipment:** The Budget adds \$100,000 in FY2026, as well as \$100,000 annually through FY2030, for the replacement of hospital and medical equipment as well as security infrastructure at the Rhode Island State Psychiatric Hospital.

Governor’s Commission on Disabilities

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
Governor's Commission on Disabilities	\$1.6	\$1.9	\$2.7	\$0.8	41.4%	\$2.1	\$0.1	6.1%
Expenditures By Source								
General Revenue	\$1.3	\$1.5	\$2.3	\$0.8	52.3%	\$1.6	\$0.1	5.2%
Federal Funds	0.3	0.3	0.3	-	0.0%	0.3	-	-
Restricted Receipts	0.0	0.1	0.1	0.0	1.5%	0.1	0.0	59.1%
Total	\$1.6	\$1.9	\$2.7	\$0.8	41.4%	\$2.1	\$0.1	6.1%
Authorized FTE Levels	5.0	5.0	5.0	-	-	5.0	-	-

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

The Governor’s Commission on Disabilities advocates for individuals with disabilities, expands economic opportunities for businesses owned by or employing individuals with disabilities and their families, and ensures that individuals with disabilities have access to government. The Commission is responsible for coordinating compliance by state agencies with federal and state disability rights laws.

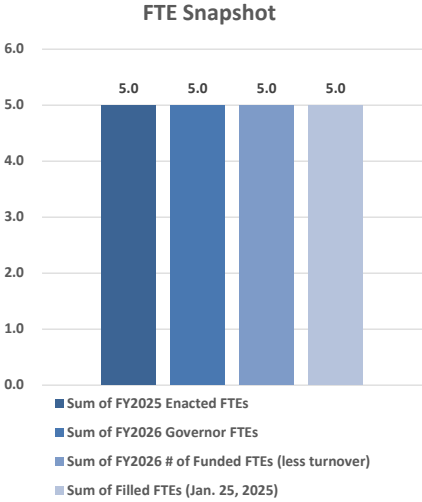
MAJOR ISSUES AND TRENDS

The FY2025 Revised Budget includes \$2.7 million in all funds, of which \$2.3 million is general revenue. This reflects a general revenue increase \$801,272, reflecting the reappropriation of \$640,539 from FY2024 into the current fiscal year. Also, there is an increase of \$651 in restricted receipts and \$67 in federal funds. The result is an all funds increase of \$801,990 from the FY2025 Budget as Enacted.

For FY2026, the Budget includes \$2.1 million, of which \$1.6 million is general revenue. This reflects a general revenue increase of \$80,135 from the FY2025 Budget as Enacted. In addition, there is an increase of \$38,909 in restricted receipts and an increase of \$67 in federal funds, resulting in an all funds increase of \$119,111 from the FY2025 Budget as Enacted.

The Budget includes \$765,278 in general revenue for continued funding of the Livable Homes Modification Program.

The Budget includes 5.0 FTE positions in FY2025 and in FY2026, consistent with the enacted level.



Governor's Commission on Disabilities	General Revenue
FY2025 Enacted	\$1,530,392
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	22,512
Federal Indirect Cost Recovery Shift	107,173
Centralized Services (statewide adjustment)	(38,258)
Livable Homes Modification Grants	(11,292)
	Informational
FY2026 Governor	\$1,610,527

Governor's Commission on Disabilities	Other Fund Changes
Realignment to Enacted/CSL (restricted receipts)	\$38,258

Federal Indirect Cost Recovery Shift **(\$38,258)**

The Governor recommends general revenue savings from recoveries of indirect costs on federal grants, beginning in State Fiscal Year 2026. The Budget contains language in Article 2 that increases the indirect cost recovery (ICR) charge provisions on restricted receipt accounts from 10.0 percent to 15.0 percent, matching the new federal rate. This item reflects the ability of the Commission to charge an additional \$38,258 to restricted receipts and to remove the administrative expenses from general revenue. There is a corresponding increase of \$38,258 in restricted receipts.

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

Livable Homes Modification Grants **Informational**

The Budget includes \$765,278 in general revenue for the Livable Home Modification grant program, reflecting a decrease of \$26 from the \$765,304 general revenue appropriation in the FY2025 Budget as Enacted, and a decrease of \$645,565 from the FY2025 Revised Budget.

The FY2025 Revised Budget continues funding for the Livable Home Modification Grant Program and includes \$1.4 million in general revenue to support the program. In addition, the FY2025 Revised Budget includes the \$730,565 reappropriation from the previous fiscal year, as the FY2024 Budget as Enacted included proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year (FY2025).

The following table illustrates the program appropriation, legislative changes, reappropriation amounts, and actual expenditures of the program.

Livable Homes Modification	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Actual	\$461,040	\$499,690	\$320,422	\$460,559	\$0	\$0	\$0	\$0
Governor FY2023	-	-	-	-	485,743	-	-	-
Assembly FY2023 - Add	-	-	-	-	500,000	-	-	-
Reappropriation from FY2022	-	-	-	-	121,174	-	-	-
Assembly Change FY2023	-	-	-	-	(2,802)	-	-	-
Actual Change FY2023	-	-	-	-	(555,701)	-	-	-
Governor FY2024	-	-	-	-	-	516,699	-	-
Assembly FY2024	-	-	-	-	-	250,000	-	-
Reappropriation from FY2023	-	-	-	-	-	555,750	-	-
Actual Change FY2024	-	-	-	-	-	4,268	-	-
Governor FY2025	-	-	-	-	-	-	765,304	-
Actual FY2024 Final	-	-	-	-	-	(640,565)	-	-
Reappropriation from FY2024	-	-	-	-	-	-	640,539	-
Governor FY2026	-	-	-	-	-	-	-	765,278
Total	\$461,040	\$499,690	\$320,422	\$460,559	\$548,414	\$686,152	\$1,405,843	\$765,278

The Governor’s Commission on Disabilities (GCD) has administered the Livable Home Modification grant program since January 2018. The grant program allocates funding for home modification projects to allow people to stay in their homes longer and decrease the length and frequency of nursing home stays. Improvements include bathroom modifications, wheelchair ramps, and stability rails, along with other home modifications. The following table illustrates the number of paid awards by fiscal year. Since inception, the Commission has paid \$3.4 million for 1,225 awards.

RIGL 42-51-13, requires the Governor’s Commission on Disabilities to submit an annual report by August 15 of each year to the Governor, President of the Senate, Speaker of the House, and to the Chairpersons of the Senate and House Finance Committees on the progress of the Livable Home Modification program. The 2024 annual report was filed on October 29, 2024. The report highlights that over the past three fiscal years, the estimated Medicaid savings of \$71.4 million from nursing home diversion and allowing an individual to remain in their own home. Approximately 97.0 percent of the appropriations will be used on grant awards in FY2025 and 94.0 percent is projected to be spent on grant awards in FY2026. The Commission tracks the project awards by the fiscal year in which they are awarded. The project and balance are carried forward into succeeding fiscal years until the project is completed.

The FY2022 Budget as Enacted codified the current Livable Home Modification Grant program (RIGL 42-51-13) with a hard grant amount of 50.0 percent of the modification cost up to \$4,000. In addition, the FY2022 Final Budget introduced proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year.

Fiscal Year	# Paid	Amount Paid
FY2018	27	\$86,304
FY2019	161	423,794
FY2020	165	451,517
FY2021	110	303,646
FY2022	159	404,622
FY2023	182	502,292
FY2024	221	645,294
FY2025	200	567,270
Total	1,225	\$3,384,739

Source: Commission on Disabilities
FY2025 as of March 10, 2025

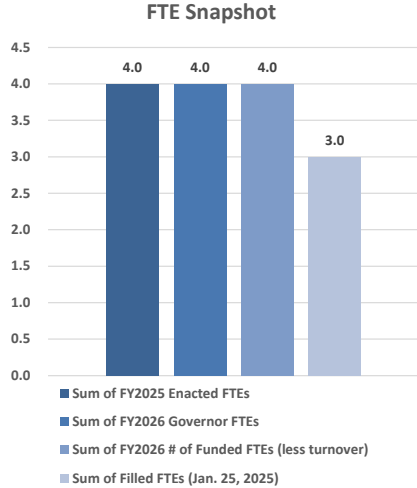
Commission on the Deaf and Hard of Hearing

Expenditures by Program	FY2024 Actuals	FY2024 Enacted	FY2024 Revised	Change from Enacted		FY2025 Enacted	Change from Enacted	
Central Management	\$800,166	\$914,184	\$904,509	(\$9,675)	-1.1%	\$929,154	\$14,970	1.6%

Expenditures by Program	FY2024 Actuals	FY2025 Enacted	FY2025 Revised	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$745,740	\$782,651	\$762,680	(\$19,971)	-2.6%	\$786,233	\$3,582	0.5%
Restricted Receipts	54,426	131,533	141,829	10,296	7.8%	142,921	11,388	8.7%
Total	\$800,166	\$914,184	\$904,509	(\$9,675)	-1.1%	\$929,154	\$14,970	1.6%

Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-
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The Commission on the Deaf and Hard of Hearing (CDHH) advocates and coordinates the promotion of an environment in which deaf and hard of hearing persons in Rhode Island are afforded equal opportunity in all aspects of their lives. The CDHH develops policy and provides recommendations for programs and legislation that will enhance cooperation and coordination among agencies and organizations that currently serve, or have the potential to serve, the deaf and hard of hearing community.



MAJOR ISSUES AND TRENDS

The Budget includes total funding of \$929,154 including \$786,233 from general revenue for FY2026. General revenue increases by 0.5 percent from the FY2025 Budget as Enacted. The increases in general revenue are primarily due to the statewide adjustments related to the 4.0 percent cost of living adjustment, negotiated by the Administration in FY2025.

The Budget authorizes 4.0 FTE positions in FY2026, consistent with the Enacted budget.

Commission on the Deaf and Hard of Hearing	General Revenue
FY2025 Enacted	\$782,651
<i>Target and Other Adjustments</i>	79,596
EPCAP Director Expenses	(36,871)
Personnel Adjustments (statewide adjustments)	75,813
Centralized Services (statewide adjustments)	(39,143)
FY2026 Enacted	\$786,233

Commission on the Deaf and Hard of Hearing	Other Funds
EPCAP Director Expenses (restricted receipts)	\$36,868

EPCAP Director Expenses (\$36,871)

The Budget includes a restricted receipt shift of \$36,871, funded through The Emergency and Public Communication Access Program (EPCAP), resulting in a general revenue decrease of \$36,871. At the end of FY2024, the EPCAP account had an unspent balance of \$128,126. The account receives an annual deposit of \$100,000 from the Public Utilities Commission. The Commission expects a significant unspent balance at the end of FY2026, due to unspent funds related to vacant positions. Therefore, the Governor

recommends a higher proportion of the Director's salary be allocated to the EPCAP account of 25.0 percent. There should be no unspent funds at the end of FY2026.

Office of the Child Advocate

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
Central Management	\$1,395,026	\$1,891,426	\$1,913,740	\$22,314	1.2%	\$2,264,613	\$373,187	19.7%
Total	\$1,395,026	\$1,891,426	\$1,913,740	\$22,314	1.2%	\$2,264,613	\$373,187	19.7%

Expenditures by Source	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
General Revenue	1,429,015	1,891,426	1,913,740	22,314	1.2%	2,264,613	373,187	19.7%
Federal Funds	(33,989)	-	-	-	-	-	-	-
Total	\$1,395,026	\$1,891,426	\$1,913,740	\$22,314	1.2%	\$2,264,613	\$373,187	19.7%

Authorized FTE Levels	10.0	13.0	13.0	-	-	13.0	-	-

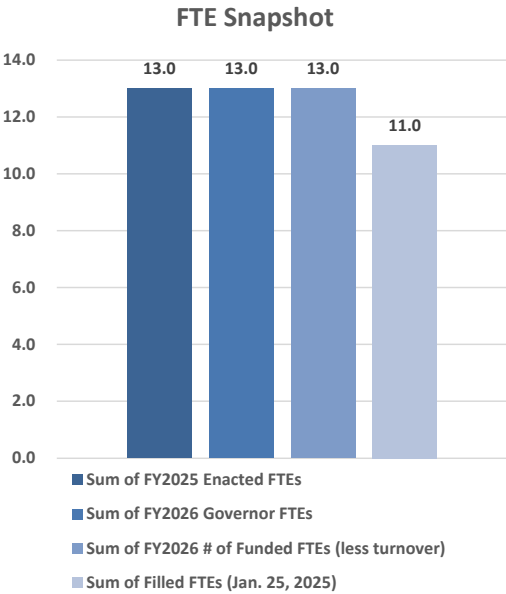
The Office of the Child Advocate (OCA) is mandated by statute to protect the legal, civil, and special rights of all children in the care of the Department of Children, Youth, and Families (DCYF). The Office strives to improve conditions and circumstances through monitoring, intervention, and advocacy. The Office reviews all youth residential programs, including the Rhode Island Training School, and oversees compliance of all DCYF-contracted providers. The General Assembly amended the Office’s statutory charge in both 2016 and 2019, further requiring the Child Advocate to investigate any child fatality or near fatality if:

- The child is involved with, or the child’s family previously received services from DCYF;
- The incident involves alleged abuse or neglect and the child’s family had prior contact with DCYF; or
- The child’s sibling, housing member, or daycare provider was the subject of a child abuse or neglect investigation within 12 months of the incident.

MAJOR ISSUES AND TRENDS

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State’s child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement, known as the Children’s Rights Settlement, outlined a number of new screening and reporting requirements for DCYF. The OCA acts as the federal monitor to the settlement and oversees DCYF’s progress towards meeting the established benchmarks.

The Budget includes \$2.3 million in general revenues for the Office of the Child Advocate, an increase of \$373,187 as compared to the FY2025 Budget as Enacted. This represents full financing for current operations and staffing authorizations, as well as salary and benefits increases due to a COLA which went into effect in FY2025. The Budget authorizes and fully funds 13.0 FTE positions. As of February 22, 2025, 11.0 positions are filled.



Not included in the Budget is a request from the OCA to transfer 10.0 FTE positions from Rhode Island College (RIC) to the OCA. The OCA previously managed the Rhode Island Educational Surrogate Parent

Program, now operated through the Sherlock Center at RIC, from 1994-2003. The request proposes that the contract for the program, along with the 10.0 FTE positions associated with it, are returned to the OCA. The total value of the transfer including one-time setup costs and salary and benefits total \$1.0 million, which would be a direct impact on the budget for RIC.

Office of the Child Advocate	General Revenue
FY2025 Enacted	\$1,891,426
<i>Target and Other Adjustments</i>	<i>50,071</i>
Salary and Benefit Adjustments	186,471
Personnel Adjustments (statewide adjustments)	136,645
FY2026 Governor	\$2,264,613

Salary and Benefit Adjustments ***\$186,471***

The Budget includes an increase in salary and benefit expenses of \$186,471. The increase reflects a full year of funding for 3.0 FTE positions which were filled mid-year in FY2025.

Office of the Mental Health Advocate

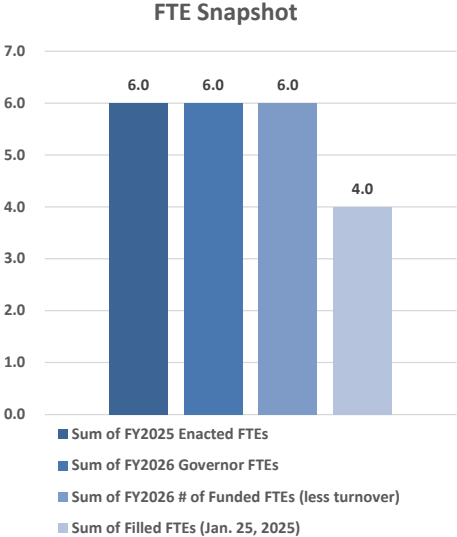
Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
Central Management	\$769,628	\$981,608	\$875,673	(\$105,935)	-10.8%	\$1,117,164	\$135,556	13.8%
Total	\$769,628	\$981,608	\$875,673	(\$105,935)	-10.8%	\$1,117,164	\$135,556	13.8%

Expenditures by Source	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
General Revenue	\$769,628	\$981,608	\$875,673	(\$105,935)	-10.8%	\$1,117,164	\$135,556	13.8%
Total	\$769,628	\$981,608	\$875,673	(\$105,935)	-10.8%	\$1,117,164	\$135,556	13.8%

Authorized FTE Levels	FY2024	FY2025	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
Authorized FTE Levels	6.0	6.0	6.0	-	-	6.0	-	-

The Office of the Mental Health Advocate (OMHA) is statutorily mandated to protect the legal, civil, and special rights of people living with mental illness in Rhode Island. This includes providing legal representation at involuntary commitment proceedings, monitoring policies and procedures at inpatient treatment facilities and community-based health programs, proposing and evaluating legislation, and litigating civil and treatment rights disputes.

The Office also advocates for improvements in the mental health system by monitoring and evaluating the quality of services available to clients and combatting the stigmatization and discrimination associated with mental illness. The Office seeks to close gaps in the programs administered by mental health providers, including the shortcomings in services related to emergency hospitalizations, psychiatric care for prison inmates, and homelessness among individuals with chronic mental illness.



MAJOR ISSUES AND TRENDS

The FY2026 Budget includes \$1.1 million from general revenues for the Office of the Mental Health Advocate. This represents a general revenue increase of \$135,556, or 13.8 percent, as compared to the FY2025 Budget as Enacted. The Office is funded entirely through general revenues.

The Budget authorizes and fully funds 6.0 FTEs in FY2025, consistent with the FY2024 authorization. As of February 22, 2025, the Office had 4.0 positions filled and 2.0 positions vacant. Currently, the Office has 1.0 vacant Social Worker position and 1.0 vacant Attorney position.

Analyst Note: This is the second year in which these positions have been vacant. The Office has previously indicated challenges with finding qualified candidates; in a previous hiring round for an Attorney position, only three qualified candidates applied. The Office is in the process of seeking approval to raise salaries in order to make positions more competitive. Other than the statewide COLA increases, no salary increases were included in this budget.

Office of the Mental Health Advocate	General Revenue
FY2025 Enacted	\$981,608
<i>Target and Other Adjustments</i>	<i>23,473</i>
Personnel Adjustments (statewide adjustments)	56,399
Centralized Services (statewide adjustments)	55,684
FY2026 Governor	\$1,117,164

Elementary and Secondary Education

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Administration of the Comprehensive Education Strategy	\$320.0	\$312.6	\$346.6	\$34.0	10.9%	\$294.4	(\$18.2)	-5.8%
Central Falls School District	49.4	54.6	55.0	0.4	0.7%	53.7	(0.9)	-1.7%
Davies Career and Technical Center	24.4	65.3	36.3	(29.0)	-44.4%	55.8	(9.5)	-14.6%
Rhode Island School for the Deaf	9.9	9.7	10.5	0.7	7.6%	10.3	0.6	5.8%
Metropolitan Career and Technical School	10.8	13.6	15.3	1.6	11.9%	13.2	(0.4)	-3.0%
Education Aid	1,392.3	1,308.8	1,307.6	(1.2)	-0.1%	1,296.0	(12.9)	-1.0%
School Construction Aid	104.2	106.2	106.2	-	0.0%	119.9	13.7	12.9%
Teacher Retirement	131.5	132.3	138.3	6.0	4.6%	138.0	5.7	4.3%
Total	\$2,042.5	\$2,003.2	\$2,015.7	\$12.6	0.6%	\$1,981.2	(\$22.0)	-1.1%
Expenditures By Source								
General Revenue	\$1,493.8	\$1,588.8	\$1,595.3	\$6.5	0.4%	\$1,643.1	\$54.2	3.4%
Federal Funds	495.0	318.5	355.7	37.3	11.7%	256.5	(62.0)	-19.5%
Restricted Receipts	51.9	53.0	49.4	(3.6)	-6.8%	50.5	(2.6)	-4.8%
Other Funds	1.7	42.9	15.3	(27.6)	-64.3%	31.2	(11.7)	-27.3%
Total	\$2,042.5	\$2,003.2	\$2,015.7	\$12.6	0.6%	\$1,981.2	(\$22.0)	-1.1%
Authorized FTE Levels	340.1	340.1	340.1	-	0.0%	342.1	2.0	0.6%

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

The Rhode Island Department of Elementary and Secondary Education, under the leadership of the Board of Education, is responsible for a strategic plan defining goals and objectives for elementary and secondary education; preparation and presentation annually of an educational budget for the Department of Elementary and Secondary Education, subordinate boards and agencies, and State aid to local school districts; approval of the basic subjects and courses of study to be taught, and instructional standards required to be maintained in the public elementary and secondary schools of the State; and, adoption of standards and qualifications for the certification of teachers and provision for the issuance of certificates.

MAJOR ISSUES AND TRENDS

The Budget provides total funding of \$1,981.2 million, a decrease of \$22.0 million from the enacted level. The \$54.2 million increase in general revenue is primarily due to an increase of \$42.7 million in education aid to districts, charter and state schools partially offset by a \$2.0 million decrease in Career and Technical Education and \$1.0 million in Early Childhood categorical education aid. The number of Pre-K seats supported by the early childhood education categorical fund is projected to remain at the FY2025 level of 2,809 through FY2027. It appears that the Department has stalled in their progress toward the FY2023 Budget initiative to expand Pre-K offerings to 5,000 seats by FY2028.

Other increases include \$13.7 million in school construction aid and \$5.7 million for the State's share of teacher retirement, partially offset by the elimination of \$5.0 million to develop the state plan to improve mathematics and English Language Arts (ELA). The FY2026 Budget includes funding for all of the categories, except the Regionalization Bonus, the School Resource Officer Support, and the Density Aid fund, which was replaced with the Enrollment Transition fund. Transportation is fully funded; however, High-Cost Special Education is level funded at \$15.0 million, \$15.6 million below eligible reimbursements.

The reduction in federal funds is due primarily to the expiration of funding from the ARPA State Fiscal Recovery Fund (SFRF) Elementary and Secondary Education Relief (ESSER) III funds, which had to be obligated by September 30, 2024. Restricted receipts decline in FY2026 primarily due to a reduction of Statewide Transportation costs in FY2026; however, the second quarter report from the Department projects an increase in costs. The decrease in other funds is primarily due to the completion of healthcare

classroom improvements at Davies in FY2025 and a reduction in asset protection funding at the Met in FY2026.

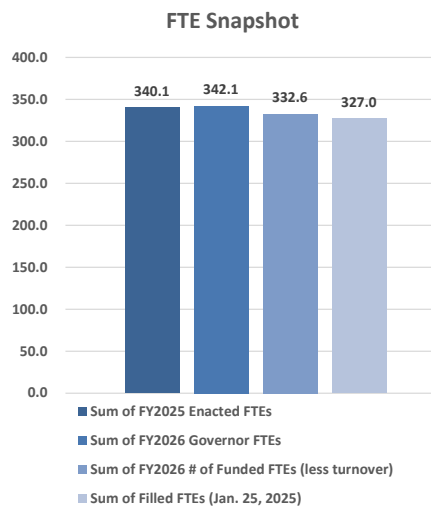
The Budget provides 342.1 FTE positions, an increase of 2.0 FTE positions, across the Elementary and Secondary Education system, including 156.1 FTE positions at the Department of Elementary and Secondary Education, 125.0 FTE positions at Davies, and 61.0 FTE positions at the School for the Deaf. The 2.0 new FTE positions are Art Teacher positions at Davies to allow the school to meet the new 2028 graduation requirements.

Federal Elementary and Secondary Relief Funds (ESSER)

The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in Elementary and Secondary Education Relief (ESSER) II funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution \$166.4 million was for direct grants to local education agencies (LEAs). According to the United States Department of Education, LEAs may use these as allowed under ESSER I and ARPA ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period. According to the Department 98.8 percent of these funds have been spent. Only four LEAs spent less than 99.0 percent of the funds: Cranston at 80.1 percent with \$1.8 million remaining, South Kingstown at 95.2 percent with \$63,943 remaining, Davies at 96.3 percent with \$43,092 remaining, and East Greenwich at 97.3 percent with \$6,501 remaining.

The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in ESSER III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million was for direct grants to local education agencies (LEAs). According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of school facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period. The Budget includes \$74.1 million in federal ESSER III funds in FY2025.

The Department reports that 99.9 percent of these funds have been spent as of January 10, 2025. Five districts have not spent at least 99.0 percent of the funds: New Shoreham at 94.7 percent with \$5,989 remaining, Westerly at 96.2 percent with \$171,517 remaining, International Charter School at 96.3 percent with \$36,310 remaining, South Kingstown at 96.5 percent with \$104,565 remaining, and Foster at 98.4 percent with \$6,608 remaining. Expenditure and allocation amounts for each LEA can be found at the [ESSER Funds Dashboard](#) on the Department's website.



ADMINISTRATION OF THE COMPREHENSIVE EDUCATION STRATEGY (ACES)

The Administration of the Comprehensive Education Strategy (ACES) program encompasses the offices of Accelerating School Performance, Educator Excellence and Instruction Effectiveness, Fiscal Integrity and Efficiencies, and Legal. Through these offices, the Department provides leadership and support for the entire elementary and secondary education system in Rhode Island.

Administration of the Comprehensive Education Strategy	General Revenue
FY2025 Enacted	\$39,044,536
<i>Target and Other Adjustments</i>	
Mathematics and ELA Improvement Strategy (Coaching Initiative)	401,918 (5,000,000)
Learn365RI	(500,000)
FY2026 Governor	\$33,946,454

Administration of the Comprehensive Education Strategy	Other Fund Changes
School Nutrition Programs (federal funds)	\$4,550,000
EC ⁴ Projects - Solar Panels in Schools (RGGI-restricted receipts)	175,000

Mathematics and ELA Improvement Strategy (Coaching Initiative) (\$5.0 million)

As a placeholder for the state plans for mathematics and English Language Arts (ELA) to be developed by the Department in FY2024, the FY2025 Budget included \$5.0 million for implementation. The Governor removes this funding in FY2026. Based on information provided on March 8, 2024, the Department intended to use the funding to:

- Some money directly to districts to fund or partially fund coach positions.
- There is not enough for coaches in all schools so a determination of need would have to be established.
- Funds should be set aside for professional learning for those coaches, as well as funds for a vendor who runs the coach training and support piece.
- Funds would be set aside to continue some curriculum specific professional learning since funding sources used to support this will be ending.

Based on information provided by the Department on November 25, 2025, \$4.0 million was issued to districts for the hiring of coaches, \$500,000 was dedicated to providing professional learning to the coaches, and another \$500,000 is earmarked to provide High Quality Curriculum Materials (HQCM) to high school math and special education teachers with a focus on special education materials.

Learn365RI (\$500,000)

The Budget provides \$2.5 million for the Learn365RI initiative, a reduction of \$500,000 from the FY2025 enacted level to provide high-quality, out-of-school time programs focused on critical skill development. The Department asserts that the FY2026 funds will be used for new projects and not to support ongoing costs in previously awarded projects.

In the FY2025 Budget as Enacted, \$3.0 million in general revenue was provided to replace temporary federal funding supporting out-of-school programming with a focus on critical skill development. These funds are to be used to continue the work of the \$4.0 million in federal Governor’s Emergency Education Recovery (GEER) Emergency Assistance to Non-Public Schools (EANS) funds and \$4.0 million in ARPA SFRF in providing grants to municipalities to start or continue out-of-school time programming consistent with the Learn365RI goals of “increasing school attendance, improving reading and math skills, and ensuring that high school graduates have a meaningful plan upon graduation.”

As of February 17, 2025, the Department reports that no grants have been awarded. Municipalities are expected to be notified the week for February 17, 2025, about the availability of funding and the timeline for awards. Municipalities that have signed the Municipal Learning Compact and have identified a team to

participate in planning with Department in the spring are eligible for funding with the grant amounts to be determined by student population with a poverty factor applied. In addition, the funding will prioritize mathematics programs for students in kindergarten through eighth grade, such as an April Break Math Camp, afterschool and weekend math programming, or a summer program.

According to the Department in March 2024, the funds will be awarded to municipalities, in disbursements of \$40,000 to \$400,000, on a competitive grant basis. The proposals would be evaluated on how the proposed initiative will align to the Learn365RI goals and meet the needs of the community, likely through out-of-school academic programming and tutoring, reconnection engagement initiatives, college and career pathway support programs, and other initiatives that are tailored to the community's needs. The Department posited that "successful programs could include training out-of-school time providers or a municipal recreation department to offer literacy lessons, invest in technology to provide digital math training, hosting of community-wide FAFSA nights to promote post-secondary learning opportunities."

School Nutrition Programs (federal funds) \$4.6 million

The Budget provides an increased appropriation in federal funds of \$4.6 million in FY2026 and \$2.3 million in FY2025 to support school breakfast and lunch programs, based on the Department's projections

EC4 Projects – Solar Panels in Schools (RGGI-restricted receipts) \$175,000

The Budget includes \$175,000 in Regional Greenhouse Gas Initiative (RGGI) restricted receipts from the Executive Climate Change Coordinating Council (EC⁴) to allow the Department to retain a consultant to create a roadmap for schools interested in solar.

The RGGI is a cooperative effort by Northeastern and Mid-Atlantic states that requires member states to reduce carbon dioxide (CO₂) emissions from large fossil fuel-fired electric power plants to help address climate change. Central to this initiative is the implementation of a multi-state "cap-and-trade" program with a market-based, emissions trading system. The annual RGGI proceeds fluctuate based upon the pricing from the quarterly competitive auctions with regulated energy users within New England and Mid-Atlantic States.

CENTRAL FALLS SCHOOL DISTRICT

The State of Rhode Island assumed control of the Central Falls School District in 1991 when it was determined that the City of Central Falls could not afford to meet its contractual, legal, and regulatory obligations related to school funding because its tax base had sustained little or no growth over several years. Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District.

Since FY2012, Central Falls has been funded according to the education funding formula. The Budget provides \$53.7 million for the Central Falls School Department in FY2026. This includes the funding formula distribution as well as \$10.8 million in funding through the Central Falls Stabilization Fund, and excludes aid received through other education aid categories. (See Education Aid in the Special Report section of this publication for further detail.)

Central Falls	General Revenue
FY2025 Enacted	\$54,041,889
<i>Target and Other Adjustments</i>	
Central Falls Stabilization	(300,000)
Funding Formula Adjustment	(53,806)
FY2026 Governor	\$53,688,083

Central Falls Stabilization

(\$300,000)

As part of the Governor’s recommendation to transition Central Falls school district “finances and governance back to local control”, the Budget funds this category at \$10.8 million in FY2026, a decrease of \$300,000 from the FY2025 Budget as Enacted. The district is currently governed by a Board of Trustees that acts as a school committee. The Department provides financial oversight related to budget management and capital projects, and works with the district finance team to reduce costs. The Department does not exercise any heightened academic or governance control beyond that held over other districts. The Board of Trustees is empowered with school committee authority such as hiring the superintendent, monitoring student outcomes, and implementing policy.

Central Falls schools are currently 100.0 percent state-funded, with the State providing both the local and state contributions calculated through the formula, as well as the local share that would be supported outside of the core amount. Generally, the costs outside the foundation aid formula, such as transportation, facility maintenance and retiree health benefits, are paid by the district. The stabilization fund was created due to concerns regarding the city's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula.

Although Central Falls has been working with the Department to reduce expenditures, the district has not been able to reduce costs enough to keep pace with the phase-in of the funding formula. Also, charter school tuitions have been increasing resulting in a corresponding increase in district expenses. Consequently, the stabilization fund has been used to replace aid lost through the implementation of the funding formula and local payments to public schools of choice. To date, Central Falls has been unable or unwilling to absorb any educational costs.

Funding Formula Adjustment

(\$53,806)

Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District; however, beginning in FY2012, the district’s state funding has been determined through the new funding formula. In FY2026, the district will see a decrease of \$53,806 in funding formula aid, including a decrease of \$593,794 in aid calculated through the simulator and an increase of \$539,987 in enrollment stabilization aid. The formula distribution, stabilization aid, and other categorical aid provide for a net decrease of \$494,864 from the previous fiscal year.

The total foundation amount calculated through the funding formula is \$43.3 million in FY2026, with the state share at \$41.9 million, a decrease of \$593,793. \$947,301 for the Enrollment Transition Fund (an increase of \$539,987), established through Article 8 of the FY2024 Budget as Enacted, provides a total of \$42.9 million, a net decrease of \$53,806.

DAVIES CAREER AND TECHNICAL CENTER

The Davies Career and Technical School provides a high school education program in occupational areas for students in grades nine through twelve. The school provides an integrated academic and vocation curriculum with up-to-date technology programs to provide a solid foundation for students entering postsecondary education or the community. Davies operates as a local education agency and is governed by a Board of Trustees.

The Budget provides \$18.8 million in general revenue funding for the Davies Career and Technical School, an increase of \$641,073 from the FY2025 Budget as Enacted, excluding categorical aid. (See Education Aid in the Special Report section of this publication for further detail.)

Davies Career and Technical School	General Revenue
FY2025 Enacted	\$18,131,389
<i>Target and Other Adjustments</i>	
Funding Formula Adjustment	481,447
Davies Stabilization Fund (2.0 new FTE positions)	159,626
FY2026 Governor	\$18,772,462

Funding Formula Adjustment **\$481,447**

The Davies School receives funding from state and federal sources; however, beginning in FY2012, it receives its State funding as determined through the new funding formula. In FY2025, the Davies School will receive an increase of \$481,447 in funding formula aid (\$10.6 million in total formula aid). Instead of being entirely State funded, the sending districts now pay a portion of the tuition for each student from their district. Furthermore, Davies is now responsible for the cost of transporting students to and from their sending districts

Davies Stabilization Fund - (2.0 new FTE positions) **\$159,626**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to Davies for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget provides an increase of \$159,626 (\$8.2 million total) in FY2026.

The Budget provides 2.0 new Art Teacher FTE positions. Under the new graduation requirements, beginning with the Class of 2028, art classes must be taught by certified Art Teachers, who would need to be recruited. The positions are projected to cost \$242,056 in salaries and benefits. In addition, personnel costs are projected to increase by \$155,096 due to the employee contract.

Analyst Note: A Governor's Budget amendment is expected that will change the funding for the 2.0 FTE positions from the stabilization fund to a restricted receipt account supported by local tuition payments to Davies.

RHODE ISLAND SCHOOL FOR THE DEAF

The Rhode Island School for the Deaf (RISD) is a public school which offers educational programs to approximately 85 deaf and hard of hearing youth (and their families) from birth through age 21 in the elementary program, junior and senior high school, and early intervention and preschool programs.

School for the Deaf	General Revenue
FY2025 Enacted	\$8,675,430
<i>Target and Other Adjustments</i>	
FY2026 Governor	134,508
	\$8,809,938

METROPOLITAN CAREER AND TECHNICAL SCHOOL

The Metropolitan Career and Technical School (Met School) is a career and technical public-school district with two campuses in Providence and a third in Newport. It provides a comprehensive education which includes internships, individual learning plans, advisory, and a college transition program for students in grades nine through twelve.

The Budget provides \$13.0 million in general revenue funding for the Met, an increase of \$1.8 million over the FY2025 Budget as Enacted. This includes \$3.2 million for the Met School Stabilization Fund, but

excludes categorical aid. The Met School is governed by a board, appointed by the Board of Education but operated independently. Also, unlike Davies, the employees at the Met School are not state employees. (See Education Aid in the Special Report section of this publication for further detail.)

Metropolitan Career and Technical School	General Revenue
FY2025 Enacted	\$11,131,142
<i>Target and Other Adjustments</i>	
Met School Stabilization Fund	1,123,000
Funding Formula Adjustment	723,186
FY2026 Governor	\$12,977,328

Met School Stabilization Fund **\$1.1 million**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget increases the stabilization fund by \$1.1 million (\$3.2 million total) in FY2026. By adjusting the stabilization fund to offset any changes in the funding formula calculation, the Met School was level funded from FY2017 through FY2022. The increase is recommended to address rising operating costs, such as step increases, cost-of-living adjustments, instructional support, transportation, and healthcare costs.

Funding Formula Adjustment **\$723,186**

In FY2026, the Met School sees an increase of \$723,186 in funding formula aid (\$9.8 million in total formula aid). Previously, the Met School was 100.0 percent state funded; however, beginning in FY2012, it received its general revenue funding through the new funding formula and sending districts pay a portion of the tuition for each student from their district. Furthermore, the Met School is now responsible for the cost of transporting students to and from their sending districts and will no longer be reimbursed by sending districts for transportation costs. Generally, the school provides RIPTA passes to students; however, due to the lack of RIPTA services available to students in Woonsocket, the school contracts for bus service for those students.

EDUCATION AID

The Department provides direct support to schools and school districts, including charter and state-owned schools through this program. This program also provides funding for group home beds, non-public textbook reimbursement, state-level professional development, the early childhood demonstration pilot project, state E-rate reimbursement, and the state’s share of the school breakfast program.

Education Aid	General Revenue
FY2025 Enacted	\$1,219,745,842
<i>Target and Other Adjustments</i>	
Funding Formula Distribution	39,564,586
Categorical Aid	(1,731,585)
State E-Rate	(400,000)
Textbook Expansion	(180,000)
FY2026 Governor	\$1,256,998,843

Education Aid	Other Funds
Statewide Student Transportation (restricted receipts)	(3,528,145)

Funding Formula Distribution**\$39.6 million**

Based on the October 2024 enrollment data, adjusted for projected charter school enrollments, the FY2026 Budget as Enacted increases the education funding formula distribution to districts, except for Central Falls and state schools, by \$39.6 million.

Article 8 of the FY2025 Budget as Enacted shifted English Learners (EL) categorical aid into the funding formula, changed the name to Multilingual learners (MLL), and increased the weight from 15.0 percent to 20.0 percent. The weight still applies to the three lowest proficiency categories as identified through the WIDA (World-Class Instructional Design and Assessment) assessments tool. Article 8 also amended the average daily membership calculation to exclude beds at the Children's Residential and Family Treatment (CRAFT) program at Bradley Hospital from the decrease applied to Group Home beds.

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, distribution could change annually based on shifts in enrollment. There are no changes in funding methodology for the School for the Deaf, since it is an education program that already has a state, federal and local share.

The formula establishes a per-pupil spending amount of \$13,322 in FY2025, an increase of 5.6 percent. The formula also includes a single factor to adjust the core foundation amount to address the effects of poverty and other factors influencing educational needs. Under current law, the student success factor, also referred to as the high need student weight, is 40.0 percent. The weight provides an additional \$5,728 ($\$13,322 \times 0.4 = \$5,728$) for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines. Article 7 of the Governor's recommended FY2026 Budget would increase the student success factor weight from 40.0 percent to 43.0 percent, an additional \$400 per student, for those districts with a pre-kindergarten through 6th grade poverty density at or above 60.0 percent. This is the poverty density indicator used in calculating the state share ratio for a district. The amendment impacts five districts in FY2026: Central Falls, Newport, Pawtucket, Providence, and Woonsocket, as well as those charter and state schools with students from these districts.

The five districts would receive an additional \$7.9 million from the change, while charter and state schools would increase by another \$2.8 million.

As noted above, the FY2025 Budget as Enacted shifted support for English Learners into the funding formula with a weight of 20.0 percent (\$2,664).

The formula accounts for local revenue generating capacity and overall poverty level through a state share ratio calculation for each community that uses the State Share Ratio for the Community, based on the EWAV (Equalized Weighted Assessed Valuation) for the community, and the concentration of pre-kindergarten through sixth grade students eligible for free or reduced-price lunch.

Article 11 of the FY2017 Budget as Enacted changed the threshold for the high-need student weight to a family income at or below 185.0 percent of the federal poverty guidelines. The change is in response to the United States Department of Agriculture no longer requiring districts to collect eligibility data. Since this income level is the same threshold as that used for the free or reduced lunch program, the Department of Elementary and Secondary Education (Department) does not anticipate a change in the eligibility numbers.

Article 7 Fiscal Impact

	3.0% Additional SSF
District	SSF
Central Falls	\$544,152
Newport	200,801
Pawtucket	1,443,255
Providence	4,278,415
Woonsocket	1,404,602
District Total	\$7,871,225
Charter Schools	2,519,512
Davies	82,207
Met School	127,731
Nowell Academy	41,297
Urban Collaborative	42,687
Youth Build Academy	34,041
Total	\$10,718,700

Article 10 of the FY2023 Budget as Enacted required the Department to submit, as part of its FY2024 budget request, a poverty measure that does not rely on the administration of the school lunch programs. The Governor recommended and the General Assembly concurred with using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP). The counts from this data source are then multiplied by a factor of 1.6, as recommended by the U.S. Department of Agriculture (USDA) and the U.S. Department of Education for the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010. The direct certification data is used for both the student success factor (SSF) and concentration of pre-kindergarten through sixth grade students used in the share ratio calculation.

According to the Office of Management and Budget (OMB), “extensive research was conducted” to determine the new poverty measure, including the experiences of other states. Several criteria were considered including “comparable eligibility requirement to the FRLP, timeliness, and data quality. Furthermore, data sharing agreements with DHS [Department of Human Services] related to the use of direct certification were already in existence.” Based on the review, it was determined that “direct certification would result in a reliable calculation of education aid while minimizing administrative burden.”

According to the US Department of Education, the “function of the 1.6 multiplier is to provide an estimate of the percentage of students eligible for free and reduced-price meals in participating CEP schools, groups of schools, or LEAs that is comparable to the poverty percentage that would be obtained in a non-CEP school. The number of students directly certified is a subset of the total number of students eligible for free and reduced-price meals. Using only the number of identified students would result in lower poverty percentages for CEP schools or LEAs.” (see page 4 of Guidance for The Community Eligibility Provision). Communities participating in the CEP agree not to collect FRLP forms.

Poverty Loss Stabilization Fund: The FY2024 Budget as Enacted established funding to reduce the impact of a reduction in the community state share ratio. If the share ratio decreases by more than 2.0 percent, relative to the prior year, the formula provides 50.0 percent of the resulting reduction in funding formula aid. This fund is distributed as part of the funding formula distribution. In the FY2026 Budget the fund increases by \$3.5 million, relative to the FY2025 Budget as Enacted, to \$4.8 million total for all the school districts except Central Falls, which is included as a separate budget program.

Enrollment Transition Fund: To address the significant enrollment declines seen across the State, the FY2024 Budget as Enacted established an Enrollment Transition Fund providing 40.0 percent of the funding formula aid lost as a result of enrollment declines, relative to the previous year, in year one and 25.0 percent in year two. This fund is distributed as part of the funding formula distribution. The FY2026 Budget decreases this fund by \$9.2 million, relative to the FY2025 Budget as Enacted, to \$10.2 million for all the school districts except Central Falls, which is included as separate budget program.

The Act included a multi-year transition plan to ease districts into the new formula, allowing time to adjust for gains or losses in education aid. The plan provided a transition period of ten years for those districts projected to receive less school aid than they did through the aid distribution in FY2011, and seven years for those districts projected to receive more aid. As of FY2022 the funding formula distribution is fully phased in. (See Education Aid in the Special Report section of this publication.)

Categorical Aid

(\$1.7 million)

When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of

the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. In the FY2024 Budget, the Density Aid Fund was replaced with the Enrollment Transition fund, which is included in the funding formula distribution. The FY2025 Budget moved English Learners into the formula distribution. The FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers at public middle and high schools, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the school specific sections of this analysis.)

The FY2026 Budget includes funding for all of the active categories, except the Regionalization Bonus.

The total categorical aid decreases by \$1.7 million for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met).

FY2026 Governor's Education Aid		
Categorical	Change from Enacted	Total Funding
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	(\$1.7)	\$62.8

\$ in millions

- **Transportation:** This fund provides funding to districts that use the statewide transportation contract for transporting students to out-of-district, non-public schools within the resident district's transportation region as defined by RIGL 16-21.1-2, and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget fully funds this category at \$12.5 million in FY2026, an increase of \$1.2 million over the FY2025 Budget as Enacted.
- **Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds are distributed through a request for proposals (RFP) process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. These funds are paid to providers through the RFP process and, consequently, are not included in the distribution tables. Provisory language in Article 1 of the Budget requires the Department to prioritize funding to four-year olds whose family income is at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low-performing schools. The Budget funds this category at \$28.9 million in FY2026, a decrease of \$1.0 million in general revenue relative to the FY2025 Budget as Enacted. The decrease aligns with the number of classrooms and other contracts supported through the program, such as professional development, technical assistance, early childhood mental health supports, and program monitoring by the Department and Bright Stars. The \$1.0 million cut in the Budget was previously used to fund infant and toddler care in the Department of Health.

Article 10 of the FY2023 Budget as Enacted required the Department of Education (RIDE), the Department of Human Services, and the Children's Cabinet to develop the [Rhode Island Pre-K](#)

[expansion plan](#) to expand the Pre-K program to 5,000 seats over five years beginning in FY2024, including children ages three and four. Based on information provided by the Department, the total seats are projected to remain level at 2,809 in FY2025 through FY2027.

- High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed four times the combined core instruction and student success factor funding (currently \$74,600 for FY2026). The FY2024 Budget as Enacted lowered this threshold from five times. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$15.0 million in FY2026, consistent with the FY2025 Budget as Enacted and \$15.6 million less than the \$30.6 million in eligible reimbursements.

RI Pre-K Districts	FY2025 Pre-K Enrollment			
	Number of classrooms	Total seats	Low-Income seats	Percentage Low-Income
Bristol-Warren	3	56	28	50.0%
Central Falls	9	163	152	93.3%
Coventry	4	76	38	50.0%
Cranston	14	256	128	50.0%
Exeter-West Greenwich	1	20	10	50.0%
East Providence	11	214	107	50.0%
Johnston	3	54	27	50.0%
Lincoln	3	56	28	50.0%
Middletown	4	76	38	50.0%
Newport	2	36	18	50.0%
North Kingstown	1	18	9	50.0%
North Providence	3	54	27	50.0%
Pawtucket	15	282	201	71.3%
Portsmouth	1	20	10	50.0%
Providence	40	740	640	86.5%
Smithfield	2	38	19	50.0%
South Kingstown	1	18	18	100.0%
Warwick	7	126	63	50.0%
West Warwick	5	90	45	50.0%
Westerly	3	56	37	66.1%
Woonsocket	20	360	300	83.3%
Statewide Total	152	2,809	1,943	69.2%

Source: Rhode Island Department of Education

- Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2025, a decrease of \$2.0 million from the previous fiscal year.

While not carried into FY2026, the FY2025 Budget as Enacted provided \$2.0 million to support new career and technical education programs, not currently offered in any school, that address high growth, high-wage careers. The funds are being distributed through a competitive process. The deadline to apply was February 28, 2025. The funding will be obligated by June 30, 2025. Program planning is expected to occur in FY2026 with the new programs opening in FY2027.

- Regionalization Bonus:** This fund provides a bonus to districts that may regionalize in the future. In the first year, the bonus is 2.0 percent of the State’s share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State’s share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget provides no funding in FY2025. This category has not been funded since FY2014, as no new regionalized districts have been formed.
- Group Home Aid:** The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program, and provided \$15,000 annually per bed, except for group home beds associated with Bradley Hospital Children’s Residential and Family Treatment (CRAFT) Program, which received \$22,000 per bed. Through Article 11 of the FY2017 Budget as Enacted, the per-bed aid increased by \$2,000 for a total of \$17,000 per bed, except

for beds associated with the CRAFT Program, which increased by \$4,000 for a total of \$26,000 per bed.

The FY2026 Budget includes \$1.9 million to fund group home beds. This is \$24,312 more than the FY2025 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district and the decrease required pursuant to RIGL 16-7-22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation.

Based on the final December 31, 2024, report from the Department of Children, Youth and Families, in the FY2025 Revised Budget, a total of 18 beds were added relative to the enacted level, including 4 in North Smithfield (\$68,000), 1 in Pawtucket (\$17,000), 12 in Portsmouth (\$204,000), and 1 in Providence (\$17,000).

Article 8 of the FY2025 Budget as Enacted amended the average daily membership calculation to exclude beds at the CRAFT program at Bradley Hospital from the decrease applied to Group Home beds pursuant to RIGL 16-7-22(1)(ii); consequently, these beds get the per-pupil funding formula aid in addition to the \$22,000 per bed categorical aid.

State E-Rate

(\$400,000)

The purpose of the Rhode Island Telecommunications Education Access Fund (RITEAF or E-rate) is to supplement the federal E-Rate program in supporting affordable telecommunications and internet access for all qualified schools (kindergarten through grade 12) and libraries in the State. In the past, the state match portion of the RITEAF has been derived from two sources: a monthly E-rate surcharge on landlines of \$0.26 per line, deposited into a restricted receipt account, and general revenues. The Governor eliminates the \$400,000 in general revenue funding for this program. As the number of land lines has decreased over the past several years, funding for this program has also decreased. As of February 17, 2025, the balance of the RITEAF is \$705,018. According to the department, this cut will not result in any loss of federal funds.

In addition to declining restricted receipt revenue, under the new federal rules Rhode Island federal subsidies are expected to decline. The federal subsidy is based on the income eligibility guidelines used for the free and reduced school lunch program. The federal subsidy is a discount on the cost of the internet access. For example, if a district has a 50.0 percent discount rate, the district pays the vendor providing the service 50.0 percent of the eligible costs. The vendor receives the remaining 50.0 percent directly from the federal program. The discount rate, ranging from 20.0 percent to 90.0 percent, is calculated based on the percentage of students in the district eligible for the free or reduced lunch program and whether the district is rural or urban, with rural districts receiving an additional 5.0 to 10.0 percent reduction.

E-Rate Revenues and Expenditures					
Revenues	FY2020	FY2021	FY2022	FY2023	FY2024
General Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
RITEAF Surcharge	983,449	849,134	771,949	752,320	720,192
Total	\$1,383,449	\$1,249,134	\$1,171,949	\$1,152,320	\$1,120,192
Expenditures					
General Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
RITEAF Surcharge	950,995	935,384	695,576	697,681	487,652
Total	\$1,350,995	\$1,335,384	\$1,095,576	\$1,097,681	\$887,652
Difference	\$32,454	(\$86,250)	\$76,373	\$54,639	\$232,540

Analyst Note: The United States Supreme Court has taken up two cases challenging the funding mechanism for the federal E-Rate program. The key issue is whether the Federal Communications Commission (FCC) violated the nondelegation doctrine in the Constitution by delegating the administration of the Universal Service Fund (a.k.a the

federal E-Rate program) to a private nonprofit, the Universal Services Administrative Company, subsequent to the enactment of the Telecommunications Act of 1996. Oral arguments are expected to be heard in March or April of 2025, with a final decision in June of July.

Textbook Expansion

(\$180,000)

The Governor reduces funding for the state Textbook Reimbursement Program by \$180,000 relative to the enacted budget, providing \$60,000 in total funding. Currently, the State provides reimbursement to school districts for the cost of furnishing textbooks in the fields of English/language arts and history/social studies to resident students in grades K-12 attending non-public schools. In FY2019 through FY2024, the program averaged \$47,177 in expenditures annually.

Textbook Expansion	
FY2019	\$88,576
FY2020	56,251
FY2021	23,315
FY2022	25,571
FY2023	31,585
FY2024	57,766
Average	\$47,177

Statewide Transportation (restricted receipts)

(\$3.5 million)

The Governor’s FY2026 Budget recommendation costs for this program are projected to decrease by \$3.5 million to \$38.4 million in FY2026 and by \$4.6 million to \$37.3 million in FY2025, relative to the FY2025 Budget as Enacted; however, the second quarter report from the Department projects program costs closer to \$45.0 million. The increase is due to bringing on a second, more expensive vendor to cover routes the original vendor was unable to service and the addition of 40 more routes for students who signed up after August.

The statewide student transportation program was created to help districts provide transportation for students attending public and non-public schools within their transportation district, special needs students, homeless students, and foster youth with greater service and cost efficiencies. Transportation is provided to students who attend private, parochial, and charter schools, as well as career & technical education centers and other approved programs. This program maximizes the sharing of buses when possible to achieve service and cost efficiencies. This program is primarily funded by participating school districts but managed by the Department. Payments from the participating districts are deposited into a restricted receipt account within the Department for payment to the vendor providing the transportation services. For those districts participating in the statewide contract, the transportation costs for transporting students to out-of-district, non-public schools within the resident district’s transportation region, as defined by RIGL 16-21.1-2, are provided through education categorical aid provided pursuant to RIGL 16-7.2-6(e).

Pursuant to the federal McKinney-Vento Homeless Education Assistance Act, districts are required to provide transportation for homeless students to and from their school of origin if it is in the student’s best interest, regardless of the point of origin. Also, the federal Every Student Succeeds Act requires that students placed in foster care be bused to their district of origin if it is the best interest of the student. Similarly, federal law also dictates the transportation of special education students regardless of transportation districts or state boundaries. State law governs the transportation of private, charter, and career and technical school students with regional districts as defined by RIGL 16-21.1-2.

SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public-school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined

based on a share ratio designed to measure a community’s need. For FY2026, the minimum state share is 35.0 percent and the maximum is 95.7 percent for Central Falls. The state share for charter schools is 30.0 percent

The 2010 General Assembly passed legislation increasing the minimum share ratio for traditional school districts from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation that required RIDE to develop recommendations for cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State’s reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public-school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

School Construction Aid	General Revenue
FY2025 Enacted	\$106,198,555
<hr/>	
<i>Target and Other Adjustments</i>	-
School Construction Aid	13,689,200
School Building Authority Capital Fund	Informational
FY2026 Governor	\$119,887,755

School Construction Aid **\$13.7 million**

The Budget provides \$119.9 million, an increase of \$13.7 million over the FY2025 Budget as Enacted. While the entire amount is expected to be used for housing aid entitlements, any surplus will be deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA). Based on December 2024 projections, housing aid entitlements are projected to increase to \$131.8 million in FY2027, \$158.9 million in FY2028, and \$174.9 million in FY2029.

When the SBA was created, the school construction program funding of \$80.0 million was effectively built into the base budget; however, in the FY2023 Budget as Enacted the aid projection was estimated at \$88.5 million, and a surplus of \$3.8 million was transferred to the SBA. Subsequent transfers include \$2.7 million in FY2024 and \$416,527 in FY2025.

The FY2025 Budget as Enacted included \$1.0 million in federal funds and 3.0 new FTE positions to reflect the award of a \$5.0 million, five-year grant from the United States Department of Education to support the Healthy Environments Advance Learning (HEAL) program in enhancing the indoor environmental conditions in public schools to reduce chronic absenteeism and improve student health. The focus of the program is on the five LEAs with the greatest need: Central Falls, Providence, Pawtucket, West Warwick, and Woonsocket.

School Building Authority Capital Fund

Informational

Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State’s School Building Authority and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article.

In FY2024, \$104.2 million was appropriated to the foundation program; however, \$101.5 million was spent leaving \$2.7 million to be transferred to the Capital Fund in the FY2024 Revised Budget. Of these funds \$1.7 million was used for the [Get the Foam Out!](#) program and \$995,610 went toward the [WELL Initiative](#).

In FY2023, in addition to the \$250.0 million school building bond referendum in Article 5, the Budget as Enacted provided \$50.0 million in general revenue to the School Building Authority to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

Facility Equity Initiative Pilot Program: At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rates over 65.0 percent, including Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. This project would focus on high priority projects to improve the health and safety of students and promote equity across the State. The new Capital Fund will provide up-front funding instead of increasing the school construction allocation in the annual budget and reduce costs by eliminating interest payments on the funded projects.

The projects approved by the Council for FY2022 are supported with the \$9.0 million from construction delays and bond refinancing, plus an additional \$3.0 million from prior year surpluses, and \$1.5 million in support from the Office of Energy Resources (OER) fund to the Facility Equity Initiative pilot program. The funding was distributed, in partnership with OER and the Division of Equity, Diversity, Inclusion (DEDI). After evaluating 53 applications from 5 LEAs, the funds were awarded to 5 districts on a priority basis designed to have the greatest impact on facility gaps between districts through upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

FY2022 SBA Capital Fund	
Facility Equity Initiative	
Pilot Program	
Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
Total	\$13.4
<i>\$ in millions</i>	

While this program was only a pilot, with the approval of the \$250.0 million school construction bond in November 2022, Article 10 of the FY2023 Budget provided that \$50.0 million be transferred to the School Building Authority Capital Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students. The SBA expanded the pilot program to include the ten LEAs with a base reimbursement rate over 45.0 percent, thus doubling the number of eligible schools.

The \$50.0 million appropriated in FY2023 was distributed as follows:

- \$26.0 million funded the Facility Equity Initiative, an additional \$4.0 million was contributed by the Office of Energy Resources
- \$14.0 million (plus \$1.0 million from the career and technology school fund) was distributed through the 21st Century Technology and Equipment Funds to provide LEAs funds to ensure that learning spaces are equipped with technology, furniture, and equipment that support science technology, engineering, and math project-based learning.
- \$7.5 million was used for the Inside Out program to provide outdoor classrooms.
- \$1.6 million was awarded through the Menu for Success program providing students with the opportunity to design and operate food trucks.
- \$850,000 was used toward the new W.E.L.L. Initiative to meet the holistic needs of student in the wake of the pandemic. Local education agencies will be eligible for up to \$150,000 depending on enrollment. LEAs were provided with \$5,000 to conduct professional development to support the award. Additional funding for this initiative included \$1.6 million in federal ESSER II funds and \$500,000 in Opioid Settlement funding.

FY2023 SBA Capital Fund	
Facility Equity Initiative Program	
Burrillville	\$0.3
Central Falls	4.2
Coventry	3.2
Cranston	1.9
East Providence	2.2
North Providence	2.8
Pawtucket	2.8
Providence	9.3
West Warwick	0.6
Woonsocket	2.9
Total	\$30.2

\$ in millions

TEACHER RETIREMENT

Since 1949, all teachers are required to become members of the State Retirement System. The State pays 40.0 percent of the employer’s share of the retirement contribution each year. These funds, which are actuarially determined annually, are appropriated to the Department of Education for transfer to the State Retirement Fund.

On November 17, 2011, the General Assembly passed the Rhode Island Retirement Security Act of 2011 (RIRSA) to reform the state and local pension systems. The Act introduces a hybrid pension structure for all State employees, except public safety employees and judges, to shift risk to the employee by combining the attributes of both the defined benefit and defined contribution plans.

Teacher Retirement	General Revenue
FY2025 Enacted	\$132,268,922
<i>Target and Other Adjustments</i>	-
Defined Benefit Plan	5,414,742
Defined Contribution Plan	307,342
FY2026 Governor	\$137,991,006

Defined Benefit Plan **\$5.4 million**

The Budget provides total funding of \$132.5 million for the State’s contribution to the teacher retirement defined benefit plan, reflecting a net increase of \$5.4 million from the FY2025 Budget as Enacted. The employer contribution rates are actuarially determined annually, and appropriated to the Department of Education for transfer to the State Retirement Fund. For teachers the State pays 40.0 percent of the employer contribution.

Defined Contribution Plan **\$307,342**

The Budget provides \$5.4 million in general revenue for the State’s share of the contribution to the new defined contribution portion of the hybrid pension system, providing an increase of \$307,342 over the

FY2025 Budget as Enacted. The plan includes a mandatory 5.0 percent employee and 1.0 percent employer contribution. For teachers the State pays 40.0 percent of the employer contribution.

CAPITAL PROJECTS

The Budget includes a total of \$15.3 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2025 and \$31.2 million in FY2026. This provides a decrease of \$27.6 million in FY2025 and of \$11.7 million in FY2026, relative to the FY2025 Budget as Enacted, including:

- **Davies Health Care Classrooms:** The Budget provides \$6.9 million in RICAP funding for the Davies Healthcare classrooms project from FY2025 and \$25,477 to complete the project in FY2026. The Davies Health Care Classrooms project includes building replacement space for the Health Care classrooms and eliminating the detached modular classroom building where the program is currently housed. This project was previously scheduled to begin in FY2021; however, the late passage of the FY2021 Budget delayed progress.
- **Davies School Wing Renovation:** Due to project delays, the Budget provides \$2.4 million in RICAP funds in FY2025 and \$30.0 million in FY2026 to replace the wing of the building that was built in the 1970's. Total project costs are estimated at \$35.0 million, including \$50,931 in FY2024, \$2.5 million in FY2025, \$30.0 million in FY2026, and \$2.5 million in FY2027. The project is consistent with Davies' strategic plan as approved by the Board of Trustees on June 13, 2022.
- **Met School Asset Protection:** The Budget provides \$3.6 million in FY2025 and \$250,000 in FY2026 for asset protection projects at the Metropolitan Career and Technical Center (MET), reflecting an increase of \$1.6 million in FY2025 and a decrease of \$1.8 million in FY2026 relative to the FY2025 Budget as Enacted. The MET consists of three campuses: East Bay, Peace Street, and Public Street with a total of eight buildings and a storage facility totaling over 100,000 square feet. The Gallagher building is over 50 years old and in need of improvements to adequately function as a school facility. The projects include the replacement of roofs at the school's Peace Street and Public Street campuses, ADA compliance upgrades, safety code upgrades, painting, carpet replacement, and erosion control. The MET previously funded asset protection projects out of the operating budget; however, due to budget reductions and restrictions, asset protection projects have been delayed, resulting in a backlog of maintenance items that need repair. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.
- **Davies HVAC:** The Budget provides \$1.2 million in FY2025 and \$50,000 in FY2026. Davies recently developed a facility master plan to guide ongoing repairs and upgrades. The assessment evaluated the educational space for academic and technical programs, future enrollment patterns, energy efficiencies, building condition, traffic studies, and Americans with Disabilities Act compliance and provided an extensive list of deferred maintenance and renovation projects. However, due to the dire need in other schools around the State and the need for a substantial investment to address the major repairs at Davies, the master plan is being advanced in smaller projects. Consequently, the funding will be used to replace a chiller, and allow for replacement, as needed in areas of the school where ventilation and circulation are an issue, particularly in the 1970's portion of the school.
- **Davies Asset Protection:** The Budget provides \$696,175 in FY2025 and \$750,000 in FY2026 to address door, windows, energy efficiency, and air quality. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.
- **School for the Deaf Asset Protection:** The Budget provides \$395,972 in FY2025 and \$100,000 in FY2026 in asset protection funds, reflecting an increase of \$228,324 in FY2025 and a decrease of \$67,648 in FY2026 relative to the FY2025 Budget as Enacted. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.

Public Higher Education

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Revised	Change from Enacted		FY2026 Governor	Change from Enacted	
Office of the Postsecondary Commissioner	\$49.9	\$51.8	\$63.2	\$11.4	22.0%	\$56.3	\$4.5	8.7%
University of Rhode Island	957.7	1,018.0	1,058.2	40.2	4.0%	1,108.7	90.8	8.9%
Rhode Island College	195.8	205.1	225.8	20.7	10.1%	216.4	11.3	5.5%
Community College of R.I.	172.9	195.9	207.3	11.3	5.8%	212.7	16.8	8.5%
Total	\$1,376.3	\$1,470.8	\$1,554.5	\$83.7	5.7%	\$1,594.1	\$123.3	8.4%

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Revised	Change from Enacted		FY2026 Governor	Change from Enacted	
General Revenue	\$309.81	\$314.51	\$315.87	\$1.36	0.4%	\$329.1	\$14.6	4.6%
Federal Funds	12.0	6.0	17.8	11.8	197.6%	5.6	(0.3)	-5.7%
Restricted Receipts	7.4	8.7	8.9	0.2	2.6%	9.3	0.7	7.7%
Other Funds	1,047.1	1,141.7	1,211.9	70.3	6.2%	1,250.1	108.4	9.5%
Total	\$1,376.3	\$1,470.8	\$1,554.5	\$83.7	5.7%	\$1,594.1	\$123.3	8.4%

Third Party Funded FTE	523.8	519.8	519.8	-	-	519.8	-	-
Authorized FTE Levels	3,863.5	3,874.5	3,874.5	-	-	3,895.5	21.0	0.5%

Total

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

Prior to January 1, 2013, higher education in Rhode Island functioned under the direction of the Board of Governors for Higher Education. The FY2013 Budget as Enacted established a new Board of Education consisting of 11 members, appointed by the Governor with the advice and consent of the Senate. The Board of Governors for Higher Education and the Board of Regents for Elementary and Secondary Education were abolished as of January 1, 2013.

The major responsibilities of the Board of Education (Board), pertaining to higher education, include the governance of public institutions of higher learning and the regulation of proprietary schools; the preparation of a public higher education budget and capital development program; and the development of policies in pursuit of the primary goals of excellence, opportunity and access, diversity and responsiveness, coordination and accountability in public higher education.

The system of public higher education consists of three major institutions located at eight different campuses across the State of Rhode Island: The University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI).

The FY2015 Budget as Enacted established the Council on Postsecondary Education, which has duties and responsibilities per RIGL 16-59-1 and 16-59-4, much the same as the former Board of Governors for Higher Education. Article 9 of the FY2020 Budget as Enacted shifted oversight of the University of Rhode Island from the Board of Education, Council of Postsecondary Education (Council), and the Commissioner of Postsecondary Education to a newly established Board of Trustees (URI Board) at the University. The article further transferred all the duties and responsibilities pertaining to employees, debt service, and property from the Council to the Board.

MAJOR ISSUES AND TRENDS

The FY2026 Budget includes total funding of \$1,594.1 million, representing a net increase of \$123.3 million (8.4 percent) from the FY2025 Budget as Enacted, including a general revenue increase of \$14.6 million (4.6 percent). The general revenue increase is driven primarily by the addition of \$2.1 million for Rhode Island Colleges Hope Scholarship, \$958,645 for the Rhode Island Promise Scholarship, \$600,000 for the Dual and Concurrent Enrollment scholarship. The Budget also includes \$1.3 million to support

career readiness and \$800,000 to support apprenticeship programs at CCRI. Remaining general revenue increases are driven by rising operating and personnel costs within the institutions.

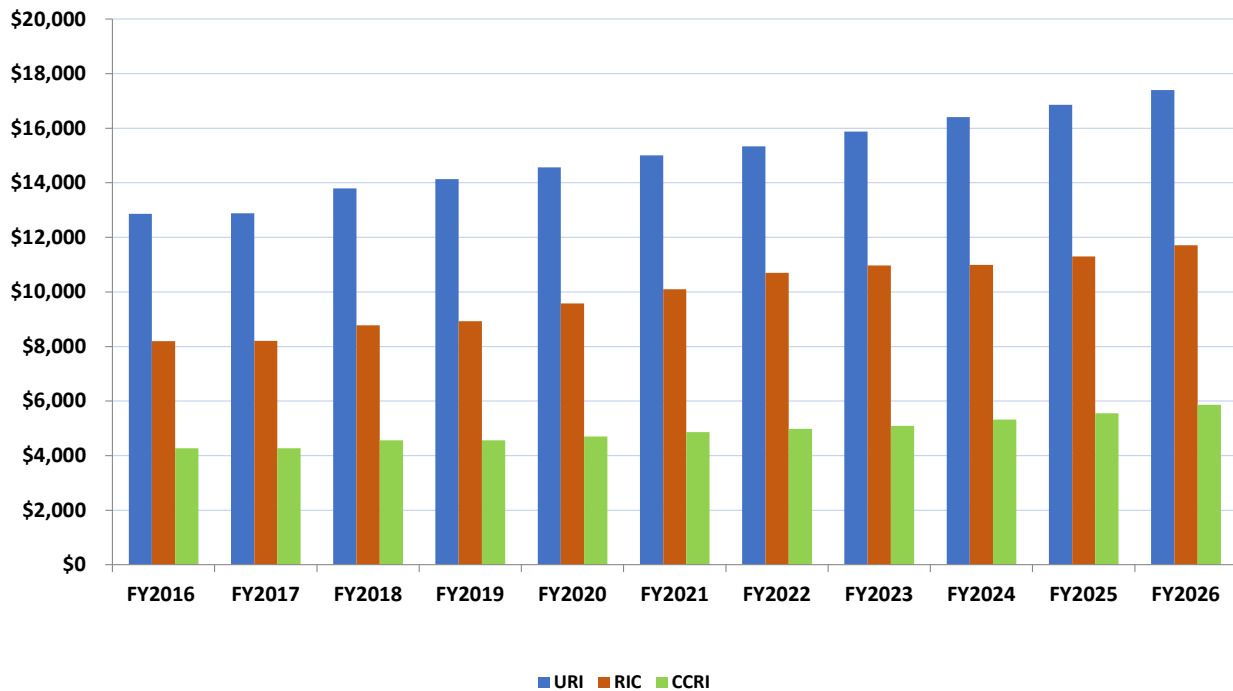
The net decrease of \$340,424 (5.7 percent) in federal funds is attributable to the discontinuation of \$1.0 million ARPA SFRF funds that supported the RIC DCYF Foster Care Youth Scholarships.

The \$109.1 million (17.2 percent) increase in other funds and restricted receipts is due primarily to an increase in tuition and fees at all three institutions, as well as an increase RICAP funds. Increases include \$25.4 million in tuition at URI, \$5.9 million for tuition at RIC, and \$3.9 million for tuition at CCRI. There is a net increase of \$25.6 million in RICAP funding for all institutions. More information on these projects is provided in the “*Capital Projects*” and “*Tuition & Fees*” sections of this analysis. The remaining increase is attributable to increases in auxiliary services, which are self-funded services such as dining halls and book stores; the Budget estimates an addition \$17.1 million for CCRI, \$13.3 for RIC, and \$52.7 million for URI.

Tuition and Fees

Actual tuition and fee rates, by institution, along with a projection for FY2025 and FY2026, are shown in the following graph and table.

In-State Undergraduate Tuition & Fees



URI	FY2025	FY2025	FY2026	Change from FY2025		FY2026	Change from FY2025	
	Enacted	Revised	Request	Enacted		Recommended	Enacted	
In-State Tuition	\$14,630	\$14,630	\$15,076	\$446	3.0%	\$15,076	\$446	3.0%
Out-of-State Tuition	34,834	34,834	35,896	\$1,062	3.0%	35,896	\$1,062	3.0%
Mandatory Fees	2,312	2,312	2,328	\$16	0.7%	2,328	\$16	0.7%
Tuition & Fee Revenue	\$414,431,621	\$414,431,621	\$422,503,802	\$8,072,181	1.9%	\$439,784,410	\$25,352,789	6.1%
URI Enrollment								
In-State	6,791	6,834	6,850	59	0.9%	6,850	59	0.9%
Out-of-State	7,829	7,947	7,773	(56)	-0.7%	7,773	(56)	-0.7%
Graduate Resident Assistants	228	228	-	(228)	-100.0%	-	228	-100.0%
RIC								
In-State Tuition	\$9,765	\$9,756	\$10,107	\$342	3.5%	\$10,107	\$342	3.5%
Out-of-State Tuition	25,764	25,764	26,666	902	3.5%	26,666	902	3.5%
Northeast Neighbors Program	14,648	14,648	15,160	512	3.5%	15,160	512	3.5%
Mandatory Fees	1,535	1,535	1,602	67	4.4%	1,602	67	4.4%
Tuition & Fee Revenue	\$66,095,437	\$65,339,270	\$70,708,888	\$4,613,451	7.0%	\$72,017,654	\$5,922,217	9.0%
RIC Enrollment								
In-State	4,278	4,445	4,613	335	7.8%	4,613	335	7.8%
Out-of-State	750	813	809	59	7.9%	809	59	7.9%
CCRI								
In-State Tuition	\$5,074	\$5,074	\$5,374	\$300	5.9%	\$5,374	\$300	5.9%
Out-of-State Tuition	14,358	14,358	15,206	848	5.9%	15,206	\$848	5.9%
Mandatory Fees	476	476	494	18	3.8%	494	\$18	3.8%
Tuition & Fee Revenue	\$58,965,800	\$61,432,167	\$63,430,565	\$4,464,765	7.6%	\$62,827,746	\$3,861,946	6.5%
CCRI Enrollment								
Total	7,698	7,679	7,679	(19)	-0.2%	7,679	(19)	-0.2%

The University of Rhode Island's FY2026 requested budget projects a \$8.1 million (1.9%) increase from the FY2025 Budget as Enacted, attributable to the \$446 (3.0%) increase to instate tuition and \$1,062 (3.0%) increase to out of state tuition. Including Graduate Resident Assistants, the University estimates a net 225 decrease in FTE students. However, the Governor's FY2026 recommended budget includes a \$25.4 million increase to tuition and fees, \$17.3 million more than requested, while maintaining the Board of Trustees estimated tuition and FTE changes. The University is unaware of any additional revenue streams driving the projection. The University's FY2024 pre-audit numbers for tuition and fee revenue is \$396.0 million, and the FY2025 Revised projection is \$414.4 million, about \$25.4 million less than the Governor's FY2026 projection.

Rhode Island College's FY2026 requested budget projects a \$4.6 (7.0%) million increase from the FY2025 Budget as Enacted, attributable to the \$342 increase to instate tuition (3.5%), and \$902 (3.5%) increase to out of state tuition. The College predicts a net FTE enrollment increase of 335 in state students (7.8%), and 59 out of state students (7.9%). However, the Governor's recommended budget includes \$5.9 million in tuition and fee revenue, \$1.3 million more than requested, while maintaining the Board of Education's estimated tuition and fee changes. The Governor's Budget does not include any directives to change tuition and fees. RIC's FY2024 Pre-audited numbers for tuition and fee revenue is \$60.6 million, and the revised FY2025 projection is \$65.3 million, about \$6.7 million less than the Governors FY2026 projection.

The Community College of Rhode Island's FY2026 requested budget projects a \$908,542 (1.5%) increase from the FY2025 Budget as Enacted, attributable to \$300 (5.9%) increase to instate tuition, and \$848 (5.9%) increase to out of state tuition. The College predicts a net FTE decrease of 19.0 students (-0.2%). However, the Governor's recommended budget includes \$3.9 million in tuition and fee revenue, a increase of \$2.9 million than requested, while maintaining the Board of Education's estimated tuition and fee changes. The Governor's Budget does not include any directives to change tuition and fees. CCRI's FY2024 pre-audited numbers for tuition and fee revenue is \$55.2 million, and the revised projection is \$57.1 million, \$5.8 million less than the Governors FY2026 projection.

State Support for Public Education

When looking at state support for public higher education, many policy makers tend to take a regional approach. For example, if looking at New England, Rhode Island has the third lowest appropriation per pupil in the region. In FY2023, the most recent data available, Connecticut appropriated \$7,962 more per student FTE than Rhode Island and Massachusetts appropriated \$5,072 more. Based on Rhode Island's FY2023 FTE enrollment of 28,491, the difference in per-student FTE appropriation between Rhode Island and Massachusetts is \$144.5 million.

However, on a national perspective in FY2023, the District of Columbia appropriated \$18,934 more per student FTE than Rhode Island. The chart that follows is from the State Higher Education Executive Officers Association (SHEEO) and illustrates state 2023 appropriations to public higher education based on student FTEs. The State of Rhode Island appropriates \$4,140 less per student than the national average.

The previous funding comparisons are not inclusive of Capital Investments. According to the State Higher Education Executive Officers Association (SHEEO), Rhode Island appropriated a total of \$68.2 million in capital appropriations, ranking third behind Connecticut and Massachusetts, and spending \$24.3 million less than the regional average. In FY2023, Rhode Island spend \$85.5 million less in capital appropriations than Massachusetts and \$235.1 million less than Connecticut.

In FY2025, the three state institutions requested a \$85.8 million increase in State general revenue support, excluding general obligation debt service. The Budget provides \$10.7 million in additional funding, excluding general obligation debt service.

FY2023 State Educational Appropriations per FTE

Connecticut	\$14,862
Massachusetts	11,972
Maine	9,453
Rhode Island	6,900
Vermont	5,649
New Hampshire	3,990
Regional Average	\$8,804

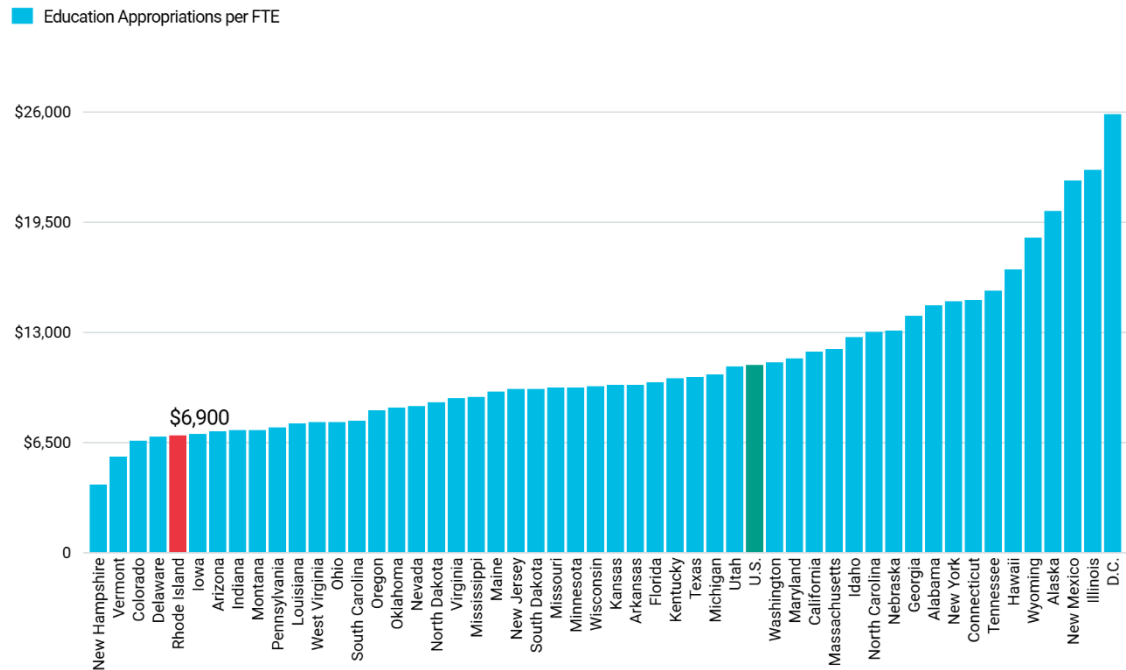
Source: State Higher Education Executive Officers (SHEEO)

FY2023 Capital Appropriations

Connecticut	\$303,300,290
Massachusetts	153,694,415
Rhode Island	68,218,400
Maine	15,767,950
New Hampshire	8,926,933
Vermont	5,200,000
Regional Average	\$92,517,998

Source: State Higher Education Executive Officers (SHEEO)

Public Higher Education Appropriations per FTE by State, FY 2023 (Adjusted)



Notes:

1. Education appropriations are a measure of state and local support available for public higher education operating expenses and student financial aid, excluding appropriations for research, hospitals, and medical education. Education appropriations include federal stimulus funding.
2. The U.S. calculation does not include the District of Columbia.
3. Each year, approximately one-third of education appropriations in Illinois go toward the state's retirement pension system. See the Illinois State Spotlight for more details.
4. Constant 2023 dollars adjusted by the Higher Education Cost Adjustment (HECA).
5. Adjusted to account for interstate differences using the Enrollment Mix Index (EMI).
6. Adjusted to account for interstate differences using the Cost of Living Index (COLI). The COLI is not a measure of inflation over time.

Source(s): State Higher Education Executive Officers Association

OFFICE OF THE POSTSECONDARY COMMISSIONER

Expenditures By Source	FY2025 Enacted	FY2025 Revised	Change from Enacted		FY2026 Governor	Change from Enacted	
General Revenue	\$30.1	\$30.8	\$0.7	2.2%	\$34.3	\$4.2	14.0%
Federal Funds	6.0	17.8	11.8	197.6%	5.6	(0.3)	-5.7%
Restricted Receipts	7.9	8.0	0.1	1.4%	8.4	0.5	6.7%
Other Funds	7.8	6.7	(1.2)	-14.9%	7.9	0.1	1.0%
Total	\$51.8	\$63.2	\$11.4	22.0%	\$56.3	\$4.5	8.7%

\$ in millions

The mission of the Office of the Postsecondary Commissioner (OPC), formerly the Office of Higher Education, is to support the work of the Board of Education and the Council on Postsecondary Education in providing an excellent, accessible, and affordable system of higher education designed to improve the educational attainment of Rhode Island citizens, support economic development, and enrich the civic, social, and cultural life of the residents of the State. The Commissioner works with the presidents of the state higher education institutions to determine the benefits or disadvantages of proposed new programs, departments, courses of study, and policies with the scope and role adopted by the Council on Postsecondary Education. The OPC also supports specific programs, such as early college access and veterans' affairs. The FY2016 Budget as Enacted created a new Division of Higher Education Assistance

(DHEA) within the Office of the Postsecondary Commissioner and eliminated the Rhode Island Higher Education Assistance Authority. The OPC provides research, policy, and fiscal analysis, and seeks to ensure that higher education in Rhode Island remains economically and geographically accessible.

The Budget provides 47.0 FTE positions for the OPC in FY2026, including 1.0 FTE that is third-party funded. This represents an increase of 2.0 FTE positions from the FY2025 Budget as Enacted. The increase is due to the addition of 2.0 FTE positions for the Governor's Rhode to Prosperity initiative where the Office collaborates with the Department of Labor and Training to enhance workforce development and postsecondary education to improve the overall housing, health, and economic outcomes for Rhode Islanders. In addition to collaboration, the initiative includes an integrated data system, which will require 2.0 FTEs from the Office, 1.0 Senior Data Engineer, and 1.0 Research Associate IV. Of the 45.0 positions provided, 11.0 are available only for the State's Higher Education Centers located in Woonsocket and Westerly, and 10.0 for the Nursing Education Center.

Office of the Postsecondary Commissioner	General Revenue
FY2025 Enacted	\$30,122,180
<i>Target and Other Adjustments</i>	
Hope Scholarship	(953)
Hope Scholarship	2,101,223
Rhode Island Promise Scholarship Program	958,645
Dual and Concurrent Enrollment	600,000
Personnel Adjustments (statewide adjustments)	305,538
OPC COLA	244,167
Assistant Commissioner, HR & Labor Relations	(238,674)
Rhode to Prosperity	200,000
Last Dollar (Promise I) Scholarship	100,000
Community Service Objective Grants	(50,000)
FY2026 Governor	\$34,342,126

Central Management	Other Fund Changes
ARPA SFRF DCYF Foster Care Youth Scholarship	(\$1,021,859)
Gaining Awareness for Undergrad Program (federal funds)	500,250
Integrated Data System (restricted receipts)	271,191
Higher Education and Industry Centers (restricted receipts)	257,441
NEC Operating URI & RIC (other funds)	175,132
Longitudinal Data System (federal funds)	129,425

Hope Scholarship **\$2.1 million**

In an effort to increase the number of students enrolling and completing four-year degrees and certificates on time, Article 8 of the FY2024 Enacted Budget established the Hope Scholarship Pilot program. The pilot program began with students who enroll in Rhode Island College (RIC) in the fall of 2023 and students enrolled in RIC as of July 1, 2021, who have attained junior status as of July 1, 2023. Students who enrolled as of July 1, 2022, and have attained junior status at RIC as of July 1, 2024 are also eligible if they follow the other requirements such as credit attainment and grade point average.

The scholarship covers the cost of up to two years of tuition and mandatory fees for the junior and senior years of the student, or for adult students who have attained at least 60 credit hours. While the eligibility requirements are very similar to the Promise II Scholarship program at the Community College of Rhode Island, students cannot receive an award under both programs. The Budget includes \$3.3 million in general revenue for this program in FY2025 and \$5.5 million in FY2026.

The scholarship is modeled after the Rhode Island Promise Scholarship and requires the timely accrual of credit hours and grade point average of 2.5 or greater; however, the Hope Scholarship is available to adult students and allows for the completion of the necessary 60 credit hours over four years, instead of two. While not defined within the statute, RIGL 16-112, adult students are generally 25 years of age and older.

The Article requires annual reporting, as with the Rhode Island Promise Scholarship program, beginning in November 2023. The reports project the cost of the program for the current and following fiscal year and are submitted to the Office of Management and Budget, the State Budget Officer, the House Fiscal Advisor, the Senate Fiscal Advisor, the Commissioner of Postsecondary Education, and the Chair of the Council on Postsecondary Education. A report evaluating the program will be submitted annually on or before July 1 to the Governor, the Speaker of the House, and the President of the Senate.

The Council on Postsecondary Education is authorized to promulgate rules and regulations for the program, while RIC will establish appeal procedures for the award, denial, or revocation of scholarship funding. The Hope Scholarship program began on July 1, 2023, and sunsets on July 1, 2028, unless further action is taken by the General Assembly.

Rhode Island Promise Scholarship Program **\$958,645**

The Budget includes \$8.3 million in general revenue, an increase of \$958,645, to fund the Rhode Island Promise Scholarship program (RI Promise). Article 3 of the FY2018 Budget established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island (CCRI), less federal and all other financial aid available to the recipient. The increase is due to updated enrollment projections for the 2025-2026 school year. The program was scheduled to sunset with the high school graduating class of 2021; however, 2021-S-0079 Sub A eliminated the sunset and made the program permanent.

Dual and Concurrent Enrollment **\$600,000**

The Budget shifts \$2.9 million in Rhode Island Student Loan Authority reserve funds to general revenue, to support the dual enrollment initiative, as all funds that previously supported this program are exhausted or insufficient.

Pursuant to RIGL 16-100, Rhode Island began offering the Dual Enrollment program, which allows students to take college courses to earn credits at both secondary and higher education institutions. In 2015, the Board of Education adopted provisions that ensure that all Rhode Island high school student have the opportunity to access college level work while still in high school. All three of the State institutions offer dual enrollment courses.

According to a study conducted by the Education Commission of the States (ECS), dual enrollment programs have been proven to positively impact prospective students by preparing them to meet and maintain college readiness benchmarks. Students who are dually enrolled maintain higher GPAs, are more likely to enter college after high school graduation, and complete an undergraduate degree within four to six years. Dual enrollment also increases second year retention rates.

OPC Cost of Living Adjustment **\$244,167**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 3-year contract, the Budget includes a 4.0 percent cost-of-living adjustments (COLAs). The current agreement is projected to increase general revenue expenditures by \$244,167 in FY2026 within the office.

Analyst Note: The Office’s Cost of Living Adjustment (COLA) was inadvertently omitted from the statewide adjustments. The Office of Management and Budget (OMB) included the COLA’s in the Office’s budget, rather than recalculating statewide adjustments.

Assistance Commissioner, HR and Labor Relations **(\$238,674)**

The Budget proposes a general revenue decrease of \$238,674, which represents a reimbursement from RIC and CCRI to cover a portion of the salary and benefits for the Assistant Commissioner position. Historically, the University of Rhode Island and the Council on Postsecondary Education maintained a shared service agreement, with URI's Assistant Vice President of Human Resources fulfilling the Council's labor relations role. However, the creation of the URI Board of Trustees has doubled the VP's workload, resulting in the termination of the shared service agreement. OPC has re-established the full-time labor relations function and expanded the role to Assistant Commissioner. This position serves as an advisor to the Council and Presidents of CCRI and RIC on all matters related to human resources and labor relations.

Rhode to Prosperity **\$200,000**

The Budget includes a \$200,000 general revenue increase to support the Rhode to Prosperity Initiative, which enhances partnerships with business leaders, labor groups, institutes of higher education, and government, to better coordinate existing programs, and identify new initiatives to improve the economic, housing, and health outcomes for all Rhode Islanders. The initiative will require an additional 2.0 FTE positions which are funded entirely through restricted receipts:

- Research Associate, Data Analyst IV: (\$121,238)
- Senior Data Engineer: (\$129,085)

Last Dollar (Promise I) Scholarship Fund Source **\$100,000**

The Budget recommends \$249,567 in reserve spending, including \$100,000 in general revenue, used for college scholarships from the Division of Higher Education Assistance (DHEA) to general revenue, level with FY2025 Enacted projections. Shifting scholarship funding to general revenue will provide full funding to programs in FY2026. Based on current projections, however, there will not be sufficient funding for the Dual/Concurrent Enrollment program and the RI Last Dollar (Promise I Need-Based) Scholarship program in FY2026. The FY2026 recommended budget includes a \$5.6 million transfer from the Rhode Island Student Loan Authority Reserves, \$2.7million in FY2025, and \$2.9 million in FY2026.

Office of the Postsecondary Commissioner
Projection of DHEA Revenues/Expenses for FY2024 through FY2027

Revenues	FY2024 Actual	FY2025 Projected	FY2026 Projected	FY2027 Projected
Reserves ¹	\$3,388,915	\$2,323,587	\$249,567	\$89,567
General Revenue Transfer	-	\$642,700		
CollegeBound Fund Fees (from Treasurer)	3,972,623	3,300,000	3,300,000	3,100,000
Total	\$7,361,538	\$6,266,287	\$3,549,567	\$3,189,567
Expenditures				
Promise 1 Scholarship	(\$2,371,538)	(\$5,932,462)	(\$3,400,000)	(\$3,100,000)
Due to Institutions ³	-			
Dual/Concurrent Enrollment (CollegeBound Fees) ²	(2,598,574)			-
Personnel Expenses (DHEA Reserves)	(67,839)	(84,258)	(60,000)	(60,000)
Total	(\$5,037,951)	(\$6,016,720)	(\$3,460,000)	(\$3,160,000)
Ending Balance	\$2,323,587	\$249,567	\$89,567	\$29,567

Source: Reserves and expenditure projections from OPC and the FY2025 database. CollegeBound Fee projections from the General

¹ Any unused CollegeBound fund fee revenue is deposited into the Reserves account for future use. FY2024 balance as provided by OPC on

² The FY2026 Budget assumes that Dual Enrollment will be funded by General Revenue

³ The FY2024 Budget includes payments due to Institutions of Higher Education

* The FY2023 Budget as Enacted provided a one-time \$9.6 million infusion of general revenue

On December 6, 2017, the Council on Postsecondary Education voted to authorize the Commissioner to transfer the Federal Family Education Loan Portfolio to the United States Department of Education. The transfer was completed in FY2018; consequently, the Division of Higher Education Assistance (DHEA) no longer receives any guaranty agency fee revenues. Without the revenues, the reserves balance declines and will be exhausted in FY2025. Pursuant to RIGL 16-57-6.1(b) and 16-56-6, CollegeBound Fund fees must be used for need-based grant programs; thereby limiting the use of these funds. Additionally, revenues from the CollegeBound fund are expected to decline due to the raising average age of participants and smaller contributions. The revenues are based on the amount of assets under management.

As the average age of the participants increases and participants enter college, they will withdraw assets. Furthermore, the new, younger participants are not joining in the numbers needed to offset withdrawals, and these new participants are generally making smaller contributions to their savings plans. Historically generating about \$6.0 million annually, the General Treasurer projects revenue at \$6.3 million in FY2025, and \$3.5 million in FY2026.

Community Service Objective Grants (\$50,000)

The Budget includes a \$50,000 general revenue decrease for legislative grants, reducing funding for the Rhode Island School for Progressive Education from \$200,000 to \$100,000, and adding a new \$50,000 grant for College Visions, a program that empowers low-income and first-generation college students to achieve higher education through college planning and advising.

ARPA SFRF DCYF Foster Care Youth Scholarship (federal funds) (\$1.0 million)

The Budget includes a \$1.0 million federal funds decrease to reflect one-time funding for the foster care youth scholarship, administered by the Rhode Island College Foundation. The FY2025 Enacted Budget allocated State Fiscal Recovery Funds to support a last dollar scholarship program for the Department of Children, Youth, and Families foster care youth exiting the system to attend Rhode Island College. These funds would provide year-round services such as dining, housing, and advising. Funding was awarded to the RIC Foundation to distribute as necessary.

GEAR UP Program \$500,250

The Budget includes a \$500,250 federal fund increase to support Rhode Island’s GEAR UP program, which is designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. Rhode Island’s gear up grant supports the Onward We Learn (OWL) program, formerly known as the College Crusade. OWL has funded 6,000 scholarships to low-income Rhode Island students for over 20 years. According to OWL, a majority of children participating in OWL continue their education and careers in Rhode Island.

Higher Education and Industry Centers (restricted receipts) \$257,441

The Budget includes a \$257,441 restricted receipt increase to support the Westerly and Woonsocket Education and Industry Centers. Of these funds, \$129,108 supports the 4.0 percent cost-of-living adjustment (COLA). The remaining funds support contracted training programs, supplies and expenses, and janitorial services. According to the Office, the center has seen an influx of utilization since it has opened, requiring increased support for the Centers’ operations.

NEC Operating – URI & RIC (other funds) \$175,132

The Budget includes a \$175,132 increase in other funds to support the Nursing Education Center. Of these funds, \$65,724 supports the 4.0 percent cost-of-living adjustment (COLA). The remaining funds supports increases to the Center’s operating expenditures.

Longitudinal Data System (federal funds) \$129,425

The Budget includes a federal funds increase of \$129,425, which will primarily support part-time legal support and educational policy and research to support the programs work.

UNIVERSITY OF RHODE ISLAND

Expenditures By Source	FY2025 Enacted	FY2025 Revised	Change from Enacted		FY2026 Governor	Change from Enacted	
General Revenue	\$144.2	\$144.4	(\$0.2)	-0.1%	\$148.6	\$4.4	3.1%
Other Funds	873.7	913.8	(40.0)	-4.6%	960.1	\$86.3	9.9%
Total	\$1,018.0	\$1,058.2	(\$40.2)	-4.0%	\$1,108.7	\$90.8	8.9%

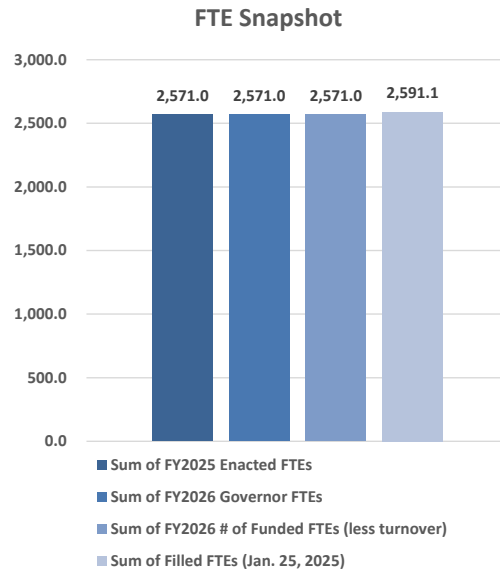
\$ in millions. Totals may vary due to rounding.

The University of Rhode Island (URI) was founded in 1888 as an agricultural school known as the Rhode Island College of Agriculture and Mechanic Arts. The college was actually the second State college established in Rhode Island. The Agricultural Experiment Station building was the first structure on campus, and was built in 1889: the building was later renamed Taft Hall. Today, Taft Hall houses internship, international exchange, and foreign student programs. In 1955, the school became known as the University of Rhode Island.

URI evolved beyond its genesis as a land grant and agricultural school, and today has retained a focus on biological and natural sciences, along with a developing focus on technology in areas such as ocean engineering, chemistry, pharmacy, economics, nursing, and renewable energy. URI has the third oldest continuously operating marine laboratory in the United States, the oldest turfgrass research program in the country, and has implemented green building technology in the expansion and renovation of its facilities. URI provides Bachelor’s, Master’s, and Doctorate level degrees. URI has four campuses: the 1,250-acre Kingston Campus; the 153-acre Bay Campus in Narragansett; the Providence Campus, located in the Shepard Building on Washington Street in Providence; and, the W. Alton Jones Campus located on 2,300 acres in West Greenwich.

The Budget provides 2,571 FTE positions, including 353.8 positions that are third party funded, consisted with the FY2025 Enacted Budget. The University has exceeded its general FTE cap by 20.0 FTEs and has not met its third-party cap. According to URI, the FTE cap has failed to keep up with enrollment and research growth over the years. URI hired an additional 20.0 FTE’s as a result of investments from the State and internal reallocation of resources to support its strategic plan.

The University is exempt from any FTE/hiring oversight, pursuant to RIGL 16-32-2(c), the URI Board of Trustees is the employer of record. This differs from the usual process related to hiring new FTE positions where the Budget Officer and a Budget analyst must approve the requested position prior to posting. The Budget Office checks to make sure the budget can be filled with an agencies FTE cap and budget. The University is not the only State Agency exempt from this process, which includes the General Assembly, Judiciary, General Officers, Higher Ed, and RIDE.



Major Issues and Trends

The URI Board of Trustees requested a 3.6 percent (\$530) increase for in-state tuition and 3.9 percent (\$1,362) increase for out-of-state tuition. There is a net increase in mandatory fees of 0.7 percent (\$16).

In addition to the 3.8 percent increase in tuition and fee revenue, URI requested a general revenue, state appropriation increase of \$35.3 million (32.8 percent relative to the FY2025 Budget as Enacted) excluding general obligation debt service. The increase in state appropriation is to support \$21.6 million in cost increases associated with the current service level and additional \$13.6 million in new initiatives. While approving the tuition and fee increase, the Budget provides a state appropriation increase of \$4.4 million, excluding debt service, for general obligation bonds.

The FY2025 Enacted Budget included \$4.1 million for the University's operating deficit. While the University's requested budget reflects a \$5.7 million operating deficit in FY2026, the Board of Trustees decided to utilize \$5.5 million in reserve funds to mitigate the burden of the deficit, resulting in a \$200,000 loss.

For FY2026, URI has requested \$13.6 million in funding for their four strategic initiatives related:

- **Life Sciences Facility:** The University requests funds to broaden its impact on Rhode Island's life sciences workforce by supporting 20 new faculty.
- **Academic Advisors:** Currently, the URI's advisor to student ratio is 1:900, which is well above the standard (1:300). These funds would support 20.0 new advisors.
- **Fostering and Inclusive Culture:** These funds would support scholarships for URI's Talent and Diversity (TD) Program, National Guard, and Tribal programs.
- **IT Modernization:** Funds would support the installation and implementation of the new ERP System, migration to Cloud, audio and visual upgrades, and a change management office.

The Governor does not include funding related to the University's requests; however, the Budget does include \$874,069 to support the Higher Education Institutions Career Readiness initiative, proposed by the Governor.

- **Higher Education Institution Career Readiness (\$874,069):** The Budget includes \$874,069 in general revenue to support URI's portion of the Higher Education Institution Career Readiness, which provides funding dedicated to career readiness, career placement, internships, and work-based learning.

University of Rhode Island FY2026 Budget Request			
Increase over FY2025 Budget as Enacted			
Revenue Initiative	Agency Request	FY2026 Governors	Percentage Change
State Appropriation ¹	\$80.5	\$36.8	-54.3%
Tuition and Fees	8.1	25.4	213.6%
All Other	3.2	2.9	-9.4%
Total	\$91.8	\$65.1	-29.1%
Expenditure Initiatives			
Maintain Current Services	\$86.1	\$62.1	-27.9%
Personnel (COLA/Contractual)	24.9	20.1	-19.3%
Operating	10.0	2.5	-75.0%
Student Aid	5.8	4.5	-22.4%
Capital	45.2	34.7	-23.2%
Non GO Debt Service	0.2	0.3	50.0%
FY2025 Operating Deficit	(\$5.7)	(\$3.0)	-47.4%
Use of tuition and fees/misc. revenue	5.7	3.0	
Net Gain/Loss	\$0.0	\$0.0	
New Initiatives	\$13.6	n/a	
Life Sciences Facility	5.3	n/a	n/a
Academic Advisors	2.0	n/a	n/a
Foster an Inclusive Culture	2.3	n/a	n/a
IT Modernization	4.0	n/a	n/a
Total	\$99.7	\$62.1	-37.7%

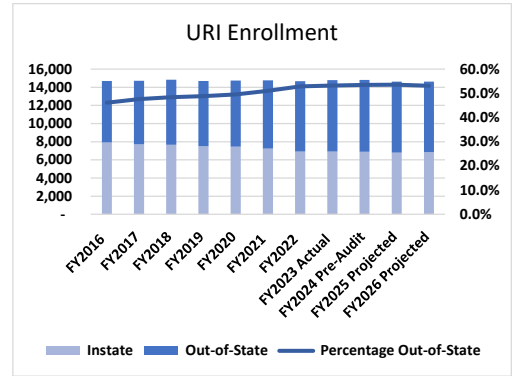
¹ Excludes G.O. debt service.

Inclusive of all funds. \$ in millions.

Source: University of Rhode Island

Enrollment

In-state enrollment is projected to be 6,850 full-time equivalent students, an increase of 59 students, or 0.9 percent from the FY2025 Budget as Enacted. Out-of-state student enrollment is projected at 7,829 in FY2026, a decrease of 56 student, or 0.7 percent. The projected net enrollment for FY2026 reflects an overall decrease in enrollment of 3 students, 0.02 percent, relative to the FY2025 Budget as Enacted. The FY2025 Revised projection reflects similar trends, with a net decrease of 3 students, 0.02 percent, relative to the FY2025 Enacted level.



University of Rhode Island	General Revenue
FY2025 Enacted	\$144,224,440
<i>Target and Other Adjustments</i>	-
State Appropriation	3,658,556
Higher Education Institution Career Readiness	874,069
General Obligation Debt Service	(137,579)
State Crime Lab	18,437
FY2026 Governor	\$148,637,923

State Appropriation **\$4.5 million**

The State appropriation for URI increases by \$4.5 million in FY2026 to a total of \$112.5 million, excluding general obligation bond debt service and the State Crime Lab. Of the total increase, \$1.1 million is to support the State’s portion of the 4.0 percent cost of living adjustment (COLA), which is reflected in the University’s settled contracts and act as a place holder for ongoing negotiations. Furthermore, \$874,069 supports the University’s programming relative to career readiness, career placement, internships, and work-based learning; The remaining \$2.7 million supports rising costs for personnel expenditures and centralized services.

Higher Education Institution Career Readiness **\$874,069**

General Obligation Debt Service **(\$137,579)**

The Budget includes \$31.6 million in general revenue for general obligation debt service at URI in FY2026. This is a decrease of \$137,579 in FY2026. The FY2025 Revised includes a total of \$31.6 million in FY2025 Revised, consistent with FY2025 Enacted.

	Debt Service					
	FY2025 Enacted	FY2025 Revised	Change from Enacted		FY2026 Governor	Change from Enacted
University of Rhode Island	\$31,664,061	\$31,664,061	-	-	\$31,526,482	(\$137,579) -0.4%
Rhode Island College	8,178,392	8,178,392	-	-	7,933,336	(245,056) -3.0%
Community College of Rhode Island	1,054,709	1,054,709	-	-	1,097,898	43,189 4.1%
Total	\$40,897,162	\$40,897,162	-	-	\$40,557,716	(\$339,446) -0.8%

Source: Rhode Island Budget Office

Crime Lab **\$18,437**

The Budget provides an increase of \$18,437 in general revenue (\$1.8 million total) for the State Crime Lab for target and other adjustments, consistent with the requested budget.

RHODE ISLAND COLLEGE (RIC)

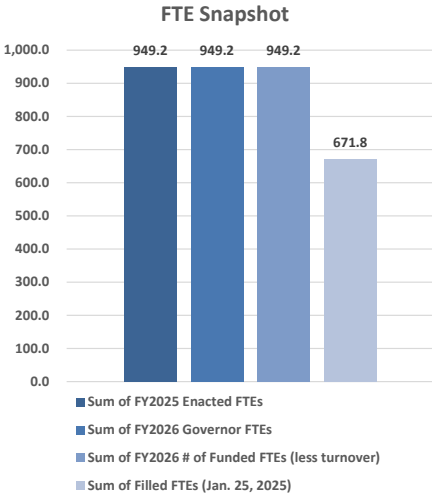
Expenditures By Source	FY2025 Enacted	FY2025 Revised	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$77.9	\$78.2	\$0.3	0.3%	\$80.4	\$2.6	3.3%
Other Funds	127.3	147.7	20.4	16.0%	136.0	8.7	6.9%
Total	\$205.1	\$225.8	\$20.7	10.1%	\$216.4	\$11.3	5.5%

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

Rhode Island College (RIC) was established in 1854 as the Rhode Island State Normal School, with the mission of providing teacher preparation to Rhode Island residents. In 1959, RIC moved to its current campus location on 180 acres off of Mount Pleasant Avenue in Providence and was renamed Rhode Island College to reflect expanded curriculum.

Today, RIC provides comprehensive education at the Bachelor’s and Master’s level, with a focus on Rhode Island residents. Rhode Island College is accredited by the New England Commission of Higher Education, the Council on Social Work Education, National Association of Schools of Art and Design, National Association of Schools of Music, National Association of State Directors of Teacher Education and Certification, National Council for Accreditation of Teacher Education, and the Commission on Collegiate Nursing Education.

The Budget includes 949.2 FTE positions in FY2026, including 76.0 third-party funded positions, consistent with the FY2025 Budget as Enacted. As of February 10, RIC has about one third of their allotted FTE positions vacant, with a total of 672.4 FTE positions (71.0 percent) filled.



Major Issues and Trends

RIC’s Budget request includes a \$6.9 million increase in tuition and fee revenue compared to the FY2025 Enacted Budget. The Governor includes a \$2.8 million general revenue increase due to realized 7.8 percent increase in enrollment and a net increase of 3.5 percent to tuition.

According to the College, Fall semester enrollment has increased by 6.0 percent compared to recent years, and residence hall occupancy has increased by 20.0 percent. This observed increase in enrollment is connected to the recently enacted Hope Scholarship, which allows eligible full-time students to attend the College at no expense during their junior and senior years. Additionally, RIC has opened new majors in Sports Management, Biotechnology, and Cybersecurity, and opened the new Institute of Cybersecurity and Emerging Technologies, which attracts new students who would otherwise need to attend different colleges to study these fields. Additionally, RIC is investing in its infrastructure through the renovation and opening of the new Cybersecurity building, and new athletic fields. Due to the increase in enrollment, the College requested \$1.7 million for student aid.

Revenue Initiatives	Change
State Appropriation	\$2.4
Tuition and Fee Revenue	6.9
Other	(0.5)
Total	\$8.8

rounding.

Expenditure Request	Change
Personnel investment	\$4.7
Operating Expenditures	2.0
Capital	0.4
Student Aid	1.7
Total	\$8.8

\$ in million. Totals may not add due to rounding.

Of the \$8.8 million increase requested, excluding debt service for general obligation bonds, the Budget includes \$4.7 million for personnel adjustments and \$1.7 million for student aid, \$2.0 million in operating expenditures, and \$400,000 in capital expenditures.

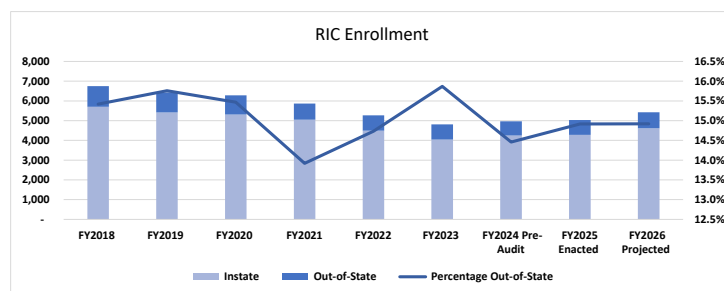
RIC's Budget request includes two strategic initiatives, totaling \$1.9 million in general revenue expenditures, focusing on improving workforce readiness, academic success, higher student retention, and higher four-year graduation rates.

- **RIC Enhancing Academic Support to Deliver Stronger Retention and Graduation (\$1.1 million):** Rhode Island College proposes a general revenue increase of \$1.1 million to support 8.0 new FTE positions, consisting of peer mentors, tutors, and supplemental instructional costs. According to the College, the Hope Scholarship has increased enrollment, exceeding historical enrollment numbers. Additionally, the Hope scholarship sets forth academic standards in line with a four-year graduation goal. To ensure that students' academic needs are met, the College proposes these 8.0 FTE positions to support multilingual learners, enhance STEM Support, provide writing support, increase tutoring for healthcare programs, and enhance student presentation and public speaking skills. The positions are as follows:
 - 3.0 Coordinator (\$98,852 each)
 - 5.0 Success Coach (\$87,597 each)
- **RIC Career and Workforce Readiness for All Students (\$763,100):** Rhode Island College proposes a general revenue increase of \$763,100 for 7.0 new FTE positions to support the College's Career Development Center. In 2023, the College retained leaders from the National Association of Colleges and Employers (NACE) to conduct an external review of the Career and Development Center. The review recommended to enhance services across four areas; career counseling, student employment, experiential learning, and employer relations. RIC is also implementing a career advising model that links students' program of study to possible careers from the beginning of their studies. To implement this model, RIC requires 7.0 new FTE positions to foster stronger relationships with both RIC students and employers.
 - 1.0 Assistant Director (\$127,518)
 - 1.0 Academic Advisor (\$87,597)
 - 5.0 Career Specialists (\$87,597 each)

The Governor's budget does not include any initiatives proposed by Rhode Island College, nor does the Governor propose any additional initiatives.

Enrollment

Total enrollment is projected to be 5,422 full-time equivalent students in FY2026, an increase of 394 students, or 7.8 percent, relative to FY2025 Enacted enrollment, and an increase of 172 students, or 3.1 percent from the FY2025 Revised level. This enrollment projection represents estimates related to the Hope Scholarship, which was passed in the FY2024 Enacted Budget, as well as, the opening of the Institute of Cybersecurity and Emerging Technologies, which was authorized by the FY2025 Enacted Budget.



Rhode Island College	General Revenue
FY2025 Enacted	\$77,881,228
<i>Target and Other Adjustments</i>	
	-
State Appropriation	2,811,886
General Obligation Debt Service	(245,056)
FY2026 Governor	\$80,448,058

State Appropriation **\$2.8 million**

The Budget includes \$2.8 million in increased general revenue support (\$70.4 million total), excluding G.O. bond debt service. Of these funds, \$710,342 will finance the 4.0 percent cost of living adjustment (COLA) for eligible non-union employees due to the most recent contract negotiations; \$1.5 million will support rising costs for personnel and operating expenditures; \$874,069 will fund career readiness, career placement, internships, and work-based learning; and \$95,773 will fund centralized services.

General Obligation Debt Service **(\$245,056)**

The Budget provides \$7.9 million in FY2026 general obligation debt service at RIC funded by general revenue. This is a decrease of \$245,056 relative to FY2025 Enacted. FY2025 Revised includes a total of \$8.1 million in FY2025 Revised, consistent with FY2025 Enacted.

	FY2025		Change from		FY2026	Change from	
	Enacted	Revised	Enacted		Governor	Enacted	
University of Rhode Island	\$31,664,061	\$31,664,061	-	-	\$31,526,482	(\$137,579)	-0.4%
Rhode Island College	8,178,392	8,178,392	-	-	7,933,336	(245,056)	-3.0%
Community College of Rhode Island	1,054,709	1,054,709	-	-	1,097,898	43,189	4.1%
Total	\$40,897,162	\$40,897,162	-	-	\$40,557,716	(\$339,446)	-0.8%

Source: Rhode Island Budget Office

COMMUNITY COLLEGE OF RHODE ISLAND (CCRI)

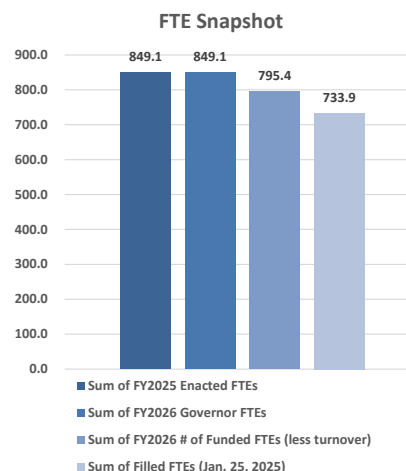
Expenditures By Source	FY2025	FY2025	Change from		FY2026	Change from	
	Enacted	Revised	Enacted		Governors	Enacted	
General Revenue	\$62.3	\$62.5	\$0.2	0.4%	\$65.6	\$3.4	5.4%
Restricted Receipts	0.8	0.9	0.1	13.7%	1.0	0.1	17.0%
Other Funds	132.8	143.8	11.0	8.3%	146.1	13.3	10.0%
Total	\$195.9	\$207.3	\$11.3	5.8%	\$212.7	\$16.8	8.5%

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

The Community College of Rhode Island (CCRI) was established by the General Assembly in 1960 as Rhode Island Junior College. The first class of 325 students enrolled at a temporary Providence location in the fall of 1964. CCRI has provided a variety of career, technical, and academic programs and has established partnerships with businesses and non-profit organizations to provide worker training.

Today, CCRI has four main campuses: the 205-acre Knight Campus in Warwick; the 300-acre Flanagan Campus in Lincoln; the 7-acre Liston Campus in downtown Providence; and the 5-acre Newport County Campus in Newport. In addition, CCRI holds classes in the Westerly Higher Education and Industry Center.

The Budget includes 849.1 FTE positions in FY2025 and FY2026, including 89.0 third-party funded FTE positions, consistent with the enacted level.



Major Issues and Trends

CCRI’s budget request includes an 8.5 percent increase in tuition and mandatory fees, with total tuition and fee revenue estimated to increase by \$4.7 million (8.5 percent) from the FY2025 Enacted level, or \$2.9 million (5.0 percent) from the FY2025 Revised level. The state appropriation request increases by \$2.9 million (17.0 percent) to \$63.9 million.

The expenditure request includes \$4.7 million in expenditures to support current services.

- **Student Aid:** \$400,000 is consistent with the tuition and fee increases at the College. For FY2026, student aid and waivers are expected to be 4.9 percent of the tuition and fee revenue.
- **Personnel Investment:** \$3.7 million is requested to support contractually obligated salaries and COLAs, as well as a placeholder for ongoing negotiations.
- **Technology and Other Operating:** \$700,000 is requested to expand to a cloud-based data system and upgrade financial reporting systems.

**Community College of Rhode Island
FY2026 Budget Request**

Change to FY2025 Budget as Enacted

Revenue Initiatives	Request
Tuition and Fees	\$2.9
State Appropriation ¹	2.1
Total	\$4.9
Expenditure Request	Request
Student Aid	\$0.4
Personnel investment	3.7
Technology and Other Operating	0.7
Total	\$4.7

¹ Does not include G.O. bond debt service.
\$ in millions

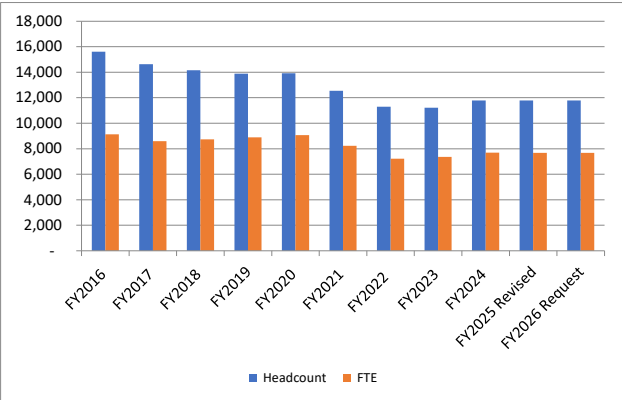
The Governor recommends an increase of \$3.4 million in general revenue funding, excluding G.O. debt service, exceeding the requested expenditure increase by \$1.3 million. The Budget includes initiatives set forth by the Governor, which includes CCRI- Ready to Build, and Higher Education Institutions Career Readiness.

- **Higher Education Institution Career Readiness (\$391,175):** The Budget includes \$391,175 in general revenue to support CCRI’s portion of the Higher Education Institution Career Readiness, which provides funding dedicated to career readiness, career placement, internships, and work-based learning.
- **CCRI- Ready to Build (\$800,000):** The Budget includes \$800,000 in FY2026 to launch CCRI- Ready to Build, a pre-apprenticeship pathway to building trades. According to the College, Ready to Build is currently in the design phase, developing an intensive training program aimed at providing HS grads, young adults/adult job seekers with a thorough introduction to the construction industry. Participants will be instructed utilizing an industry-developed and approved

pre-apprenticeship curriculum, the multi-craft core curriculum (MC3). Coursework will prepare students for union apprenticeships in the building trades, apprenticeships or entry-level opportunities in residential construction or positions in construction-related.

Enrollment

Year	Headcount		FTE %	
	Headcount	% Change	FTE	Change
FY2016	15,611	-6.6%	9,128	-7.6%
FY2017	14,624	-6.3%	8,593	-5.9%
FY2018	14,155	-3.2%	8,732	1.6%
FY2019	13,878	-2.0%	8,899	1.9%
FY2020	13,923	0.3%	9,065	1.9%
FY2021	12,549	-9.9%	8,231	-9.2%
FY2022	11,290	-10.0%	7,224	-12.2%
FY2023	11,223	-0.6%	7,365	2.0%
FY2024	11,777	4.9%	7,698	4.5%
FY2025 Revised	11,777	0.0%	7,679	-0.2%
FY2026 Request	11,777	0.0%	7,679	0.0%
10-Year Average	12,962	-3.0%	8,208	-2.1%



The table shows the actual student enrollment, both by headcount and by FTE, from 2016 through 2026, and a projection for 2025 and 2026. In FY2026, the College expects enrollment to be level with the FY2025 Revised levels.

Community College of Rhode Island	General Revenue
FY2025 Enacted	\$62,286,538
<i>Target and Other Adjustments</i>	-
State Appropriation	2,117,342
Higher Education Institution Career Readiness	391,175
CCRI- Ready to Build	800,000
General Obligation Debt Service	43,189
FY2026 Governor	\$65,638,244

State Appropriation \$2.1 million

State general revenue support for CCRI increases by \$2.1 million in FY2026 to a total of \$65.6 million, excluding general obligation bond debt service. Of these funds; 668,135 will finance the 4.0 percent cost of living adjustment (COLA) for eligible non-union employees due to the most recent contract negotiations; \$1.4 million will support rising costs for personnel and operating expenditure; and \$59,244 will fund centralized services.

Higher Education Institution Career Readiness \$391,175

The Budget includes \$391,175 in general revenue to support CCRI’s portion of the Higher Education Institution Career Readiness, which provides funding dedicated to career readiness, career placement, internships, and work-based learning.

CCRI- Ready to Build \$800,000

The Budget includes \$800,000 in FY2026 to launch CCRI- Ready to Build, a pre-apprenticeship pathway to building trades. According to the College, Ready to Build is currently in the design phase, developing an intensive training program aimed at providing HS grads, young adults/adult job seekers with a thorough introduction to the construction industry. Participants will be instructed utilizing an industry-developed and approved pre-apprenticeship curriculum, the multi-craft core curriculum (MC3). Coursework will prepare

students for union apprenticeships in the building trades, apprenticeships or entry-level opportunities in residential construction or positions in construction-related.

General Obligation Debt Service

\$43,189

The Budget provides \$1.1 million in FY2026 for general obligation debt service at CCRI funded by general revenue. This is an increase of \$43,189 from FY2025 Enacted. FY2025 Revised includes \$1.0 million, consistent with FY2025 Enacted levels.

	Debt Service						
	FY2025 Enacted	FY2025 Revised	Change from Enacted		FY2026 Governor	Change from Enacted	
University of Rhode Island	\$31,664,061	\$31,664,061	-	-	\$31,526,482	(\$137,579)	-0.4%
Rhode Island College	8,178,392	8,178,392	-	-	7,933,336	(245,056)	-3.0%
Community College of Rhode Island	1,054,709	1,054,709	-	-	1,097,898	43,189	4.1%
Total	\$40,897,162	\$40,897,162	-	-	\$40,557,716	(\$339,446)	-0.8%

Source: Rhode Island Budget Office

CAPITAL PROJECTS

The Budget includes a total of \$129.9 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2026 and \$121.8 million in FY2025, including the following.

- **URI, RIC, CCRI – Asset Protection:** Asset Protection projects are budgeted from Rhode Island Capital Plan funds (RICAP) and are used to maintain and repair facilities, including roads, buildings, and infrastructure. The asset protection program includes a number of projects at various facilities, and allows each school to shift funding based on current priorities. In FY2026, there is a total of \$24.1 million, including \$14.6 million in RICAP asset protection funding for URI, \$5.9 million for RIC, and \$3.5 million for CCRI. In FY2025, the Budget includes a total of \$30.6 million in asset protection funding for URI (\$14.1 million), RIC (\$12.5 million), and CCRI (\$4.1 million).
- **URI Academic Mechanical, Electrical, and Plumbing:** The Budget provides \$7.9 million in FY2026, and \$10.3 million to provide new HVAC systems in Fogarty and White Hall. The total project cost is \$14.2 million. Fogarty Hall, currently housing the Crime Lab and Nutrition and Food Science Department, will be renovated for administrative and academic departments. Substantial renovations will address the building envelope, mechanical systems, HVAC, as well as removing laboratory fixtures and associated utilities. White Hall, currently housing the College of Nursing, requires the upgrade of obsolete building systems and building envelope improvements, including foundation waterproofing, a drainage system, and minor cosmetic improvements.
- **URI Fire Protection Academic Phase 2:** The Budget includes \$1.6 million in FY2026, and \$3.5 million in FY2025, toward the total cost of \$16.5 million in all funds (\$5.4 million in RICAP funds) to provide safety improvements. This project involves the installation of fire-suppressing sprinkler systems, the upgrade/replacement of existing fire alarm systems, and safety improvements in academic and administrative buildings in order to comply with changes in the State Fire Code. This phase will also provide a central bank of generators to provide the necessary power back up to allow the University to shelter in place during prolonged power outages. Phase I (\$25.8 million) of this project was completed in December 2016.
- **URI – Narragansett Bay Campus:** In addition to the \$100.0 million general obligation bond which was approved in November 2022, the Budget provides \$8.1 million in FY2026, and \$10.3 million in FY2025, toward repairs and construction on the Narragansett Bay Campus in support of education and research for the marine disciplines.

- **URI PFAS Water Treatment Plant:** The Budget includes \$13.8 million in FY2026, and \$4.8 million in FY2025, toward the total cost of \$21.7 million to construct a permanent water treatment plant to address the University's elevated per- and polyfluorinated substances (PFAS) levels. Originally, these funds were identified as ARPA SFRF funding; however, the University's capital improvement plan timetable put these time-sensitive funds at risk of being reclaimed by the federal government, instead the project will be completely funded through RICAP funds
- **URI – Athletics Complex Renewal:** The Budget provides \$33.9 million in RICAP funds in FY2026, and \$9.7 million in FY2025, for the renovation of the Meade Stadium East Grandstands and the Slade Outdoor Track and Field. Total funding for the project is \$83.1 million over three years, including \$61.8 million in RICAP funds.
- **Stormwater Management:** The Budget \$4.3 million in FY2026, and \$444,591 in FY2025 to support stormwater improvements to existing drainage systems. According to the University, current infrastructure frequently exceeds during major flooding events, resulting in erosion and flooding to the downstream landscapes and buildings. Total estimates for the project are \$4.4 million.
- **URI- Campus Accessibility (*new project*):** The Budget includes \$2.3 million in RICAP funds to support campus accessibility. This fund would provide dedicated resources to improve campus access to persons with disabilities. Projects include restroom improvements, exterior pedestrian improvements, and discrete building improvements such as elevator modernizations. The project will focus on the adaption of existing infrastructure to comply with ADA. Total costs for the project are estimated to be \$7.0 million.
- **OPC – WEC Expansion – Annex Site:** The Budget \$1.2 million in FY2026, to expand the RI Education Center model to Northern RI. The Woonsocket Education Center, which opened August 2022, is designed to address gaps in education and workforce development training in Northern RI. According to the Office, the demand for use of the Center has increased significantly, requiring more classroom space to accommodate employers. Due to delays in construction and development, the funding for the Annex Site has shifted to FY2026, with an estimated completion date of FY2026.
- **RIC – Phase III Master Plan:** Phase III of the Master Plan at RIC will complete major renovations to the Clarke Science Building, which houses the Department of Physical Sciences. The building includes several labs, two lecture halls, classrooms, and faculty offices. In March 2021, voters approved a \$38.0 million general obligation bond for this project. In addition to the bond proceeds, the Budget provides \$20.0 million in RICAP funds, including \$5.4 million in FY2025. The project has an anticipated completion date in FY2025, and has been removed from the Colleges FY2026 Capital improvement plan.
- **RIC Infrastructure Modernization:** The Budget provides \$11.6 million in RICAP funding in FY2025 and \$5.7 million in FY2026 to modernize and replace steam lines, water lines, and the electrical distribution system across the RIC campus. Improvements will address issues of water quality, limit power failures, and eliminate steam plumes throughout the campus.
- **Phase IV: Whipple, Fogarty, and Adams Library:** The Budget provides \$500,000 in FY2025 to support the renovation of Whipple Hall, Fogarty Hall, and the Adams Library, and estimated to cost a total of \$233.5 million, which will be funded through a series of general obligation bonds, included on statewide referendum's in 2024, 2026, and 2028. The State is expected to contribute a total of \$500,000 in RICAP funds for Whipple Hall only. The following table illustrates expected expenditures for the Capital Improvement Project.

	FY2025 Budget	FY2026 Budget	FY2027 Budget	FY2028 Budget	FY2029 Budget	FY2030 Budget	Post FY2030 Budget	Total
Whipple Hall								
Bond	-	\$1.5	\$37.0	\$345.0	-	-	-	
RICAP	\$0.5	-	-	-	-	-	-	
Total								\$384.0
Fogarty Life Sciences Building								
Bond	-	-	\$0.5	\$1.5	\$43.0	\$40.0		
Total								\$85.0
Adam's Library								
Bond	-	-	-	-	\$0.5	\$1.5	\$73.0	
Total								\$75.0

in millions.

- **RIC Infrastructure Modernization:** The Budget includes \$11.6 million in FY2025, and \$5.7 million in FY2026. The project addresses campus-wide issues relating to heat, lighting, cooling, and delivery of critical utility systems. Repeated utility system and infrastructure failures demonstrate that these systems require modernization. Estimates total \$76.6 million through FY2030.
- **CCRI Flanagan Campus Renewal (Lincoln):** The Budget provides \$5.7 million in FY2025, and \$3.2 million in FY2026 for the renewal of the Flanagan Campus in Lincoln. This \$12.5 million project includes the modernization and code compliance upgrades to all of the science labs at the Lincoln campus, as well as the refurbishment of the exterior including heat resistance paint, window replacement, and light abatement.
- **CCRI Data, Cabling, and Power Infrastructure:** The Budget provides \$5.1 million in FY2026 and \$4.5 million in FY2025 to assess, design, and construct a modernized data cabling and power infrastructure across the four CCRI campuses. The project will upgrade network wiring infrastructure and deliver more capacity to support additional classroom technology, wireless devices and security systems, including cameras, emergency alarm systems, and HVAC control systems.
- **CCRI Renovation and Modernization Phase I:** The Budget includes \$16.0 million in FY2025 and \$13.0 million in FY2026 to modernize academic and student support spaces. The project is estimated to cost a total of \$59.5 million where \$12.0 million derive from general obligation bonds, approved in March 2021, and \$47.5 million from RICAP funds.
- **CCRI Renovation and Modernization Phase II-IV:** The Budget includes \$6.1 million in RICAP funds in FY2026. This project, which is estimated to cost a total of \$147.7 million in both RICAP and general obligations funds, will begin the construction processes of the project. Specifically, in FY2026, and FY2027, the project will focus in HVAC, electrical, and foundational repairs at the Warwick and Providence campuses.
- **CCRI Accessibility Improvements:** The Budget includes \$6.1 million in FY2026 to support projects addressing ADA compliance issues. While there is a current project bid related to the Lincoln campus bathrooms, the College proposes addressing other ADA non-compliant areas across all four campuses. The project is estimated to cost a total of \$1.9 million.

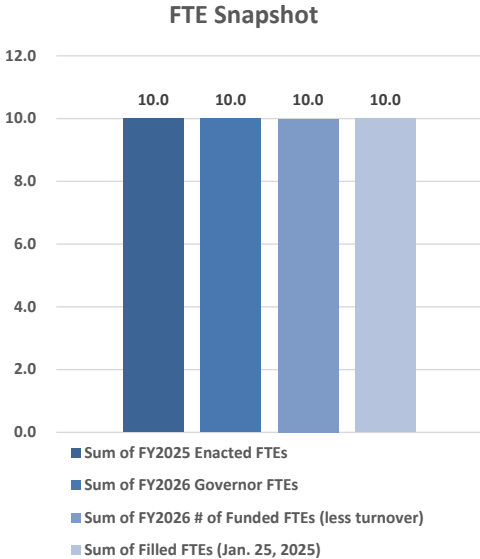
Rhode Island State Council on the Arts

Expenditures by Program	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
Central Management	\$3,445,440	\$3,976,337	\$4,084,272	\$107,935	2.7%	\$4,242,454	\$266,117	6.7%
Expenditures by source								
General Revenue	\$2,297,463	\$2,395,211	\$2,412,492	\$17,281	0.7%	\$2,414,685	\$19,474	0.8%
Federal Funds	976,489	996,126	1,011,780	15,654	1.6%	1,022,711	26,585	2.7%
Restricted Receipts	-	-	-	-	-	115,058	115,058	100%
Other Funds	171,488	585,000	660,000	75,000	12.8%	690,000	105,000	17.9%
Total	\$3,445,440	\$3,976,337	\$4,084,272	\$107,935	2.7%	\$4,242,454	\$266,117	6.7%
Authorized FTE Levels	10.0	10.0	10.0	-	-	10.0	-	-

The Rhode Island State Council on the Arts (RISCA) provides grants, technical assistance and support to arts organizations, schools, community centers, social service organizations, and local governments to bring the arts into the lives of Rhode Islanders. RISCA provides these services through grant making partnerships, education, and technical assistance. RISCA also manages the Art for Public Facilities Program providing art for state facilities.

MAJOR ISSUES AND TRENDS

The Budget includes \$2.4 million in general revenues (\$4.2 million all funds), representing a general revenue increase of \$19,474 as compared to the FY2025 Budget as Enacted. The increase in restricted receipts funding is due to a change in the federal rate of recovery for indirect costs on federal grants. The Budget authorizes and fully funds 10.0 FTE positions, consistent with the FY2025 Budget as Enacted.



CENTRAL MANAGEMENT

The Rhode Island State Council on the Arts (RISCA) consists of one main program and three subprograms. Within the main Central Management program are the Grants and Operating Support subprograms and the Film Commission.

Rhode Island State Council on the Arts	General Revenue
FY2025 Enacted	\$2,395,211
<i>Target and Other Adjustments</i>	47,589
Indirect Cost Recovery	(115,058)
Personnel Adjustments (statewide adjustments)	86,943
FY2026 Governor	\$2,414,685
Rhode Island State Council on the Arts	Other Funds
Percent for the Arts	Informational
Cultural Arts and the Economy	Informational

Indirect Cost Recovery**(\$115,058)**

The Budget includes general revenue savings of \$115,058 related to an increase in the recovery rate for indirect costs on federal grants. The decrease has a corresponding increase in restricted receipts.

Cultural Arts and the Economy**Informational**

Article 5 of the FY2025 Budget authorized the issuance of general obligation bonds in the amount of \$10.0 million to be placed on the ballot for voter approval in November 2024 to fund cultural arts organizations. The ballot measure passed and included the following funding allocation:

- **Tomaquag Museum (\$2.0 million):** Provides \$2.0 million to support the building of the Tomaquag Museum in Kingston on the University of Rhode Island campus. The new museum in Kingston will be used for Indigenous cultural education and preservation, including spaces for programming and administration. The museum is currently located in Exeter, Rhode Island.
- **Newport Contemporary Ballet (\$2.0 million):** Provides \$2.0 million to build a Center for Arts, Dance, and Education at the Newport Contemporary Ballet. The Center is intended to be used for performance facilities, educational instruction, production, and administration
- **Trinity Repertory Company (\$2.0 million):** Provides \$2.0 million for upgrades to the Lederer Theater Center at the Trinity Repertory Company. The Lederer Center is used for performance facilities, educational instruction, production, and administration.
- **Rhode Island State Council on the Arts (\$4.0 million):** Provides \$4.0 million to continue the Cultural Arts and the Economy Grant Program, which provides 1:1 matching grants for capital improvement, preservation, and renovation projects for a range of public and nonprofit arts and performance centers throughout the state. These funds are administered by the Rhode Island State Council on the Arts (RISCA).

Grant applications for the 2024 bond funds are anticipated to open August 1, 2025, and to be awarded by December 31, 2025. As each grant requires a separate contract with RISCA, funds will be disbursed at various times with the earliest likely funding in January 2026.

Previous Funding: In March 2021, voters approved a \$6.0 million bond to continue the Cultural Arts and the Economy Grant program administered by RISCA for capital improvements, preservation, and renovation of public and nonprofit performance centers, museums, and cultural art centers. Projects supported by the bond include:

- **Trinity Repertory Company - \$2.5 million:** For the Lederer Theater and the Pell Chafee Performance Centers in Providence.
- **Rhode Island Philharmonic – \$1.5 million:** For the Carter Center for Music Education and Performance in East Providence.
- **Other Nonprofit Cultural Organizations - \$2.0 million:** These funds will be allocated by RISCA for 1:1 matching grants to nonprofit cultural organizations that lease or own their performance space and for program administration costs at RISCA.

The 2014 referenda provided funding to begin the State Cultural Arts and the Economy Grant Program. The RI Commerce Corporation, in consultation with the Rhode Island Council on the Arts, administers this program, which offers matching grants to public and non-profit historic sites, museums, artistic organizations, performance centers, and cultural arts centers for capital preservation and renovation projects. The RI Commerce Corporation developed rules and regulations to administer the program. As of July 1, 2021, there was a \$500,773 carryforward from the 2014 bond comprised of open balances on grants awarded but still open as well as a small amount of ungranted funds. This carryover was bundled into the 2021 grant cycle, bringing the bond total for this program to \$6.5 million.

As of February 28, 2025, all funds from the 2021 bond have been awarded. The funding was awarded across 25 different projects, with individual funding awards ranging from approximately \$13,000 to \$250,000. Funded projects receive reimbursement grants, meaning that organizations who receive awards must perform construction first and submit invoices with proof of payment in order to receive reimbursement. The projects are in various stages of completion and target dates are difficult to predict due to fluctuation in construction timelines. Approximately \$3.6 million has been expended, and the \$2.6 million remaining as of February 28, 2025, is allocated to specific projects but awaiting project completion before reimbursement.

Percent for the Arts

Informational

RISCA administers the State’s Percent for Public Art Program, which was established in 1987 to expand the public experience of art, foster the development of artists, and create a more humane environment. It also services to stimulate the state’s economy.

In accordance with Rhode Island General Law, at least 1.0 percent of state government capital construction costs are allocated for the acquisition of works of art to be placed in public places. The 1.0 percent is generally spent on the project from which the funds were derived; any amounts not expended by RISCA are retained to provide for the maintenance and restoration of existing works.

The following table shows recently completed, current, and future projects of the program.

1% for Public Art Program - 2011 to Present	Location	Art Project Cost
<i>Completed Projects</i>		
URI - School of Pharmacy	Kingston	\$995,020
URI - College of Engineering	Kingston	\$714,356
URI - Chemistry	Kingston	\$501,000
Wickford Junction	Wickford	\$350,000
Garrahy Parking Garage	Providence	\$300,000
Intermodal Station	Warwick	\$300,000
Attorney General	Cranston	\$265,000
Barry and Simpson Buildings, Pastore Complex	Cranston	\$215,297
Veterans Home	Bristol	\$210,000
RIC Horace Mann School of Education	Providence	\$190,000
RIC - Art Center	Providence	\$170,000
Virks Building	Cranston	\$120,000
Division of Motor Vehicles	Cranston	\$110,000
Met School	Newport	\$78,000
Pawtucket-Central Falls Train Station	Pawtucket	\$59,000
Office of the State Medical Examiner	Cumberland	\$55,000
Rhode Island State Police	Lincoln	\$45,000
RIC Fogerty School of Nursing	Providence	\$45,000
Rhode Island School for the Deaf	Providence	\$43,000
National Guard Joint Force Headquarters	East Greenwich	\$35,000
URI - Harrington Hall	Kingston	\$35,000
Rhode Island Fire Academy	Exeter	\$30,000
<i>Current Projects (Budget)</i>		
URI- Fine Arts Center	Kingston	\$450,000
Eleanor Slater- Regan Hospital	Cranston	\$368,129
RIC Gaige Hall	Providence	\$305,588
DCYF Female Youth Residential Home	Exeter	\$212,206
Rhode Island State Police Southern Barracks	West Greenwich	\$164,505
RIC Craig-Lee Hall	Providence	\$135,000
State Health Laboratory	Providence	\$115,856
Department of Labor and Training	Cranston	\$54,501
Pawtucket Bus Hub	Pawtucket	\$50,000
Fire Academy Phase III	Exeter	\$48,000
<i>Future Projects (Budget)</i>		
RIC Clarke Science Building	Providence	\$305,650
URI Narragansett Bay Campus Phase 1	Narragansett	\$191,000
DMV Bus Inspection Facility	Cranston	\$49,000
Shepard Building	Providence	\$24,000
Eleanor Slater- Zambarano Long-Term Acute Care Facility	Burillville	TBD
RI Army National Guard Aviation Readiness Facility	East Greenwich	TBD
Davies Career & Technical School	Lincoln	TBD
URI Narragansett Bay Campus Phase 2	Narragansett	TBD
RIC Whipple Hall	Providence	TBD
Total		\$7,339,108

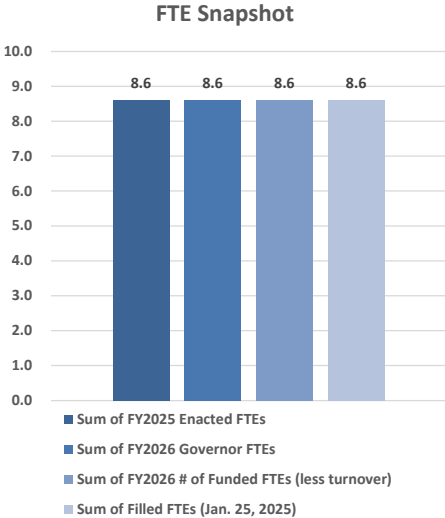
Rhode Island Atomic Energy Commission

Expenditures by Source	FY2024 Actual	FY2025 Enacted	FY2025 Revised	Change from Enacted	FY2026 Governor	Change from Enacted
General Revenue	\$1.1	\$1.2	\$1.2	\$0.1 4.3%	\$1.3	\$0.1 8.3%
Restricted Receipts	0.0	0.0	0.0	- 0.0%	0.0	- 0.0%
Other Funds	0.3	0.4	0.4	0.0 2.5%	0.4	0.0 5.8%
Total	\$1.5	\$1.6	\$1.7	\$0.1 3.8%	\$1.7	\$0.1 7.6%
Authorized FTE Levels	8.6	8.6	8.6	- -	8.6	- -

The Rhode Island Atomic Energy Commission (Commission) operates and maintains the Rhode Island Nuclear Science Center (RINSC), which is used for medical, biological, environmental, and materials research, education and commercial activities. The Commission also assists other state agencies in their radiation and emergency response programs.

RINSC operates a research reactor and provides laboratories and classrooms for research and education programs for the University of Rhode Island as well as for other colleges and universities in the State and throughout New England. In 2010, the University of Rhode Island (URI) began offering a nuclear engineering minor program of study. For students who perform well, a new nuclear engineer operating course was added in 2016 that prepares students for the operator license exam. URI is currently working to create a major in nuclear engineering. The Commission continues its collaboration with schools and universities in the State. Davies High School, Brown University physics classes, and URI mechanical design students are among those that have recently utilized the facility.

The Budget authorizes 8.6 FTE positions in FY2025 and FY2026 for the program, 1.8 of which are funded through URI for its radiation safety functions. URI funding also covers 40.0 percent of the Commission’s overhead costs, including its building maintenance and repair costs.



MAJOR ISSUES AND TRENDS

The general revenue increase in FY2025 Revised Budget and FY2026 is primarily due to the 4.0 percent cost of living adjustment (COLA) negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$105,522 in personnel adjustments.

Central Management	General Revenue
FY2025 Enacted	\$1,180,419
Target and Other Adjustments	(7,659)
Personnel Adjustments	105,522
FY2026 Governor	\$1,278,282

CAPITAL PROJECTS

Asset Protection: The Budget includes \$50,000 in Rhode Island Capital Plan (RICAP) funds for asset protection projects in FY2025 and FY2026. In FY2025, projects will continue to focus on electrical upgrades. The Capital budget refurbishes and approves existing facilities. Through FY2030, capital projects include landscaping around the facility, repairs, and rehabilitating space within the facility to make it better able to serve the needs of the facility users.

Rhode Island Historical Preservation and Heritage Commission

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$2.1	\$3.7	\$4.0	\$0.2	6.4%	\$3.5	(\$0.3)	-7.1%
Expenditures By Source								
General Revenue	\$1.2	\$1.9	\$1.7	(\$0.2)	-8.0%	\$2.0	\$0.1	4.6%
Federal Funds	0.8	1.3	1.6	0.3	27.3%	0.8	(0.4)	-35.1%
Restricted Receipts	0.0	0.4	0.4	-	-	0.5	0.1	22.0%
Other Funds	0.1	0.1	0.2	0.0	30.3%	0.1	0.0	1.4%
Total	\$2.1	\$3.7	\$4.0	\$0.2	6.4%	\$3.5	(\$0.3)	-7.1%
Authorized FTE Levels	15.6	15.6	15.6	-	-	15.6	-	-

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

The Rhode Island Historical Preservation and Heritage Commission (Commission) operates a statewide historical preservation program that identifies and protects historic buildings, districts, structures, and archaeological sites. The Commission identifies and protects historic and prehistoric sites, buildings, and districts by nominating significant properties to the National Register of Historic Places and the State Register as well as administering grants, loans and tax credits for rehabilitation of historic buildings. The Commission also develops and carries out programs to document and celebrate the rich cultural heritage of Rhode Island’s people.

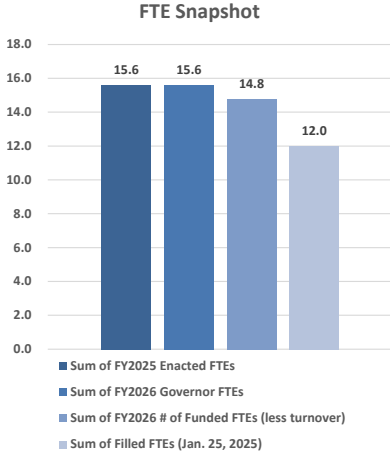
MAJOR ISSUES AND TRENDS

The FY2025 Revised Budget includes \$4.0 million in all funds, of which \$1.7 million is general revenue, \$1.6 million is federal funds, \$419,300 is restricted receipts, and \$185,440 is other funds. This reflects a decrease of \$150,889 in general revenue, an increase of \$346,458 in federal funds, and an increase of \$42,611 in other funds from the enacted budget.

The FY2026 Budget includes \$3.5 million in all funds, of which \$2.0 million is general revenue, \$822,451 is federal funds, \$511,827 is restricted receipts, and \$144,602 is other funds. This reflects a general revenue increase of \$88,651 and a federal fund decrease of \$444,980.

The Budget includes the continued funding of the State Preservation Grant program that was recapitalized through the 2014 and 2021 general obligation bond authorizations.

The Budget authorizes 15.6 FTE positions for FY2025 and FY2026, consistent with the enacted budget.



Historic Preservation & Heritage Commission	General Revenue
FY2025 Enacted	\$1,898,100
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustment)	\$24,849
Centralized Services (statewide adjustment)	231,750
Federal Indirect Cost Recovery Shift	(95,800)
CUF Electricity (statewide Adjustment)	(92,527)
FY2026 Governor	\$1,986,751

Historic Preservation & Heritage Commission	Other Funds
State Preservation Grant (G. O. Bond Proceeds)	Informational

Federal Indirect Cost Recovery Shift **(\$92,527)**

The Governor recommends general revenue savings from recoveries of indirect costs on federal grants, beginning in State Fiscal Year 2026. The Budget contains language in Article 2 that increases the indirect cost recovery (ICR) charge provisions on restricted receipt accounts from 10.0 percent to 15.0 percent, matching the new federal rate. This item reflects the ability of the Agency to charge an additional \$92,527 to restricted receipts and to remove the administrative expenses from general revenue. There is a corresponding increase of \$92,527 in restricted receipts.

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

State Preservation Grant (G.O. Bond Proceeds) **Informational**

In November of 2014, voters approved \$5.0 million in general obligation bonds to recapitalize the State Preservation Grant Program. The State Preservation Grant Program was established to improve and/or repair landmarks and historic facilities such as museums, cultural centers, theatres, and public historic sites. Through FY2022, the Commission supported 58 projects awarding \$4.6 million in funds.

In March of 2021, a statewide bond referendum passed that allocated an additional \$1.0 million to the State Preservation Grant program in general obligation bonds. The Commission is supporting 18 grants for new projects totaling \$1.2 million.

As of March 2025, a total of \$5.8 million has been disbursed to 73 projects leaving a balance of \$332,441 to be spent on the approved projects. The status of the unspent funds is as follows:

- There is \$36,466 in unspent funds from grantees that have either returned the funding or did not utilize the full amount awarded and are considered closed. The Commission has the option to reallocate those funds to another open grant that requires additional funding for that particular project.
- The Commission has granted extensions on three awards with projects totaling \$295,975. When grantees request an extension, HPHC's Commissioners must agree to the extension, or decide if additional information is needed before they can grant an extension.

The following table illustrates the State Preservation Grant awards:

Recipient	Town	Award Amount	Amount Disbursed	FY2023 & FY2024 to	Notes
Pres. Soc. of Newport County	Newport	\$150,000	\$150,000	\$0	
La Farge Restoration Fund	Newport	150,000	150,000	-	
Newport Restoration Foundation	Newport	16,596	16,596	-	
The Providence Athenaeum	Providence	16,843	16,843	-	
Providence Public Library	Providence	150,000	150,000	-	
Trinity Restoration Inc	Providence	145,846	145,846	-	
City of Central Falls	Central Falls	150,000	150,000	-	
Town of Cumberland	Cumberland	149,041	149,041	-	
Old Slater Mill Assoc.	Pawtucket	44,500	44,500	-	
City of Woonsocket	Woonsocket	30,000	30,000	-	
Herreshoff Marine Museum	Bristol	150,000	150,000	-	
Friends of Pomham Rocks	East Providence	150,000	150,000	-	
Portsmouth Historical Society	Portsmouth	30,000	30,000	-	
Block Island SE Lighthouse Foundation	New Shoreham	150,000	150,000	-	
Town of North Kingstown	North Kingstown	-	-	-	Expired/terminated
Cocumcussoc Association	North Kingstown	47,447	47,447	-	
South County Art Association	South Kingstown	29,634	29,634	-	
Orlando Smith Trust	Westerly	10,575	10,575	-	
Westerly Armory Restoration, Inc	Westerly	24,750	24,750	-	
Historic New England	Johnston	31,240	31,240	-	
Town of North Providence	North Providence	-	-	-	Expired/terminated
Town of Smithfield	Smithfield	31,950	31,950	-	
Smithfield Preservation Society	Smithfield	19,476	19,476	-	
RIDEM	Newport	150,000	150,000	-	
PPAC	Providence	150,000	150,000	-	
City of Providence	Providence	135,313	135,313	-	
City of Pawtucket	Pawtucket	106,239	106,239	-	
American French Genealogical Society	Woonsocket	150,000	150,000	-	
City of East Providence	East Providence	69,652	69,652	-	
Friends of Linden Place	Bristol	72,635	72,635	-	
Coggeshall Farm Museum	Bristol	29,707	29,707	-	
Memorial and Library Association of Westerly	Westerly	15,488	15,488	-	
Beavertail Lighthouse Museum Association	Jamestown	42,250	42,250	-	
Town of Coventry	Coventry	26,404	26,404	-	
Town of East Greenwich	East Greenwich	150,000	150,000	-	
Varnum Continentals, Inc.	East Greenwich	23,609	23,609	-	
Foster Preservation Society	Foster	29,703	29,703	-	
Newport Art Museum	Newport	150,000	150,000	-	
City of Newport	Newport	150,000	150,000	-	
Fort Adams Trust	Newport	150,000	150,000	-	
International Tennis Hall of Fame	Newport	73,188	73,188	-	
La Farge Restoration Fund	Newport	150,000	150,000	-	
The Company of the Redwood Library and Athenaeum	Newport	39,783	39,783	-	
Preservation Society of Newport County	Newport	-	-	-	Canceled/terminated
Trinity Episcopal Church	Newport	29,508	29,508	-	
Congdon Street Baptist Church	Providence	150,000	150,000	-	
Preserve Rhode Island	Providence	150,000	150,000	-	
Friends of the Music Mansion, Inc.	Providence	150,000	150,000	-	
The Providence Athenaeum	Providence	131,963	131,963	-	
Bristol Historical and Preservation Society	Bristol	75,888	75,888	-	
Town of Bristol	Bristol	150,000	150,000	-	
Historic New England	South Kingstown	39,160	39,160	-	
South County Art Association	South Kingstown	28,333	28,333	-	
North Smithfield Heritage Association	North Smithfield	88,220	88,220	-	
City of Woonsocket	Woonsocket	44,249	44,249	-	
Borders Farm Preservation, Inc.	Foster	30,000	30,000	-	
Smithfield Preservation Society	Smithfield	8,000	8,000	-	
Beavertail Lighthouse Museum Association	Jamestown	25,000	25,000	-	Grant closed March 2021
Herreshoff Marine Museum	Bristol	112,000	-	112,000	Grant extended to 6/30/26
Friends of Linden Place	Bristol	28,200	26,644	1,556	Grant closed 12/10/24
City of Central Falls	Central Falls	150,000	-	150,000	Grant extended to 6/30/26
Historic Metcalf-Franklin Farm Preservation Association	Cumberland	75,000	75,000	-	Project complete, working on reimbursement.
East Providence Historical Society	East Providence	26,860	26,860	-	Grant closed 11/12/2024
Foster Preservation Society	Foster	11,900	11,687	213	Grant is closed.
Historic New England	Jamestown	69,000	69,000	-	Grant is closed.
La Farge Restoration Fund	Newport	150,000	150,000	-	Grant is closed.
Fort Adams Trust	Newport	122,500	122,500	-	Grant closed 2/7/2025
Preservation Society of Newport County	Newport	74,250	74,221	30	Grant closed 2/27/2025
Newport Restoration Foundation	Newport	30,000	-	30,000	Funds Returned
Pawtucket Public Library	Pawtucket	58,044	58,044	-	Grant is closed.
City of Providence	Providence	88,500	88,500	-	Grant closed 2/27/2025
Rhode Island Historical Society	Providence	48,000	43,333	4,667	Grant is closed.
The Steel Yard	Providence	40,850	6,875	33,975	Grant extended to 6/30/26
Scituate Preservation Society	Scituate	9,900	9,900	-	Grant is closed.
South County History Center	South Kingstown	42,075	42,075	-	Grant closed 9/3/2024
Clouds Hill Victorian House Museum	Warwick	50,000	50,000	-	Grant is closed.
Total		\$5,829,268	\$5,496,828	\$332,441	

Source: RI Historic Preservation and Heritage Commission, March 13, 2025

Office of the Attorney General

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Criminal Division	\$24.7	\$25.9	\$29.0	\$3.1	12.0%	\$28.6	\$2.8	10.7%
Civil Division	7.7	10.6	11.1	0.5	4.5%	11.3	0.7	6.2%
Bureau of Criminal Identification	4.4	5.0	4.8	(0.2)	-4.0%	3.8	(1.2)	-24.0%
General Division	5.7	4.9	5.2	0.3	6.9%	7.9	3.0	60.5%
Total	\$42.5	\$46.5	\$50.2	\$3.7	8.0%	\$51.6	\$5.2	11.2%

Expenditures By Source								
General Revenue	\$35.0	\$35.1	\$36.7	\$1.6	4.5%	\$38.2	\$3.1	8.9%
Federal Funds	2.3	3.3	4.0	0.7	21.5%	3.6	0.3	9.3%
Restricted Receipts	4.2	7.9	9.3	1.3	16.8%	7.3	(0.6)	-8.0%
Other Funds	0.9	0.2	0.3	0.1	76.7%	2.5	2.4	1583.3%
Total	\$42.5	\$46.5	\$50.2	\$3.7	8.0%	\$51.6	\$5.2	11.2%

Authorized FTE Levels 264.1 264.1 264.1 - - 264.1 - -
 \$ in millions. Totals may vary due to rounding

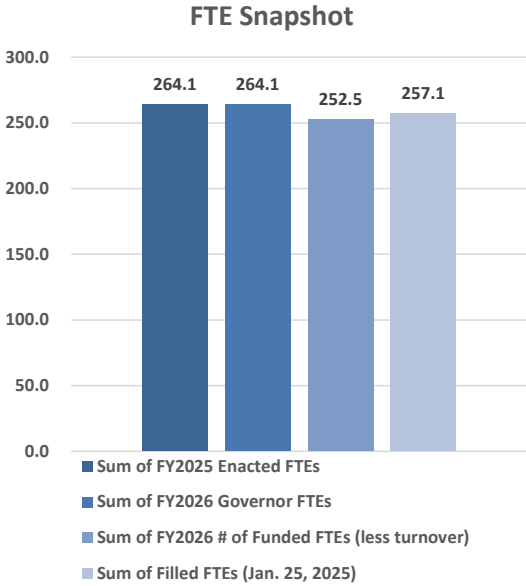
The Office of the Attorney General is the central legal agency of the State. The Office is responsible for the prosecution of all felony criminal cases and misdemeanor appeals as well as the prosecution of misdemeanor cases brought by state law enforcement in the various district courts. Additionally, as chief legal officer of the State, the Attorney General acts to protect consumers against fraudulent business practices; investigates Open Meetings Act and Access to Public Records compliance; and, acts as the central repository for criminal history and information in the State. The Office is divided into four budget programs: General, Criminal, Civil, and Bureau of Criminal Identification.

MAJOR ISSUES AND TRENDS

2025: The FY2025 Governor’s Revised Budget includes \$50.2 million in all funds for the Office of the Attorney General, reflecting a \$3.7 million increase from the FY2025 Budget as Enacted. The Governor recommends \$36.7 million of general revenue, representing an increase of \$1.6 million or 4.5 percent from the enacted level. The general revenue increase is primarily driven by the state employee collective bargaining agreement, which adds \$1.5 million (\$1.7 million in all funds) to the enacted budget and includes a 5.0 percent statewide cost of living adjustment (COLA).

2026: The FY2026 Governor’s Recommended Budget includes \$51.6 million in all funds for the Office of the Attorney General, representing an increase of \$5.2 million or 11.2 percent from the FY2025 Budget as Enacted. The Governor recommends \$38.2 million of general revenue, reflecting a \$3.1 million or 8.9 percent increase from the enacted level. The general revenue increase is primarily driven by the state employee collective bargaining agreement, which adds \$2.7 million (\$3.1 million in all funds) to the enacted budget and includes a 4.0 percent statewide cost of living adjustment (COLA). The Budget contains \$2.5 million of RICAP funds to support the renovation of the Office’s 180 South Main Street location

FTE Level: The Governor recommends 264.1 FTE positions in both FY2025 and FY2026 Budgets, consistent with the FY2025 enacted level. The Budget



includes turnover savings equivalent to 11.6 FTE positions. As of January 25, the Department had seven vacancies.

The Office of the Attorney General requested \$1.7 million of general revenue to fund 13.0 new FTE positions in FY2026. The request included funding for 7.0 Staff Attorney positions, 3.0 Paralegal Clerk positions, 1.0 Victim Services Advocate position, 1.0 Cybersecurity Analyst position, and 1.0 Systems Administrator. The Governor does not recommend funding any of the requested positions in FY2025 or FY2026.

CRIMINAL PROGRAM

The Criminal Program is charged with the prosecution of felony cases and misdemeanor appeals. The Program assists the Attorney General in carrying out the constitutional responsibility to prosecute all felony criminal offenses occurring in the State, as well as all misdemeanor criminal cases brought by State law enforcement agencies or appealed to the Superior Court. Specialized units focus on white-collar crime, narcotics and organized crime, firearms offenses, juvenile offenders, domestic violence and sexual assault, Medicaid fraud, and District Court offenses.

Criminal Program	General Revenue
FY2025 Enacted	\$21,173,986
<i>Target and Other Adjustments</i>	<i>102,396</i>
Personnel Salary and Benefit Adjustment (statewide adjustments)	1,669,741
Operating Supplies and Expenses Adjustment	201,401
FY2026 Governor	\$23,147,524

Criminal Program	Other Fund Changes
Forfeiture of Property (restricted receipts)	\$496,831

Operating Supplies and Expenses Adjustment **\$201,401**

The Governor recommends \$1.8 million for operating supplies and expenses for the Criminal Program, representing an increase of \$201,401 from the FY2025 enacted level. Significant adjustments include increases of \$115,409 for building maintenance and repairs and \$96,239 for office supplies and equipment, offset by a \$49,000 reduction in software maintenance agreements.

Forfeiture of Property (restricted receipts) **\$496,831**

The Governor recommends \$803,987 in receipts from the forfeiture of property account, representing a \$496,831 increase from the FY2025 enacted level. The increase is primarily related to a \$350,000 capital purchase of computer equipment, an increase of \$142,419 for maintenance and repairs of office equipment, and a \$51,292 reduction in print advertising. The Office's request indicates the account had a balance of \$9.1 million at the end of FY2024. The following table illustrates the recommended expenditures by category in the FY2025 Enacted, FY2025 Governor's Revised and FY2026 Governor's Recommended Budgets.

	FY2025 Enacted	FY2025 Revised	Change	FY2026 Governor	Change
Forfeiture of Property					
Salary and Benefits	\$107,613	\$89,741	(\$17,872)	\$93,213	(\$14,400)
Operating Supplies and Expenses	126,302	689,490	563,188	259,490	133,188
Contract Professional Services	54,889	82,932	28,043	82,932	28,043
Capital Purchases and Equipment	18,352	668,352	650,000	368,352	350,000
Total	\$307,156	\$1,530,515	\$1,223,359	\$803,987	\$496,831

CIVIL PROGRAM

The Civil Program is charged with conducting the State's legal affairs and representing the State in legal proceedings. By law, the Attorney General initiates and defends actions in state and federal courts whenever

warranted; ensures that representation is provided to state officers, employees, and agencies in all courts; advises state officers and agencies on legal issues; and, issues written opinions on legal issues when requested by governmental officers.

Civil Program	General Revenue
FY2025 Enacted	\$7,005,430
<i>Target and Other Adjustments</i>	
Personnel Salary and Benefit Adjustment (statewide adjustments)	(159,815)
Software Upgrade	(77,127)
FY2026 Governor	\$7,301,706

Civil Program	Other Fund Changes
NAAG Consumer Education (restricted receipts)	\$506,105
Public Utilities Commission (restricted receipts)	(333,156)
Hate Crime Prosecution Grant (federal funds)	100,000

Software Upgrade (\$77,127)

The Governor recommends \$111,023 of general revenue for computer supplies and software within the Civil Unit of the Civil Program, reflecting a decrease of \$77,127 from the enacted level. The Office is in the process of performing a critical upgrade to their technological infrastructure and data management systems and requested the reduction in both the FY2025 Revised and FY2026 to align with actual expenditures.

NAAG Consumer Education (restricted receipts) \$506,105

The Governor recommends \$656,623 in restricted receipts received from the National Association of Attorneys General (NAAG) Consumer Education account, reflecting a \$506,105 increase from the FY2025 enacted level of \$150,518. The recommendation includes increases of \$309,000 for outside legal support, \$150,000 for building maintenance, and \$47,105 for subscriptions, office supplies, and other miscellaneous expenses. The Office’s request indicates that this account had a balance of \$1.6 million at the end of FY2024.

Public Utilities Commission (restricted receipts) (\$333,156)

The Governor eliminates restricted receipts for the Public Utilities Commission Regulatory Unit within the Office of the Attorney General, reflecting a decrease of \$333,156 from the FY2025 enacted level. The Division of Public Utilities and Carriers (DPUC) and the Public Utilities Commission (PUC) previously paid the Office of the Attorney General for regulatory legal services. However, the FY2025 Budget as Enacted authorized two FTE legal positions for the PUC and the Office no longer requires this funding. The Department’s request indicates that this account had a balance of \$18,337 at the end of FY2024.

Hate Crime Prosecution Grant (federal funds) \$100,000

The Governor recommends \$100,000 from the federally funded Hate Crime Prosecution Grant in both FY2025 and FY2026. The Office received federal funding for the Rhode Island Attorney General’s Hate Crime and Prosecution and Reporting Initiative to enhance community engagement, reporting, and investigatory efforts around hate crimes.

The Office’s website defines a hate crime as “any criminal act in which the perpetrator intentionally chooses a victim or property because of the perpetrator’s hatred or animus towards a person’s protected status.” In Rhode Island, a hate crime does not need to be entirely motivated by bigotry or bias, instead the evidence must show that the offense was partially motivated, by the defendant’s animus toward the victim’s protected status.

BUREAU OF CRIMINAL IDENTIFICATION

The Bureau of Criminal Identification (BCI) is the state entity charged with maintaining criminal history information for crimes committed in Rhode Island. The BCI responds to criminal history records requests, analyzes and records fingerprint information, maintains pistol permits, issues security guard licenses, and conducts employee background checks. The BCI is open 24-hours per day, 7-days per week to respond to requests from law enforcement agencies throughout the country. In FY2019, the BCI moved to the Office's new facility located at the Pastore complex. The new facility was completed in 2018 using Google forfeiture federal funds.

Bureau of Criminal Identification	General Revenue
FY2025 Enacted	\$2,164,423
<i>Target and Other Adjustments</i>	<i>42,468</i>
Personnel Salary and Benefit Adjustment (statewide adjustments)	172,855
Operating Supplies and Expenses Adjustment	60,996
FY2026 Governor	\$2,440,742

Bureau of Criminal Identification	Other Fund Changes
Fingerprint Management System: IT Support (restricted receipts)	(\$1,518,295)

Operating Supplies and Expenses Adjustment **\$60,996**

The Governor recommends \$233,166 of general revenue to support operating supplies and expenses in the Bureau of Criminal Identification, reflecting a \$60,996 increase from the FY2025 enacted level. Significant adjustments include increases of \$41,965 for software maintenance agreements, \$7,925 for property insurance, and \$7,366 for software and computer equipment.

Fingerprint Management System: IT Support (restricted receipts) **(\$1.5 million)**

The Governor recommends \$1.3 million of restricted receipts from the Fingerprint Checks (EC) account in FY2026, representing a \$1.5 million decrease from the FY2025 enacted level. The reduction is due to the removal of the fingerprint software project funding, which was included in the FY2025 Enacted Budget as a one-time expense and is no longer necessary in FY2026. In January 2023, the Office increased the fee assessed for a national background check, from \$35.00 to \$45.00. The Office anticipated the need to upgrade the software and hardware for the Fingerprint Management System, which houses the Office's Criminal and Civil applicant processing systems, and implemented the fee increase to offset these expenditures. The Office's request indicates that this account had a balance of \$842,101 at the end of FY2024.

GENERAL DIVISION

The General Division is responsible for the overall operations of the Office. It consists of the following units: Executive, Fiscal, Personnel, Operations, Management Information Systems, and Public Information/Legislation. The Division oversees the finances of the Office, prepares and submits the Office's annual budget, and lobbies for the resources necessary for the efficient operation of the Office.

General Program	General Revenue
FY2025 Enacted	\$4,759,579
<i>Target and Other Adjustments</i>	<i>170,966</i>
Personnel Salary and Benefit Adjustment (statewide adjustments)	355,092
ERP Maintenance and Operations Billings (statewide adjustments)	68,818
FY2026 Governor	\$5,354,455

CAPITAL PROJECTS

The Governor recommends both Rhode Island Capital Plan (RICAP) funds and federal funds to support the two projects within the Office of the Attorney General’s Capital Budget. The Governor recommends \$265,000 of RICAP funds for the Office in FY2025 and \$2.5 million in FY2026, reflecting increases of \$115,000 and \$2.4 million from the enacted level respectively. Additionally, the Governor includes federal funds received through the federal Equitable Sharing – Forfeitures program, recommending \$1.7 million in FY2025 and \$1.6 million in FY2026, representing increases of \$522,968 and \$423,468 from the enacted level respectively.

Equitable Sharing Capital Projects (federal funds) Informational

The Governor recommends \$1.7 million of federal funds from the Equitable Sharing – Forfeitures program in FY2025 and \$1.6 million in FY2026. The Office will use these funds for maintenance, and protective work at the 180 Main Street office and vehicle replacements, in addition to an electric vehicle charging station. The Office indicates that the electric vehicle charging station will grant the ability to replace current vehicles with electric counterparts in the future. The equitable sharing program provides state, local, and tribal law enforcement agencies with a share of the proceeds received through their participation in a law enforcement effort.

Renovation and Asset Protection (other funds) Informational

The Governor recommends \$265,000 of RICAP funds in FY2025 and \$2.5 million in FY2026 for the Office’s Renovation and Asset Protection project. The funding provided in FY2025 will address the roof replacement previously authorized at the Office’s 150 South Main Street location, in addition to general asset management projects. The Office indicates that the roof replacement is near completion and anticipated to finish below the budget estimate. The funding provided in FY2026 will support renovations at the 180 South Main Street location, including replacing windows, the HVAC system, and roof. The Office indicates that the aging HVAC and windows contribute to a significant loss of energy efficiency. The following table illustrates Governor’s recommended funding for FY2025-FY2030 for the Office’s Renovation and Asset Protection project.

Renovation and Asset Protection	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Total
RICAP funds	\$265,000	\$2,525,000	\$1,150,000	\$900,000	\$150,000	\$155,000	\$5,145,000
Total	\$265,000	\$2,525,000	\$1,150,000	\$900,000	\$150,000	\$155,000	\$5,145,000

Department of Corrections

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$21.2	\$22.5	\$24.6	\$2.1	9.4%	\$25.1	\$2.5	11.3%
Parole Board	1.3	1.5	1.6	0.1	5.2%	1.7	0.1	9.6%
Custody and Security	164.9	189.2	197.6	8.4	4.5%	169.4	(19.8)	-10.5%
Institutional Support	34.4	41.5	47.0	5.5	13.2%	52.0	10.5	25.2%
Institutional Based Rehab /Population Management	12.9	15.3	17.2	2.0	12.8%	16.4	1.1	7.5%
Healthcare Services	34.3	36.1	35.2	(0.9)	-2.4%	35.2	(0.9)	-2.5%
Community Corrections	20.4	22.0	22.0	0.0	-0.1%	22.8	0.8	3.6%
Total	\$289.3	\$328.2	\$345.4	\$17.2	5.2%	\$322.6	(\$5.6)	-1.7%

Expenditures By Source								
General Revenue	\$263.7	\$293.7	\$295.7	\$2.0	0.7%	\$296.7	\$3.0	1.0%
Federal Funds	23.1	1.8	3.7	1.9	103.3%	1.8	(0.1)	-3.4%
Restricted Receipts	1.3	1.4	2.0	0.6	42.9%	1.3	(0.1)	-6.0%
Other Funds	1.1	31.2	43.9	12.7	40.7%	22.8	(8.4)	-27.0%
Total	\$289.3	\$328.2	\$345.4	\$17.2	5.2%	\$322.6	(\$5.6)	-1.7%

Authorized FTE Levels	1,461.0	1,461.0	1,461.0	-	-	1,461.0	-	-
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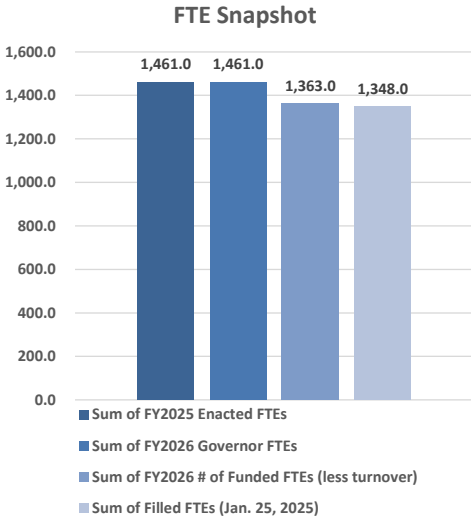
\$ in millions. Totals may vary due to rounding.

The Rhode Island Department of Corrections (DOC) provides appropriate, safe, secure, and humane control of offenders, while actively assisting and encouraging offenders to become productive and law-abiding members of the community. Additionally, the Rhode Island State Parole Board is budgeted as a unit of the Department but has independent programmatic decision-making authority. Collectively known as the Adult Correctional Institutions (ACI), there are six separate occupied facilities, which have a total current capacity of 3,989 beds. In FY2024, the Department averaged 2,346 inmates (58.8 percent of capacity) housed at the ACI for the fiscal year, including 2,224 men and 120 women. The Department also provides supervision of offenders in the community (home confinement, probation, and parole).

MAJOR ISSUES AND TRENDS

FY2025: The FY2025 Governor’s Revised Budget includes \$345.4 million in total expenditures reflecting an increase of \$17.2 million or 5.2 percent, from the FY2025 enacted level. The recommendation includes \$295.7 million of general revenue, representing an increase of \$2.0 million or 0.7 percent from the Budget as Enacted. The general revenue increase is primarily driven by the state employee collective bargaining agreement, which adds \$1.7 million (\$1.8 million in all funds) to the enacted budget and includes a 5.0 percent statewide cost of living adjustment (COLA) for settled bargaining units and unclassified workers in FY2025. Furthermore, the Budget provides \$3.7 million in federal funds, reflecting an increase of \$1.9 million from the FY2025 enacted level. The increase is primarily related to a \$1.2 million Congressional Earmark award for the Department to replace aging, unsafe, and unusable transport vehicles. The Governor include \$43.9 million of other funds, of which, \$30.8 million is for a heating and ventilation capital project at the Intake Service Center. The Budget assumes a population of 2,439 inmates, reflecting a decrease of 31 from the FY2025 enacted level.

FY2026: The FY2026 Governor’s Recommended Budget includes \$322.6 million in total expenditures, reflecting a \$5.6 million or 1.7 percent decrease from the FY2025 enacted level. The Budget includes \$296.7 million in general revenue,

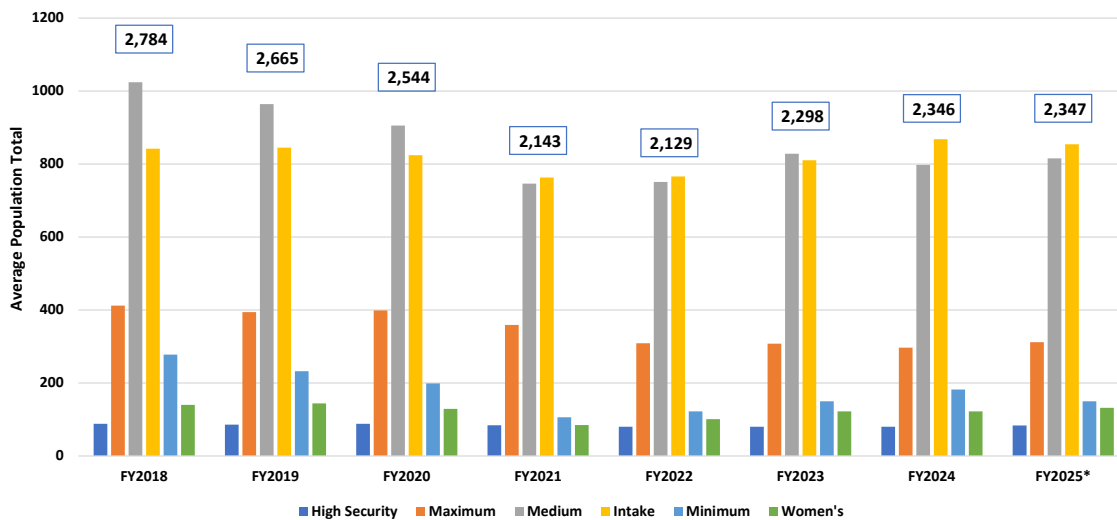


representing a \$3.0 million or 1.0 percent increase from the FY2025 enacted level. The general revenue increase is primarily driven by the state employee collective bargaining agreement, which adds \$3.2 million (\$3.4 million in all funds) to the enacted budget and includes a 4.0 percent statewide cost of living adjustment (COLA) for settled bargaining units and unclassified workers in FY2026. The Governor also recommends reconfiguring a module at the Medium Security Facility, closing the Minimum-Security Facility and consolidating the two populations in the second half of FY2026. The consolidation is expected to create \$6.1 million in general revenue savings for personnel costs in the final two quarters of FY2026. The FY2026 Budget assumes a population of 2,536 inmates, reflecting an increase of 66 from the FY2025 Enacted level and 97 from the Revised level. The Budget authorizes 1,461.0 FTE positions for both FY2025 and FY2026, consistent with the enacted budget.

Assumed Population: The FY2025 Governor’s Revised Budget assumes a daily population of 2,439, which is 31 below the FY2025 Enacted population of 2,470 inmates. The FY2026 Governor’s Recommended Budget assumes a daily population of 2,536 inmates, which is 66 above the population assumed in the Enacted Budget and 97 inmates above the population assumed in the Revised Budget. Population assumptions are projected annually by the JFA Institute.

Actual Population: The Department’s average institutional population in FY2024 was 2,346, which is 50 below the 2,396 assumed in the FY2024 Final Budget. The Department’s FY2025 population reports indicate a daily average of 2,347 through February, which is 1 inmate above the FY2024 average and 92 below the population assumed in the FY2025 Revised Budget. The Minimum-Security Facility, which the Governor recommends closing in January of FY2026, held an average population of 182 in FY2024 and 150 through February of FY2025. The following graph and table illustrate the average population held by the Department from FY2018 through February of FY2025.

**Average Institutional Population
FY2018-FY2025**



Facility	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025*
High Security	88	86	88	84	80	80	80	84
Maximum	412	394	399	359	309	308	297	312
Medium	1,024	964	905	746	751	828	797	815
Intake	842	845	824	763	766	810	868	854
Minimum	278	232	199	106	122	150	182	150
Women's	140	144	129	85	101	122	122	132
Average Population	2,784	2,665	2,544	2,143	2,129	2,298	2,346	2,347

*FY2025 data reflects July - February
 Source: Department of Corrections

Projected Population: The Department’s Ten-Year Prison Population Projections report, prepared by the JFA Institute and released in August of 2024, indicates that the total sentenced offender population is projected to increase over the next ten years by upwards of 25.0 percent. The report finds that “Sizeable increases in the average length of stay for awaiting trial populations seen in FY2024 are forecasted to fuel a 14.7 percent growth in the awaiting trial population between FY2025 and [FY2035] at an annual average rate of 1.4 percent per year.” The report further states that “Increasing admissions coupled with increases in the average sentences for sentenced male admissions seen in FY2023 result in the RIDOC sentenced population being projected to increase 25.7 percent between FY2025 and FY2035 at an annual rate of 2.3 percent per year.” The following graph and table illustrate the Department’s actual population for FY2014-FY2024 and projected population for FY2025-FY2035, included in the Department’s FY2026 Budget Request.

RIDOC Population Projections FY2014-FY2035



Source: RIDOC FY2026 Budget Request
 Note: Figures in blue represent projections

Year	Population Assumed	% Change from FY2024
FY2024	2,346	-
FY2025	2,439	4.0%
FY2026	2,536	8.1%
FY2027	2,645	12.7%
FY2028	2,705	15.3%
FY2029	2,759	17.6%
FY2030	2,816	20.0%
FY2031	2,860	21.9%
FY2032	2,899	23.6%
FY2033	2,934	25.1%
FY2034	2,958	26.1%
FY2035	2,986	27.3%

Source: RIDOC FY2026 Budget Request

FY2025 reflects revised projection

Average Cost Per Offender: In FY2024, the State paid an average cost of \$112,613 for each institutional based offender, or \$308.53 per day, including administrative overhead and capital costs. Of the Department's facilities, inmates housed at the High Security Center resulted in the largest annual expense to the State, at \$282,624 per inmate, while inmates housed at the Anthony P. Trivisono Intake Service Center exhibited the lowest annual cost, at \$91,759 per inmate. The following table illustrates the Department's FY2024 annual average cost per offender for both the institutional based and community-based offenders.

Facility	Average Population	Annual Cost per Offender†	Daily Cost per Offender‡
<i>Institution Based Offenders*</i>			
Minimum	182	\$140,047	\$383.69
Medium/Moran	797	95,957	262.90
Intake Service Center	868	91,759	251.39
Maximum	297	131,208	359.47
High Security Center	80	282,624	774.31
Women's Facility	122	172,812	473.46
Total Institution Population	2,346	\$112,613	\$308.53
<i>Community Based Offenders</i>			
Probation & Parole	6,429	\$3,284	\$9.00
Home Confinement ‡	186	17,977	\$49.25
Total Community Population	6,615	\$3,697	\$10.13

Source: RIDOC FY2026 Budget Request

* Population reflects total average population housed in FY2024.

† Cost per offender includes both administrative overhead and capital costs.

‡ Institution population includes offenders under active supervision only. It does not include banked cases, court-ordered unsupervised cases, deported cases, offenders paroled to immigration or another jurisdiction or cases pending transfer.

Recidivism Study: The FY2025 Budget as Enacted directed the Department of Corrections to conduct a recidivism study to evaluate recidivism trends and the outcomes of the existing correctional programs. The Department contracted CGL Companies and the report was delivered on February 28, 2025. The report analyzed a rolling cohort from 2013-2023, captured the initial sentenced releases and all subsequent

reoffending patterns. Additionally, the study examined the relationship between re-offending and participation in RIDOC programming. The study indicates that 43.3 percent of the 14,841 individuals that were released had returned to sentenced status, reflecting a total of 6,518 recidivists. Additionally, the consultants determined that “Wellness and substance use disorder (SUD) treatment showed the strongest negative correlation with recidivism.” The study made the following recommendations for the Department:

- Conduct a deeper analysis of specific programs using multivariate regression analyses to isolate the true impact of various types of interventions.
- Link RIDOC data with arrest records to produce Rhode Island’s first re-arrest recidivism rate, clarifying how correctional and law enforcement systems interact.
- Leverage the Executive Office of Health and Human Services Ecosystem Data to examine how to access to healthcare, housing, and social services affects post-release outcomes.
- Validate RIDOC’s risk assessment tool to evaluate whether cutoff scores should be adjusted for improved risk prediction.
- Conduct survival analysis to identify peak risk periods for reoffending and assess time-to-failure trends across demographics and program participation.

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 and \$11.2 million in general revenue (\$12.2 million in all funds) statewide for FY2025. These amounts are based on COLA percentage increases granted to other, settled, state employee unions.

CENTRAL MANAGEMENT

The Central Management program houses two sub-programs, the Executive program which consists of the Office of the Director, Legal Services, and Internal Affairs, as well as the Administration Program which includes Human Resources, Management Information, Planning and Research, Policy Development and Auditing, the Training Academy and Staff Development, and Financial Resources.

Central Management	General Revenue
FY2025 Enacted	\$22,522,753
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	895,163
Operating Supplies Adjustment	613,184
ERP Maintenance and Operations Billings (statewide adjustments)	608,847
Computer Equipment	216,776
Centralized Services (statewide adjustments)	140,010
FY2026 Governor	\$25,069,359

Operating Supplies Adjustment \$608,847

The Governor recommends \$1.6 million of general revenue to support operating supplies and expenses within the Central Management program, reflecting an increase of \$608,847 from the FY2025 enacted level. The adjustment includes a net increase of \$194,005 to the Training Unit which encompasses \$166,148 for radio advertising and \$104,122 for staff clothing, offset by a \$44,918 reduction in rental of outside property. The costs are largely reflective of recruitment and training for correctional officers. The adjustment also provides an additional \$133,361 for traveling expenses and \$111,459 for computer supplies and software, primarily within the Office of Management Information.

Computer Equipment**\$140,010**

The Governor recommends \$212,692 of general revenue to fund the capital purchase of computer equipment in the Office of Management Information, representing an increase of \$140,010 from the FY2025 enacted level. The Department indicates the increase is based on FY2024 expenditures.

PAROLE BOARD

The Parole Board is a six-member commission, appointed by the Governor that is charged with evaluating and authorizing the early release of inmates who meet certain conditions. The Department determines eligibility criteria, including that inmates must serve at least one-third of their sentence before being eligible for parole and must meet defined criteria post-parole and for the duration of their sentence. The Parole Board has one sub-program, the Sex Offender Community Notification (SOCN) Unit. The SOCN Unit is intended to support the sex offender leveling process, notify the community, and provide support to the Rhode Island Sex Offender Board of Review, the RI Sex Offender Registry, state and local police, as well as the public.

Parole Board	General Revenue
FY2025 Enacted	\$1,526,785
<i>Target and Other Adjustments</i>	47,854
Personnel Adjustments (statewide adjustments)	98,618
FY2026 Governor	\$1,673,257

CUSTODY AND SECURITY

The Custody and Security program is responsible for the secure custody and control of the State's inmate population to ensure the safety of staff, inmates, and the general public. The program manages six correctional institutions and one jail complex, all located in Cranston at the Pastore Center. Men's facilities include High Security, Maximum Security, the John J. Moran Medium Security Prison, Minimum Security, and the Intake Service Center. Women are housed in the Gloria McDonald. Some female inmates were previously housed in the Bernadette Guay facility; however, this facility was closed in FY2017. The program is the largest within the Department and is divided into two sub-programs: Custody, which includes all staff, activities, and food service within the facilities under the care of their respective Wardens, and the Security sub-program which includes the Central Office Warden, the Correctional Emergency Response Team, Facility Security Audit Teams, Crisis Intervention Teams, Special Investigations Unit, the Canine Unit, and a Department Armorer.

Custody and Security	General Revenue
FY2025 Enacted	\$163,902,830
<i>Target and Other Adjustments</i>	(433,064)
Closure of Minimum and Consolidation to Medium	(6,092,301)
Personnel Adjustments (statewide adjustments)	364,709
FY2026 Governor	\$157,742,174

Closure of Minimum and Consolidation to Medium**(\$6.1 million)**

The Governor recommends the closure of the Minimum Security Facility, the reconfiguration of a housing module at the John J. Moran Medium Security Facility, and the transfer of its population to the modified module at Medium. The Budget assumes the consolidation will be effective January 1, 2026, which will create a \$6.1 million net general revenue savings in FY2026 and out-year savings of \$12.7 million for the entirety of FY2027. The savings in FY2026 is primarily a result of an \$8.9 million reduction of personnel expenditures for the Minimum Facility, offset by a \$1.9 million increase in personnel expenditures at the Medium Facility. Excluding personnel expenditures, the adjustment includes a net reduction of \$17,568 for operating supplies, encompassing a \$90,012 decrease at the Minimum Facility offset by a \$72,444 increase

at the Medium Facility. Additionally, the Governor adds \$1.0 million of RICAP funding to the Department for construction on the new housing module. The following table illustrates the general revenue adjustment created by this initiative in FY2026 by facility/unit.

Facility	General Revenue Adjustment
Minimum Security	(\$9,008,669)
Medium Security - Moran	2,034,772
Intake Services Center	390,212
Maximum Security	303,500
High Security	144,527
Women's Facilities	43,357
Total	(\$6,092,301)

Background: Originally built as a medical hospital in 1914, the Minimum Security Facility was converted to a prison in 1978, which was not an uncommon practice but has created safety and security complications which have increased operating costs. The facility currently has a single perimeter fence and limited control over access to its front entrance. The Department notes that, “Due to its design, RIDOC has made a security decision not to house certain categories of inmates initially classified as minimum security at the facility due to constraints concerning its perimeter security.” The Minimum-Security Facility has the capacity to support 710 inmates and held an average population of 182 during FY2024, reflecting an occupancy rate of 25.7 percent. In FY2025, facility contained an average population of 150 through February. The Medium Security Facility currently has the capacity to support 1,186 inmates and held a population of 797 throughout FY2024, reflecting an occupancy rate of 67.2 percent. The Governor’s recommendation includes closing the Minimum-Security Facility, reconfiguration of a housing module at the Medium Security Facility and consolidating to the two populations.

Analyst Note: The Department’s FY2026 Capital Budget Request notes that the construction of a new Minimum Security Facility is part of the Department’s Master Plan. The Department requested out-year funding of \$11.4 million in FY2027 for A&E and \$108.6 million in both FY2028 and FY2029. The Governor did not include this in the capital plan.

INSTITUTIONAL SUPPORT

The Institutional Support program is divided into three sub-programs: the Food Services sub-program, which is responsible for the procurement and preparation of nutritionally-balanced foods for all inmates; the Facilities and Maintenance sub-program, which is responsible for all maintenance and repairs to the Department’s buildings on the Pastore Complex; and, the Classification sub-program, which divides inmates into groups based on their needs.

Institutional Support	General Revenue
FY2025 Enacted	\$34,243,329
<i>Target and Other Adjustments</i>	<i>301,068</i>
Centralized Utilities Fund (statewide adjustment)	12,066,911
Centralized Services (statewide adjustment)	(6,962,828)
Food Services Unit Adjustment	(358,433)
Personnel Adjustments (statewide adjustments)	166,152
FY2026 Governor	\$39,456,199

Food Services Unit Adjustment (\$358,433)

The Budget includes \$5.3 million in general revenue for the Food Services Unit, representing a \$358,433 decrease from the FY2025 enacted level. The decrease is primarily related to a \$363,611 reduction in food costs. The FY2025 Budget as Enacted assumed an annual food cost of \$2,279 per inmate, which was consistent with FY2023 expenditures. The Department indicates that they have been utilizing spot

commodity buying and the food cost recommended in FY2026 is consistent with expenditures in FY2024. The Governor also includes FY2024 food costs in the Revised Budget. The following table illustrates the average food cost per inmate from FY2015 through the FY2026 request.

Fiscal Year	Annual Cost	% Change from FY2015
FY2015	\$1,505	0.0%
FY2016	1,503	-0.1%
FY2017	1,411	-6.2%
FY2018	1,531	1.7%
FY2019	1,533	1.9%
FY2020	1,657	10.1%
FY2021	1,735	15.3%
FY2022	1,960	30.2%
FY2023	2,279	51.4%
FY2024	2,076	37.9%
FY2025	2,279	51.4%
FY2025*	2,076	-
FY2026*	2,076	-

*Represents requested amount

Source: RIDOC FY2026 Request

INSTITUTIONAL BASED REHABILITATION/POPULATION MANAGEMENT

The Institutional Based Rehabilitation/Population Management program handles educational and vocational training; Correctional Industries; case management services; inmate treatment services, including substance abuse and counseling and other services; and, reentry services, including discharge planning and reentry assistance.

Correctional Industries provides inmate labor and work crews, and certain manufactured items. Correctional Industries services are provided centrally to all state departments and agencies as well as to municipalities. State law requires the State and municipalities to solicit bids from Correctional Industries when soliciting labor and/or supplies offered under the program. The operational cost of the program is shown on a centralized basis for informational purposes (internal service funding), but the actual costs are reflected in the operating budgets of user agencies.

Institutional Based Rehab/Population Management	General Revenue
FY2025 Enacted	\$14,780,027
<i>Target and Other Adjustments</i>	<i>(240,543)</i>
Contract Professional Services Adjustment	(597,332)
Personnel Adjustments (statewide adjustments)	396,932
FY2026 Governor	\$14,739,884

Institutional Based Rehab/Population Management	Other Fund Changes
Opioid Stewardship Fund Program Shift (restricted receipts)	\$1,300,000

Contract Professional Services Adjustment (\$597,332)

The Governor recommends \$4.1 million of general revenue to support contracted professional services within the Institutional Based Rehab/Population Management program in FY2026, reflecting a \$597,332 decrease from the FY2025 enacted level. The significant adjustments include decreases of \$489,746 for substance abuse services, \$125,620 for general services, and \$119,532 for transitional services, offset by a \$120,974 increase in education and vocational training. Of note, the Department recently completed a study of recidivism, and “wellness and substance use disorder (SUD) treatment showed the strongest negative correlation with recidivism.”

Opioid Stewardship Fund Program Shift (restricted receipts) \$1.3 million

The Governor shifts \$1.3 million of restricted receipts collected through the Opioid Stewardship Fund to the Institutional Based Rehab/Population Management program in FY2026 and \$2.0 million in the FY2025 Revised Budget. This funding was previously provided to the Healthcare Services program. The Department indicates that the Opioid Stewardship Funding has allowed the program to reach more patients than before, increasing the average daily census to 370.

The Department utilizes funding from the Opioid Stewardship Fund to provide expanded access to medication treatment/recovery services and opioid withdrawal management. The Department has been administering Sublocade, which is an FDA approved pharmacotherapy that is injected monthly at \$1,633.38 per dose. The Department notes it is preferred by staff as it avoids concerns of diversion, as well as by patients, who avoid the daily medication lines. Sublocade is more than 5x the cost of the sublingual alternative, buprenorphine, at \$260 per month.

Of note, the Department recently completed a study of recidivism, and “wellness and substance use disorder (SUD) treatment showed the strongest negative correlation with recidivism.”

HEALTHCARE SERVICES

The Healthcare Services program is constitutionally mandated to provide medical, dental, and mental health service provision to all inmates. According to the Department, the inmate population is more likely than the general population to have infectious diseases and other conditions. About 1.0 percent of the inmate population is HIV positive, 25.0 percent are infected with Hepatitis C, 10.0 percent have persistent mental health illnesses, and 70.0 to 90.0 percent have histories of substance abuse.

Healthcare Services	General Revenue
FY2025 Enacted	\$34,782,837
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<i>Target and Other Adjustments</i>	417,305
Nurses Contract Reserve	(1,812,879)
Contract Professional Services Adjustment	1,600,145
Personnel Adjustments (statewide adjustments)	213,290
FY2026 Governor	\$35,200,698

Healthcare Services	Other Fund Changes
Opioid Stewardship Fund Program Shift (restricted receipts)	(\$1,331,555)

Nurses Contract Reserve (\$1.8 million)

The Governor removes \$1.8 million of general revenue in FY2026 and FY2025 that was included as a placeholder in the FY2025 Budget as Enacted for the settled agreement with members of the Rhode Island Brotherhood of Correctional Officers (RIBCO) working as nurses. The agreement included adjusted pay scales and benefits including tuition reimbursement, and retroactive payments, as well as restructured and increased overtime wages for nurses employed through June 30, 2024. In FY2026 the funds are spread throughout the salary and benefit categories in the appropriate divisions. Negotiations for future fiscal years are ongoing.

Contracted Professional Services Adjustment \$1.6 million

The Budget includes \$11.5 million of general revenue for contracted professional services within the Healthcare Services program, reflecting an increase of \$1.6 million from the FY2025 enacted level. The largest increase, realized within general health services, includes a \$1.6 million increase for doctors offset by a \$256,580 reduction in hospital treatments. The Department indicates that the increase is based off of FY2024 expenditures. The following table illustrates the adjustment by service provided.

	FY2025 Enacted	FY2025 Governor	Change from Enacted	FY2026 Governor	Change from Enacted
Contract Professional Services					
General	\$4,582,565	\$5,845,221	\$1,262,656	\$5,781,907	\$1,199,342
Nursing Services	808,389	1,390,255	581,866	1,261,580	453,191
Mental Health	2,326,119	2,194,688	(131,431)	2,194,688	(131,431)
Dental Services	1,334,594	1,134,594	(200,000)	1,405,980	71,386
Pharmacy Services	206,661	203,257	(3,404)	207,824	1,163
Physician Services	594,000	599,494	5,494	600,494	6,494
Total	\$9,852,328	\$11,367,509	\$1,515,181	\$11,452,473	\$1,600,145

Opioid Stewardship Fund Program Shift (restricted receipts) (\$1.3 million)

The Governor removes \$1.3 million of Opioid Stewardship Fund restricted receipts from the Healthcare Services program that was provided in the FY2025 Budget as Enacted. The Governor adds \$1.3 million to the Institutional Based Rehab/Population Management program.

COMMUNITY CORRECTIONS

The Community Corrections program is responsible for supervising offenders serving portions of their sentence under probation, parole, or community confinement, and also provides certain services to victims of crimes. The Probation and Parole unit provides supervision and services for individuals under the jurisdiction of the courts or Parole Board, and attempts to successfully reintegrate individuals from incarceration back into the community. Community Confinement provides supervision to individuals sentenced to “house arrest” by the courts and can include work-release supervision. Community Corrections uses electronic monitoring as a primary component of its supervision strategy. Victim Services provides 24-hour-per-day automated information about offender status and victim advocacy services, including crisis intervention, referral, and case management.

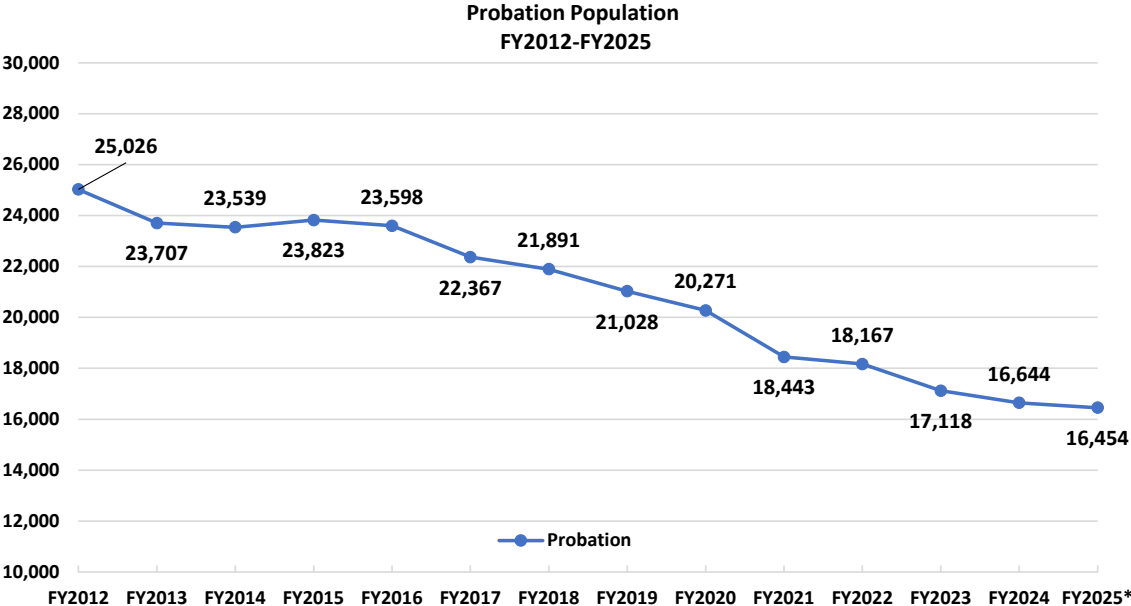
Community Corrections	General Revenue
FY2025 Enacted	\$21,987,526
<i>Target and Other Adjustments</i>	<i>(221,932)</i>
Personnel Adjustments (statewide adjustments)	1,354,422
Contract Professional Services Adjustment	(303,833)
Community Corrections Population Information	Informational
FY2026 Governor	\$22,816,183

Contract Professional Services Adjustment (\$303,833)

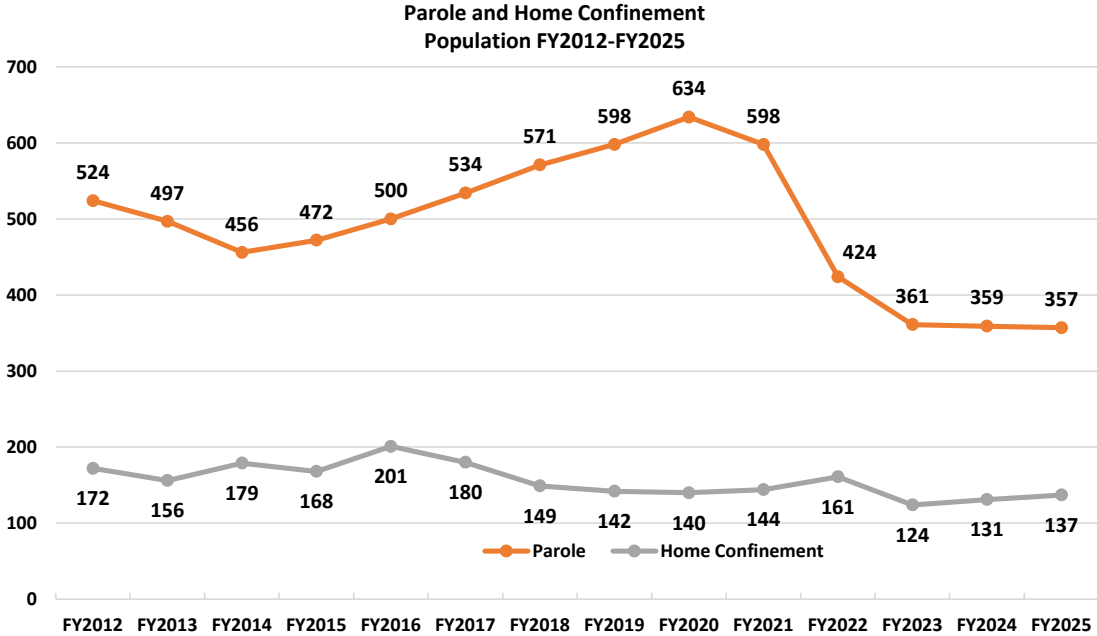
The Governor recommends \$396,252 of general revenue to fund contracted professional services in FY2026, representing a \$303,933 decrease from the FY2025 enacted level. The adjustment primarily reflects a \$257,434 decrease in the Justice Reinvestment Initiative, from the enacted amount of \$315,659 to \$58,225. The Department indicates in their FY2026 Budget Request that, “the program has not utilized its full contract cost historically, and that trend is expected to continue as the program continues to get fully functioning.” The Governor includes a similar reduction in the FY2025 Revised Budget, providing \$54,904.

Community Corrections Population Informational

While representing only 7.1 percent of the Department’s general revenue budget in FY2026, Community Corrections serves the largest number of individuals. The Department indicates that through January of FY2025, the Community Corrections population average was 16,958, encompassing 16,454 individuals on probation, 357 on parole, and 137 under community supervision. The population reports for FY2012 indicate that the population average was 25,722, which included 25,026 individuals on probation, 524 on parole, and 172 individuals under community supervision. When compared to the current population, the Department is serving 34.1 percent less individuals than in FY2012. The following graphs and table display the Community Corrections population, including individuals on probation, parole, and under community supervision for FY2012 through January of FY2025.



Source: RIDOC
 *FY2025 reflects data from July-January



Source: RIDOC
 *FY2025 reflects data from July-January

Supervision	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025*
Probation	25,026	23,707	23,539	23,823	23,598	22,367	21,891	21,028	20,271	18,443	18,167	17,118	16,644	16,454
Parole	524	497	456	472	500	534	571	598	634	598	424	361	359	357
Community Supervision	172	156	179	168	201	180	149	142	140	144	161	124	131	137
Population Total	25,722	24,360	24,174	24,463	24,299	23,081	22,611	21,768	21,045	19,185	18,752	17,603	17,134	16,948

Source: RIDOC
 *FY2025 reflects data from July-January

CAPITAL PROJECTS

The Department's Capital Budget for FY2025 and FY2026 is supported entirely with Rhode Island Capital Plan (RICAP) funds. The FY2025 Governor's Revised Budget includes \$43.9 million of RICAP funds, reflecting an increase of \$12.7 million from the FY2025 enacted level. The FY2026 Governor's Recommended Budget includes \$22.8 million of RICAP funds, reflecting a \$8.4 million reduction from the FY2025 enacted level. The HVAC replacement project at the Intake Service Center is the primary cause of the adjustment.

RICAP Funded Projects	FY2025 Enacted	FY2025 Governor	Change from Enacted	FY2026 Governor	Change from Enacted
HVAC at Intake Service Center	\$23,946,648	\$30,827,500	\$6,880,852	\$10,272,500	(\$13,674,148)
Facilities Renovation	3,179,677	3,429,677	250,000	7,419,248	4,239,571
Asset Protection	4,100,000	9,677,650	5,577,650	5,100,000	1,000,000
Total	\$31,226,325	\$43,934,827	\$12,708,502	\$22,791,748	(\$8,434,577)

HVAC at Intake Service Center: The Governor recommends \$30.8 million of RICAP funds in FY2025 and \$10.3 million in FY2026 to replace the HVAC system at the Intake Service Center (ISC). The \$6.9 million increase in the FY2025 Revised Budget reflects reappropriated funds. The Department indicates that the HVAC system is over 30 years old, has reached the end of its useful life, requires costly repairs with parts that are difficult to obtain, and is the subject of numerous complaints from both staff and inmates. Furthermore, a newer HVAC system will be more energy efficient and reduce emissions. The Department believes that replacing it will ensure that the health and safety standards at the facility are maintained.

Facilities Renovations: The Governor recommends \$3.4 million of RICAP funds in FY2025 and \$7.4 million in FY2026 for facility renovation projects. In reflecting a \$3.2 million increase from the FY2024 enacted level. The funding is recommended for construction of a Behavioral Management Unit (BMU) within the High Security Facility for the Seriously and Persistently Mentally Ill (SPBI). The BMU will provide a less restrictive level of housing than the existing Residential Treatment Unit, as well as an expansion of treatment options. Furthermore, the Department notes that constructing the BMU will address the issues outlined in the federal class action lawsuit that will require remediation in the near future.

Asset Protection: The Governor recommends \$9.6 million of RICAP funds in FY2025 and \$5.1 million in FY2026 for asset protection projects. Current asset protection projects in FY2025 include renovations to the Investigations Unit located at the Attorney General's Office, the purchase of a digital license plate machine, and roof replacements complex wide. In FY2026, the project includes \$1.5 million for renovating the Central Distribution Center (CDC) warehouse. The \$1.0 million increase in FY2026 reflects funding to repurpose a housing module at the Medium Security Facility for the consolidation of the population currently housed at the Minimum Security Facility.

Judiciary

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Final	Enacted	Governor	Enacted		Governor	Enacted	
Supreme Court	\$48.0	\$50.7	\$55.2	\$4.5	8.8%	\$52.7	\$2.0	3.9%
Superior Court	26.8	28.7	29.8	1.2	4.1%	30.5	1.9	6.6%
Family Court	30.3	30.6	33.7	3.1	10.2%	34.6	3.9	12.9%
District Court	16.6	17.1	18.0	1.0	5.7%	18.5	1.4	8.2%
Traffic Tribunal	10.8	10.8	11.4	0.6	5.7%	11.7	0.9	8.3%
Workers' Compensation Court	9.3	9.9	10.4	0.5	5.0%	11.1	1.2	11.7%
Judicial Tenure & Discipline	0.1	0.2	0.2	0.0	4.1%	0.2	0.0	7.8%
Total	\$142.1	\$148.0	\$158.8	\$10.9	7.4%	\$159.2	\$11.3	7.6%
	5.5%	4.1%	11.8%					
Expenditures By Source								
General Revenue	\$118.8	\$124.3	\$133.0	\$8.6	6.9%	\$133.5	\$9.2	7.4%
Federal Funds	5.0	4.4	6.1	1.7	37.4%	6.3	1.9	42.5%
Restricted Receipts	12.6	14.8	15.0	0.2	1.3%	15.8	0.9	6.4%
Other Funds	5.6	4.4	4.8	0.4	9.1%	3.6	(0.8)	-17.1%
Total	\$142.1	\$148.0	\$158.8	\$10.9	7.4%	\$159.2	\$11.3	7.6%
Authorized FTE Levels	743.3	745.3	745.3	-	-	749.3	4.0	0.5%

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

Rhode Island has a unified court system composed of six statewide courts. The Supreme Court is the court of review, the Superior Court is the general trial court, and the Family, District, Traffic Tribunal, and Workers' Compensation Courts are trial courts of special jurisdiction. The entire system is state-funded with the exception of probate courts, which are the responsibility of cities and towns, and the municipal courts, which are local courts of limited jurisdiction.

The Chief Justice of the Supreme Court is the executive head of the state court system and has authority over the Judiciary's budget. The Chief Justice appoints the State Court Administrator and an administrative staff to handle budgetary and general administrative functions. Under the direction of the Chief Justice, the Court Administrator manages appropriations for all state courts, except those as provided otherwise by law. Each court has responsibility over its own operations and has a chief judge who appoints an administrator to handle internal court management.

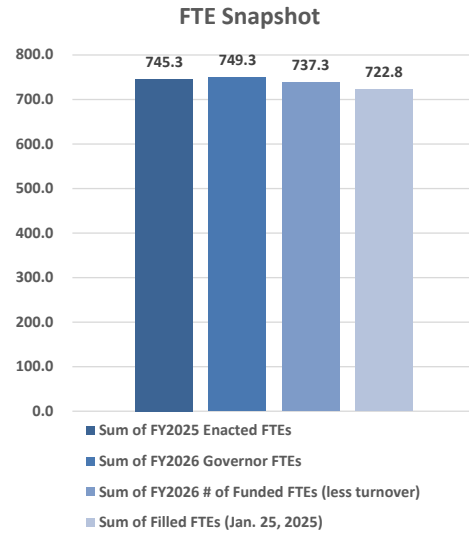
MAJOR ISSUES AND TRENDS

The Budget includes \$133.5 million in general revenue funding, a \$9.2 million (7.4 percent) increase over the FY2025 Budget as Enacted. \$8.6 million of the increase is due to the statewide cost-of-living adjustment, \$2.8 million is for approved salary adjustments, and \$349,435 is to support 3.0 new FTE positions. An increase in general revenue turnover of \$247,267, relative to the FY2025 Budget as Enacted, partially offsets the increase.

In FY2025 \$1.8 million of a \$3.9 million reappropriation from FY2024 is allocated to the Defense of Indigent Persons. The program is designed to provide private attorneys to indigent persons after the filing of written certification by the Office of the Public Defender verifying the person's inability to pay for counsel and the existence of a conflict of interest on the part of that office in accepting the individual as a client. The remaining \$1.1 million will support approved salary adjustments.

Federal funds increase by \$1.9 million primarily due to increased federal support for the Child Support Enforcement IV-D Program due to an expanded child support calendar. Since these case expenses are federally reimbursed, hearings are held in designated courtrooms. Previously they were only held in the Garrahy courthouse, but the program has now expanded to two new courtrooms in the Kent County courthouse.

The Budget provides 749.3 FTE positions in FY2026, an increase of 4.0 FTE positions relative to the enacted budget. The positions include 1.0 new Court Interpreter I position, 1.0 new Special Assistant, 1.0 new Deputy Clerk position in the Traffic Tribunal, and 1.0 new Administrative Clerk of Office Services position in the Workers' Compensation Court.



SUPREME COURT

The Supreme Court is the only constitutionally-established court in the State, and is empowered with administrative authority over the entire state court system. The Court is the final court of review, and also issues advisory opinions to Legislative and Executive branches of government and regulates the Rhode Island Bar. Administrative functions include budgeting, human resource management, purchasing, information technology management, and fine and fee collection. The Supreme Court also offers programs related to domestic violence prevention, mandatory continuing legal education, alternative dispute resolution, victim rights information, and the interpreter program.

Supreme Court	General Revenue
FY2025 Enacted	\$42,027,690
<hr/>	
<i>Target and Other Adjustments</i>	454,572
Defense of Indigent Persons	1,800,000
Interpreters (2.0 FTE positions)	258,651
FY2026 Governor	\$44,540,913

Defense of Indigent Persons \$1.8 million

As requested by the Judiciary, the Budget includes an increase of \$1.8 million (\$7.9 million total funds) for the Defense of Indigent Persons in FY2026 and in FY2025 through the re-appropriation of \$3.9 million in unexpended funds from FY2024. The program is designed to provide private attorneys to indigent persons after the filing of written certification by the Office of the Public Defender verifying the person's inability to pay for counsel and the existence of a conflict of interest on the part of that office in accepting the individual as a client.

Interpreters (2.0 FTE positions) \$258,651

The Budget provides \$258,651 in general revenue to support 2.0 new FTE positions, including 1.0 Court Interpreter I position and 1.0 Special Assistant position. The Court interpreter position will be fluent in both Cabo Verdean Creole and Portuguese to serve the growing number of requests for services in these languages. The Special Assistant will coordinate scheduling for language services requests, and work with the Court Interpreter Coordinator to provide training and development opportunities for court staff, vendors, and contract interpreters.

SUPERIOR COURT

The Superior Court has jurisdiction for all felony cases, misdemeanor cases that have been appealed or waived from the District Court, civil cases in which the disputed amount exceeds \$10,000, and all probate and zoning appeals. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport. The Gun Court and Adult Drug Court were established in FY1995 and FY2002, respectively. The Superior Court also has appellate jurisdiction of decisions of local municipal and probate courts. Appeals from various boards and commissions, such as zoning boards and Ethics Commission appeals, are heard in Superior Court as well as petitions to review disciplinary action imposed upon a state

or local police officer by the chief of that department. In addition to conducting trials, the Superior Court administers the Court-Annexed Arbitration Program which accelerates the disposition of certain less complex civil cases in which there is \$100,000 or less at issue. Matters such as contract disputes, personal injury claims, and property damage suits may be certified to this alternative dispute resolution program.

Superior Court	General Revenue
FY2025 Enacted	\$27,995,998
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	92,206
FY2026 Governor	\$30,216,228

FAMILY COURT

The Rhode Island Family Court, established in 1961, was the first statewide Family Court in the United States. The Family Court has jurisdiction to hear and determine all petitions for divorce and any motions in conjunction with divorce proceedings, such as motions relating to the distribution of property, alimony, support and custody of children. It also hears petitions for separate maintenance, and complaints regarding support for parents and children. The Family Court also has jurisdiction over matters relating to delinquent, wayward, dependent, neglected, abused, and mentally deficient or mentally disordered children. In addition, it has jurisdiction over adoptions, paternity proceedings, and a number of other matters involving domestic relations and juveniles. Appeals from decisions of the Family Court are taken directly to the state Supreme Court.

The Court runs specialty court programs, including the Juvenile Drug Court, Domestic Violence Court, Truancy Court, Mental Health Court Clinic, and the Juvenile Re-Entry Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

Family Court	General Revenue
FY2025 Enacted	\$26,940,842
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	129,190
FY2026 Governor	\$29,167,951

DISTRICT COURT

The District Court has jurisdiction over all criminal misdemeanor cases if the defendant waives the right to a jury trial. If the defendant asks for a jury trial, the case will be transferred to the Superior Court. The District Court also has jurisdiction over bail hearings in felony cases and over violation hearings in misdemeanor cases. The District Court presides over civil trials in which the damages sought total up to \$5,000. If the parties agree, the District Court can hear civil suits for damages to a maximum of \$10,000. District Court jurisdiction also includes Small Claims Court for damages up to \$2,500; violations of municipal ordinances and regulations; violations and hearings on involuntary hospitalization under the mental-health, drug-abuse, and alcohol laws; regulatory appeals, including those related to taxation; and violations of state or local housing codes. Appeals from District Court decisions go to the Superior Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

District Court	General Revenue
FY2025 Enacted	\$16,384,243
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	14,006
FY2026 Governor	\$17,697,776

TRAFFIC TRIBUNAL

The Traffic Tribunal replaced the Administrative Adjudication Court in 1999. The Traffic Tribunal is responsible for hearing most traffic cases, distributing and controlling traffic summonses, and maintaining accurate driver accident and violation records. The Traffic Tribunal hears appeals from the Division of Motor Vehicles and the municipal courts as well as certain violations of the Department of Environmental Management. The Tribunal has authority to enforce its own judgments. The Traffic Tribunal has one location, at the Pastore Center in Cranston.

Traffic Tribunal	General Revenue
FY2025 Enacted	\$10,812,491
<i>Target and Other Adjustments</i>	<i>(65,436)</i>
Personnel Adjustments (statewide adjustments)	840,942
Deputy Clerk (1.0 FTE position)	116,988
FY2026 Governor	\$11,704,985

Deputy Clerk (1.0 FTE position) \$116,988

The Budget includes \$116,988 in general revenue to support 1.0 new Deputy Clerk I FTE position. The duties of this position will include expanding the adoption of new technologies to enhance customer service, increasing efficiency, and furthering the use of remote hearings, QR code application, and equitable projects and models to improve the motorist and customer experience.

WORKERS' COMPENSATION COURT

The Workers' Compensation Court (WCC) has jurisdiction over all disputes between employers and employees relating to workers' compensation. The court's jurisdiction includes contested cases involving the rehabilitation of injured employees and claims involving disputes between an employer and its workers' compensation insurer. Since FY1990, the expenses incurred in the operation of the court are paid through the Workers' Compensation Administrative Fund (restricted receipts).

Workers' Compensation Court	Restricted Receipts
FY2025 Enacted	\$9,931,788
<i>Target and Other Adjustments</i>	<i>324,240</i>
Personnel Adjustments (statewide adjustments) (restricted receipts)	702,883
Administrative Clerk (1.0 FTE position)	131,845
FY2026 Governor	\$11,090,756

Administrative Clerk (1.0 FTE position) (restricted receipts) \$131,845

The Budget includes \$131,845 in restricted receipts to provide 1.0 new Administrative Clerk of Office Services position. Currently, the WCC has 12.0 courtroom clerks. The additional position will allow for a more efficient division of labor and provide redundancy for a position without backup.

JUDICIAL TENURE AND DISCIPLINE

The Commission on Judicial Tenure and Discipline is the program charged with investigating judges who have been charged with misconduct. The Supreme Court may affirm, modify, or reject the recommendations of the Commission.

Judicial Tenure & Discipline	General Revenue
FY2025 Enacted	\$174,997
<i>Target and Other Adjustments</i>	<i>1,554</i>
Personnel Adjustments (statewide adjustments)	12,135
FY2026 Governor	\$188,686

CAPITAL PROJECTS

The Budget includes \$4.8 million in Rhode Island Capital Plan (RICAP) funds in FY2025 and \$3.6 million in FY2026, an increase of \$398,032 in FY2025 and a decrease of \$750,000 in FY2026 relative to the FY2024 Budget as Enacted.

- **Garrahy Courtroom Restoration:** The Budget includes \$10,615 in FY2025 to complete this project, which includes replacing carpets, finishing woodwork, and painting.
- **Garrahy Courthouse Restoration:** The Budget includes \$1.2 million in RICAP funds in FY2025 and \$1.1 million in FY2026 to restore the interior spaces of the judicial complex. The project includes carpet replacement, repairing tiles, as well as painted and natural wood surfaces. In addition, upgrades will be made to employee bathrooms.
- **Judicial Complexes HVAC:** The Budget includes \$500,000 in FY2025 and FY2026 for the replacement and repair of court-managed HVAC systems at the courthouses system wide. Total project costs are estimated at \$3.5 million with funding extending into FY2029. Funds are provided for installation of air handler units (AHU) and variable air volume (VAV) systems, replacement of make-up air units and water heaters, and fan coil replacement.
- **Judicial Complexes Asset Protection:** The Budget includes \$2.5 million in FY2025 and \$1.5 million in FY2026 for asset protection projects throughout the court system. Projects include security and fire suppression upgrades, courtroom restorations, elevator upgrades, and electrical upgrades.
- **Judicial Complexes Fan Coil Unit Replacements:** The Budget provides \$500,000 in FY2025 and FY2026 for both the architectural/engineering work and the installation of the fan coils in the Licht, Fogarty, and Murray facilities. Total project cost is estimated at \$3.6 million and is expected to continue through FY2029.

Military Staff

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
RI National Guard	\$34.6	\$101.6	\$102.4	\$0.8	0.8%	\$37.4	(\$64.2)	-63.2%
Total	\$34.6	\$101.6	\$102.4	\$0.8	0.8%	\$37.4	(\$64.2)	-63.2%

Expenditures By Source								
General Revenue	\$3.4	\$3.3	\$3.2	(\$0.1)	-2.5%	\$3.4	\$0.1	4.5%
Federal Funds	28.6	86.9	85.9	(0.9)	-1.1%	29.0	(57.9)	-66.6%
Restricted Receipts	0.0	0.1	0.1	0.0	0.2	0.1	0.0	0.2
Other Funds	2.5	11.4	13.2	1.8	15.9%	4.9	(6.5)	-56.9%
Total	\$34.6	\$101.6	\$102.4	\$0.8	0.8%	\$37.4	(\$64.2)	-63.2%

Authorized FTE Levels	93.0	93.0	93.0	-	-	93.0	-	-
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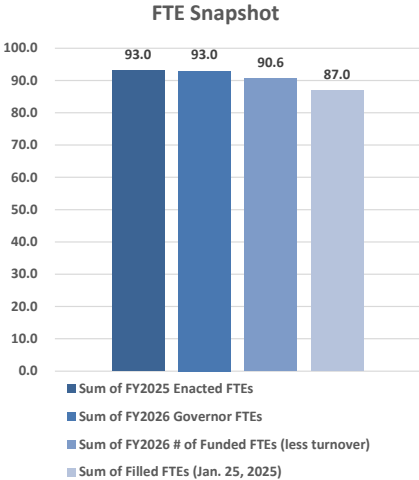
\$ in millions. Totals may vary due to rounding.

The mission of the Military Staff (Rhode Island National Guard) is to prepare for immediate mobilization in the event of war or national emergency; to maintain peace, order, and public safety in the state in time of man-made or natural disaster or when otherwise directed by the Governor; and, to participate in the development and establishment of local, regional, and nationwide initiatives and programs.

MAJOR ISSUES AND TRENDS

The FY2025 Revised Budget includes \$102.4 million, of which \$85.9 million are federal funds, \$3.2 million is general revenue, \$13.2 million are RICAP funds, and \$66,000 are restricted receipts. This reflects an all funds increase of \$806,938 from the FY2025 Budget as Enacted. Federal funds decrease by \$936,362, other funds (RICAP) increase by \$1.8 million, and general revenues decrease by \$80,602.

The FY2026 Budget includes \$37.4 million, of which \$29.0 million (77.5 percent) is federal funds, \$4.9 million (13.2 percent) is RICAP funds, \$3.4 million (9.2 percent) is general revenue, and \$66,000 (0.2 percent) is restricted receipts. This reflects an all funds decrease of \$64.2 million from the FY2025 Budget as Enacted. Federal funds decrease by \$57.9 million, other funds (RICAP) decrease by \$6.5 million, and general revenues increase by \$147,738.



The Budget provides 93.0 FTE positions in FY2025 and in FY2026, consistent with the enacted budget.

Quonset Air National Guard Facilities

The largest expenditures of the Military Staff budget occur at the Rhode Island Air National Guard facilities at Quonset, which is scheduled to receive federal appropriations of \$56.2 million in FY2025, \$16.5 million in FY2026, and \$901,297 in FY2027, for several capital projects. A significant portion of these federal funds are not State-guided projects and the federal funding is not appropriated through the State.

In addition, the Rhode Island Air National Guard will receive \$6.0 million in RICAP funds between FY2025 and FY2026 for the Air National Guard Repair Squadron Operations Facility, a new Air National Guard Headquarters Building, and for the reconstruction of the Quonset runways to meet military specifications.

Quonset Air National Guard Capital Projects	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Total
Federal	\$56.2	\$16.5	\$0.9	\$0.0	\$0.0	\$0.0	\$73.6
RICAP	5.0	1.0	-	-	-	-	6.0
Total	\$61.2	\$17.5	\$0.9	\$0.0	\$0.0	\$0.0	\$79.7

\$ in millions

Source: RICAP FY2026 Capital Budget. Federal from FY2026 Capital Budget Book.

Federal Funding

The Budget includes \$29.0 million in federal funds, reflecting a decrease of \$57.9 million from the previous fiscal year. Approximately \$16.7 million, or 57.6 percent of the federal funds, is applied to the operations and capital construction projects of the Army and Air National Guard facilities. In particular, the major expenses involve the Quonset Air National Guard facility and runway reconstruction projects, armory asset protection, and an appropriation of \$1.9 million in federal funds to renovate the Air Guard Squadron Operations Facility at Quonset Air Guard Base. The remaining \$12.3 million or 42.4 percent, funds personnel and contract services of the Army and Air National Guard.

The capital budget also contains federal funds for National Guard projects that are not State projects appropriated within the State budget. Most of the federal funded capital projects are direct federal appropriations to the National Guard facilities. These capital projects are included to provide an understanding of activities of the federal National Guard Bureau in improving facilities in the State.

NATIONAL GUARD

The National Guard program is composed of reserve units of the United States Army and Air Force, the Rhode Island National Guard (RING), and the State Historic Militia. The Guard is authorized to have in excess of 3,300 members (2,178 Army National Guard and 1,136 Air National Guard). The Guard has numerous facilities throughout the state, including 14 armories, 3 air bases, 2 training sites, 10 maintenance and support buildings, and housing equipment valued at \$500.0 million. According to the Military Staff, the estimated annual economic impact on the State attributed to National Guard programs exceeds \$238.0 million. The Guard is largely financed through federal funds, including drill and training pay for Army and Air Guard personnel, supplies, equipment, facility maintenance, and capital projects. State funds are provided as a match on some projects and primarily pay employee salary and benefit costs, training, travel, and maintenance.

RI National Guard	General Revenue
FY2025 Enacted	\$3,276,320
<i>Target and Other Adjustments</i>	72,789
ERP Maintenance and Operations Billing (statewide adjustment)	69,523
Operating Adjustments	52,520
Computer Equipment	15,000
Personnel Adjustments (statewide adjustments)	7,429
FY2026 Governor	\$3,424,058
RI National Guard	Other Fund Changes
Miscellaneous Minor Construction (federal funds)	(\$44,166,419)
ANG Facilities (federal funds)	(7,765,000)
Counter Drug Training Facility (federal funds)	(5,205,068)

Operating Adjustments

\$52,520

The Budget includes \$1.3 million in general revenue (\$10.5 million in all funds) in FY2026 for operating expenses, reflecting a net increase of \$52,520 from the FY2025 Budget as Enacted. The largest adjustments include an increase of \$30,566 for insurance, a decrease of \$17,465 for rent, a decrease of \$15,730 for

electricity costs. The expense for natural gas – fuel is \$14,660. The remaining changes includes statewide adjustments for ETSS Billing charges.

The increase for insurance costs is a correction for past practice. It was discovered last year that the Department of Administration was mistakenly charging the Rhode Island State Police for property insurance expenditures for Rhode Island National Guard properties. The insurance cost increase covers the corresponding state match for that cost.

The decrease in outside property rent charges reflects a net change in expenses. The Budget includes a decrease of \$26,265 for the rental with the Quonset Development Corporation for temporary Medical Detachment facility. There will be savings due to the new Air Guard Headquarters being completed in August 2025, of which the Medical Detachment will relocate there. The decrease is offset by an increase of \$8,800 for rent charges for the Rhode Island Army National Guard recruiting spaces in Westerly and Warwick.

Operating Adjustments	FY2025 Enacted	FY2026 Governor	Change
Insurance: Property/Casualty	\$4,122	\$34,688	\$30,566
Rental of Outside Property	85,340	67,875	(17,465)
Electricity	356,581	340,851	(15,730)
Fuel: Natural Gas	175,667	190,327	14,660
ETSS Billing-Online services	-	11,000	11,000
All Other Operating Adjustments	606,731	636,220	29,489
Total	\$1,228,441	\$1,280,961	\$52,520

Computer Equipment \$15,000

The Budget includes \$15,000 in general revenue to replace a printer in the Agency’s business office.

Miscellaneous Minor Construction (federal funds) (\$44.2 million)

The Budget includes \$7.3 million in federal funds for numerous miscellaneous minor capital and asset protection projects that are partially or fully paid with federal funds. This is a decrease of \$44.2 million from the FY2025 Budget as Enacted, resulting from the completion of multiple projects.

ANG Facilities (federal funds) (\$7.8 million)

The Budget includes \$2.6 million in federal funds for various capital projects. This reflects a decrease of \$7.8 million in federal funds from the FY2025 Budget as Enacted. The project and estimated expenses are:

ANG Facilities	Federal Funds
URI Grant Project	\$1,200,000
Replace Base Perimeter Fence	850,000
Various HVAC, Lighting, and Other Projects	500,000
MWR Project	85,000
Total	\$2,635,000

- **URI Grant Project:** The URI project is a SEAShare/Congressional add to support the University of Rhode Island by providing a space to access secure email. The scope includes renovating an existing facility to provide the university with a dedicated space to meet the intent. SEAShare is a federal program to provide Research, Development, Testing, and Evaluation (RTD&E) funding to entities working with the DoD. URI was a recipient of these funds due to research they perform at the University through graduate programs to support various functions with the DoD.

URI works with various defense contractors through their graduate programs. The University identified the need to access secure information to support the professors, researchers, and graduate students working on these programs. URI has no existing facility on their campus to do so. The dedicated space will be in the RING Communication Squadron building.

- **MWR Project:** The MWR (Moral, Welfare, and Recreation) project is funded through energy rebates and savings. The intent of this program is to incentivize military bases to save on energy. The cost savings are then given back to the base for MWR programs/facilities. This specific project will construct an outdoor recreation area (multi-sport court) at the 143rd Airlift Wing, RIANG facility at Quonset State Airport.

Counter Drug Training Facility (federal funds)

(\$5.2 million)

The Budget does not include federal funding for the Counter Drug Training Facility resulting in a decrease of \$5.2 million in Asset Forfeiture Funds. These funds were used to construct a 15,722 square foot Counter Drug Training Facility at Camp Fogarty in the Town of East Greenwich. The Budget does include \$1.0 million in RICAP funds to complete the Counter Drug Facility capital project.

CAPITAL PROJECTS

The Budget includes RICAP funds of \$13.2 million in FY2025, reflecting an increase of \$1.8 million, and \$4.9 million in FY2026, reflecting a decrease of \$6.5 million from the FY2025 Budget as Enacted. The RICAP funded projects include:

Capital Projects - RICAP Funds	FY2025 Enacted	FY2025 Governor	Change	FY2026 Governor	Change
RICAP - Asset Protection	\$1,799,185	\$2,513,001	\$713,816	\$2,564,675	\$765,490
RICAP - Counter-Drug Training Facility	2,000,000	2,000,000	-	1,025,250	(974,750)
RICAP - Quonset Air National Guard Headquarters Facility	3,000,000	3,000,000	-	-	(3,000,000)
RICAP - Squadron Ops Facility (Air Guard)	-	-	-	600,000	600,000
RICAP - Sun Valley Armory	-	382,512	382,512	-	-
RICAP: Aviation Readiness Center	3,294,818	3,382,013	87,195	287,000	(3,007,818)
RICAP: Quonset Airport Runway Reconstruction	1,339,988	1,969,367	629,379	446,663	(893,325)
Total	\$11,433,991	\$13,246,893	\$1,812,902	\$4,923,588	(\$6,510,403)

- **Asset Protection:** The Budget includes \$2.5 million in RICAP funds in FY2025 and \$2.6 million in RICAP funds for general asset protection projects. The project lists out-year funding of \$7.5 million in RICAP funds through FY2030.
- **Counter Drug Facility:** The Budget includes \$1.0 million in RICAP funds to complete the Counter Drug Facility capital project.
- **Squadron Ops Facility:** The Budget includes \$600,000 in RICAP funds in FY2026, for a new asset protection/rehabilitation project involving work on the HVAC system, envelop sealing, as well as work for a new auditorium and command post for the Squadron Operations Facility at the Quonset Air National Guard Base.
- **Sun Valley Armory:** The Budget includes \$382,512 in RICAP funds in FY2025 for a 17,000 square foot addition to the Sun Valley Readiness Center in the Town of East Greenwich. This facility serves as the supporting center for the 861st Engineer Company.
- **Aviation Readiness Center:** The Budget includes \$3.4 million in RICAP funds in FY2025 and \$287,000 in RICAP funds in FY2026 to complete the construction of a 65,000 square foot training and readiness center at the Quonset Air Base for the Rhode Island National Guard 1/126th Aviation Unit.

Analyst Note: The Rhode Island National Guard (RING) was recently notified that the original cost for this facility (95.0 percent federal/5.0 percent state) was revised by the federal government. The new cost share will be the standard (75.0 percent federal/25.0 percent state). This results in reduced federal funding and increased RICAP funding for the state share estimated to be \$12.0 million. RING staff stated that they are working with the Budget Office to create a budget amendment for this project.

Rhode Island Emergency Management Agency

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$58.4	\$36.5	\$45.4	\$8.9	24.4%	\$43.7	\$7.1	19.5%
Expenditures By Source								
General Revenue	\$6.7	\$7.0	\$7.1	\$0.1	0.8%	\$7.5	\$0.5	6.4%
Federal Funds	48.4	28.9	35.3	6.4	22.3%	34.9	6.0	20.9%
Restricted Receipts	0.0	0.4	0.4	0.0	1.7%	0.4	0.0	3.9%
Other Funds	3.3	0.2	2.6	2.4	1096.4%	0.9	0.6	293.2%
Total	\$58.4	\$36.5	\$45.4	\$8.9	24.4%	\$43.7	\$7.1	19.5%
Authorized FTE Levels	37.0	38.0	38.0	-	-	38.0	-	-

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

The Rhode Island Emergency Management Agency (RIEMA) is the coordinating agency for multi-jurisdiction and multi-agency response in the state for all emergencies including natural and technological hazards such as fires, floods, tornadoes, hurricanes, winter storms, chemical releases, weapons of mass destruction, and terrorism incidents. RIEMA is the official coordinating agency of the State for the federal Department of Homeland Security and the Federal Emergency Management Agency in times of state, national, multi-jurisdiction, and multi-agency emergencies and disasters. RIEMA operates and maintains the State Emergency Operations Center, as well as the statewide 800 MHz radio system and network.

MAJOR ISSUES AND TRENDS

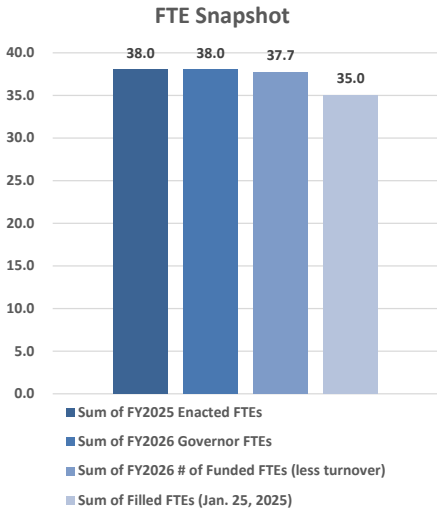
The FY2025 Revised Budget includes \$45.4 million, of which \$7.1 million is general revenue. This reflects a net increase of \$55,122 from the FY2025 Budget as Enacted. The largest funding source is federal funds which comprises 77.7 percent or \$35.3 million of the Agency’s budget in FY2025. Federal funding increases by \$6.4 million from the FY2025 Budget as Enacted, largely due increased emergency and security program grant awards.

The FY2026 Budget includes \$43.7 million, of which \$7.5 million is general revenue. The net general revenue increase is \$449,782, reflecting the inclusion of a partial year lease payment for the managed public safety warehouse and the second year COLA of 4.0 percent.

Other funds are \$865,404, an increase of \$645,404 from the FY2025 Budget as Enacted, reflecting additional RICAP funding for the Rhode Island Statewide Communications System Network (RISCON) system.

Federal funds are \$34.9 million and account for 84.4 percent of the Agency’s budget in FY2026, an increase of \$6.0 million. RIEMA has been affected by the recent freezes or pauses in federal funds. RIEMA states, “that they have pending drawdowns that have not been disbursed, and that the Agency has grants that the available balances have holds which precludes the Agency from doing drawdowns in those grants.”

The Budget includes 38.0 FTE positions in FY2025 and in FY2026, consistent with the budget as enacted.



Warehouse Lease

Article 9, Section 3 authorizes a lease agreement for warehouse space to be administered by the Rhode Island Emergency Management Agency. Pursuant to RIGL 37-6-2(d), the lease requires the approval from the General Assembly for any new or extended lease agreements meeting certain conditions. The article authorizes the renewal for the existing lease of 73,770 square feet of warehouse space located at 2700 Plainfield Pike in the City of Cranston and owned by EIM Plainfield Pike LLC. The existing lease expires on July 31, 2025, and the warehouse needs continue. The lease terms state that the length of the lease is not to exceed 10 years and the aggregate base rent is not to exceed \$7.2 million.

Central Management	General Revenue
FY2025 Enacted	\$7,007,474
<i>Target and Other Adjustments</i>	
RIEMA Managed Public Safety Warehouse Lease	30,825
Personnel Adjustments (statewide adjustment)	299,516
FY2026 Governor	\$7,457,256

Central Management	Other Fund Changes
Disaster and Emergency Preparedness Grants (federal funds)	\$7,022,983
Personnel, Contract Services, Operating, and Capital Adjustments (federal funds)	(996,950)

RIEMA Managed Public Safety Warehouse Lease **\$299,516**

The Budget includes \$592,016 in general revenue to fund the Rhode Island Emergency Management Agency public safety warehouse, reflecting an increase of \$292,516 from the FY2025 Budget as Enacted. Article 9 of the FY2026 Budget authorizes a lease agreement for warehouse space to be administered by the Rhode Island Emergency Management Agency.

The warehouse is 73,770 square feet of space located at 2700 Plainfield Pike in the City of Cranston and owned by EIM Plainfield Pike LLC. The existing lease expires on July 31, 2025, and the warehouse needs continue. The lease terms state that the length of the lease is not to exceed 10 years and the aggregate base rent is not to exceed \$7.2 million.

The warehouse space has been co-administered between the Department of Administration and the Rhode Island Emergency Management Agency as part of the State's pandemic response using federal funding from the ARPA SFRF for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies.

Analyst Note: The FY2023 Actual Budget included \$380,977 in federal funding from the ARPA SFRF for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. The FY2024 Actual Budget included \$1.9 million, and the FY2025 Revised Budget includes \$1.9 million, for a total appropriation of \$4.2 million.

Personnel, Contract Services, Operating, and Capital Adjustments (federal funds) **(\$996,950)**

The Budget includes \$11.6 million in federal funds for personnel, contract services, operating, and non-RICAP capital costs, reflecting a decrease of \$996,950 in federal funds from the FY2025 Budget as Enacted. The largest increase reflects the new 2024 Emergency Management Preparedness Grant award of \$3.1 million in FY2026 and a \$1.1 million increase for the 2024 State Homeland Security Grant. These are largely offset by the decrease of \$3.2 million for municipal and state repair projects and plowing costs associated with the January 29, 2022, blizzard, referred to as Winter Storm Kenan.

Personnel, Contract Services, Operating, Capital - Federal	FY2025 Enacted	FY2025 Governor	Change	FY2026	Change
Winter Storm Kenan Projects	\$3,214,245	\$176,487	(\$3,037,758)	\$0	(\$3,214,245)
EMPG 2024 Emergency Management Preparedness Grant	-	1,171,338	1,171,338	3,109,107	3,109,107
SHSP 2021 State Homeland Security Grant	1,069,418	-	(1,069,418)	-	(1,069,418)
SHSP 2024 State Homeland Security Grant	-	401,589	401,589	1,063,731	1,063,731
All Other Personnel, Contract Services, Operating, Capital-Federal	8,354,663	10,519,287	2,164,624	7,468,538	(886,125)
Total	\$12,638,326	\$12,268,701	(\$369,625)	\$11,641,376	(\$996,950)

Disaster and Emergency Preparedness Grants (federal funds) \$7.0 million

The Budget includes \$23.3 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$7.0 million more than the FY2025 Budget as Enacted. These funds also reimburse preparedness efforts for terrorist threats, active shooters, hazardous material containment, and other emergency events. The preparedness efforts are intended to improve and enhance the State’s ability to prevent, deter, respond to, and recover from threats and incidents. Federal grant funds vary from year to year depending upon the number and severity of natural disasters and the availability of federal funds for non-disaster grants. The following table highlights the more significant changes in FY2025 and FY2026.

RIEMA Federal Grants	FY2025 Enacted	FY2025 Governor	Change	FY2026 Governor	Change
SLCGP 2023 State and Local Cybersecurity Grant Program	\$0	\$4,243,868	\$4,243,868	\$4,243,868	\$4,243,868
SHSP 2024 State Homeland Security Grant	-	1,779,786	1,779,786	2,979,786	2,979,786
SHSP 2022 State Homeland Security Grant	3,366,032	1,195,186	(2,170,846)	1,195,186	(2,170,846)
NSGP 2024 Non-Profit Security Grant Program	-	1,425,000	1,425,000	1,425,000	1,425,000
NPSG 2023 Non Profit Security Grant	1,034,162	2,210,047	1,175,885	2,240,386	1,206,224
All Other Grants	11,842,063	12,193,118	351,055	11,181,014	(661,049)
Total	\$16,242,257	\$23,047,005	\$6,804,748	\$23,265,240	\$7,022,983

CAPITAL PROJECTS

The Budget includes \$2.6 million in RICAP funds in FY2025, reflecting an increase of \$2.4 million from the FY2025 Budget as Enacted and \$865,404 in RICAP funds in FY2026, reflecting a n increase of \$645,404 from the FY2025 Budget as Enacted. The projects include:

RICAP Fund Projects	FY2025 Enacted	FY2025 Governor	Change	FY2026 Governor	Change
RICAP - Emergency Management Building	\$0	\$250,000	\$250,000	\$0	\$0
RICAP - RISCON 700 MHZ Project	-	1,388,188	1,388,188	-	-
RICAP - RISCON Infrastructure Upgrades	140,000	664,198	524,198	315,404	175,404
RICAP - RISCON Tower	-	-	-	550,000	550,000
RICAP - RISCON Warehouse	-	250,000	250,000	-	-
RICAP - State Emergency Ops Center	80,000	80,000	-	-	(80,000)
Total	\$220,000	\$2,632,386	\$2,412,386	\$865,404	\$645,404

- The Budget includes \$865,404 in RICAP funds in FY2026 and out-year RICAP funding of \$35,000 for infrastructure upgrades the RISCON system and tower. This reflects \$550,000 to construct a communication tower for the RISCON system and municipal agencies in the Town of Warren and \$315,404 for continued RISCON infrastructure improvements including propane generator replacements, adding propane generators to sites currently without one, and other security and wiring upgrades.

Department of Public Safety

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$12.7	\$39.2	\$39.5	\$0.3	0.8%	\$21.1	(\$18.0)	-46.0%
E-911	7.5	11.1	11.4	0.3	2.4%	10.7	(0.4)	-3.4%
Security Services	25.9	30.7	30.9	0.2	0.6%	33.7	3.0	9.7%
Municipal Police Training Academy	0.6	0.7	0.8	0.1	12.5%	0.8	0.1	7.0%
State Police	100.9	129.4	136.0	6.6	5.1%	125.0	(4.5)	-3.5%
Total	\$147.5	\$211.1	\$218.6	\$7.5	3.5%	\$191.3	(\$19.9)	-9.4%

Expenditures By Source								
	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
General Revenue	\$117.8	\$135.4	\$138.1	\$2.7	2.0%	\$126.6	(\$8.8)	-6.5%
Federal Funds	13.7	32.7	36.4	3.7	11.3%	26.7	(6.0)	-18.3%
Restricted Receipts	9.1	12.5	13.2	0.7	5.9%	14.3	1.8	14.4%
Other Funds	6.9	30.5	30.8	0.3	1.1%	23.7	(6.8)	-22.4%
Total	\$147.5	\$211.1	\$218.6	\$7.5	3.5%	\$191.3	(\$19.9)	-9.4%

Authorized FTE Levels	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Authorized FTE Levels	632.0	633.0	633.0	0.0	0.0%	634.0	1.0	0.2%

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

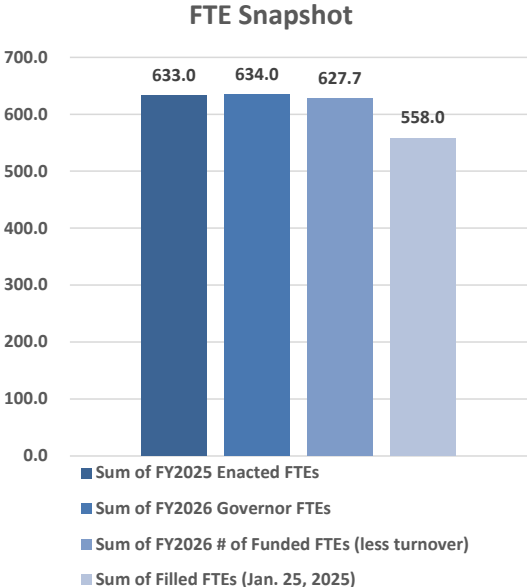
The Department of Public Safety (DPS) is the principal agency of the executive branch charged with law enforcement functions. It includes five program areas, including Central Management, E-911, the Municipal Police Training Academy, Security Services, and the State Police. The Department was created in the FY2009 Budget and is headed by the Superintendent of the State Police.

MAJOR ISSUES AND TRENDS

FY2025: The FY2025 Governor’s Revised Budget provides \$218.6 million to the Department of Public Safety, reflecting an increase of \$7.5 million or 3.5 percent from the FY2025 enacted level. The Budget includes \$138.1 million in general revenue, representing a \$2.7 million or 2.0 percent increase from the FY2025 enacted level. The general revenue increase is primarily driven by the state employee collective bargaining agreement, which adds \$1.5 million (\$2.9 million in all funds) to the enacted budget and includes a 5.0 percent statewide cost of living adjustment (COLA) for settled bargaining units and unclassified workers.

FY2026: The FY2026 Governor’s Recommended Budget provides \$191.3 million in all funds to the Department of Public Safety, reflecting a decrease of \$19.9 million, or 9.4 percent from the FY2025 enacted level. The Budget includes \$126.6 million in general revenue, representing a decrease of \$8.8 million from the FY2025 enacted level. The reduction in general revenue is primarily related to the \$11.5 million of funding for the Body-worn Camera Project, which the Governor kept in the FY2025 Revised Budget. The decrease is offset by the state employee collective bargaining agreement, which adds \$2.7 million of general revenue (\$3.6 million in all funds) to the enacted budget and includes a 4.0 percent statewide cost of living adjustment (COLA) for settled bargaining units and unclassified workers.

The Budget authorizes 633.0 FTE positions in FY2025 and 634.0 FTE positions in FY2026, reflecting an increase of 1.0 FTE positions. The additional FTE in



FY2026 represents a new Capital Police Screener position, which the Governor recommends to be funded through the Internal Service Fund.

Major budget initiatives within the Department include:

- **Statewide Records Management System and GASB 96:** The Governor recommends \$1.0 million of general revenue (\$3.6 million in all funds) in FY2026, to fund the implementation and operations of the Statewide Records Management System (RMS) as well as the operations surrounding compliance with Governmental Accounting Standards Board, Statement 96 (GASB 96). The FY2025 Revised Budget contains \$408,960 of general revenue (\$4.0 million in all funds) for the same purpose. The Department is utilizing general revenue, federal funds, and restricted receipts throughout various programs to support the initiatives. The following table illustrates the total funding for the implementation and operating costs surrounding the RMS project and GASB 96 compliance by program, as recommended by the Governor.

RMS Implementation and GASB 96 Operating Costs By Program

RMS Implementation*	FY2025	FY2026
Central Management	\$561,496	\$0
E-911	1,656,946	1,033,425
State Police	865,599	227,534
Subtotal	\$3,084,041	\$1,260,959

RMS and GASB 96 Operating Costs	FY2025	FY2026
Central Management	\$0	\$0
E-911	333,460	321,320
Security Services	86,445	313,593
State Police	460,638	1,683,899
Subtotal	\$880,543	\$2,318,812

Total	\$3,964,584	\$3,579,771
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** The Implementation project cost includes a \$275,000 federal fund contribution from the Judiciary.*

- **Statewide Records Management System:** The Governor recommends \$598,610 of general revenue (\$3.1 million in all funds) in FY2026 to fund the implementation and operations of the RMS project. The recommendation for the FY2025 Revised Budget contains \$3.1 million in all funds, but does not include any general revenue. The FY2025 Budget as Enacted included \$2.5 million in restricted receipts for the RMS project, but due to the awarding of a \$910,133 grant from the National Highway Traffic Safety Administration, roll forward funding through the Public Safety Grant Administration Office, and compliance with GASB 96, the Department revised the financing plan. The RMS initiative includes the implementation, installation, and maintenance costs for a statewide Computer Aided Dispatch (CAD) and Records Management System (RMS). The following table illustrates the revised funding plan for the implementation and operating costs of the RMS project, as recommended by the Governor.

RMS Implementation and Operating Costs By Source

RMS Implementation	FY2025	FY2026
General Revenue	\$0	\$0
Federal Funds	1,357,095	227,534
Restricted Receipts	1,656,946	1,033,425
Judiciary*	-	275,000
Subtotal	\$3,014,041	\$1,535,959

RMS Operating Costs	FY2025	FY2026
General Revenue	\$0	\$598,610
Federal Funds	45,045	-
Restricted Receipts	-	919,353
Subtotal	\$45,045	\$1,517,963

Total	\$3,059,086	\$3,053,922
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* The Implementation project cost includes a \$275,000 federal fund contribution from the Judiciary.

- **GASB 96 Operating Costs:** The Governor recommends \$409,529 of general revenue (\$525,849 in all funds) to support the operations associated with GASB 96 compliance in FY2026, outside of the aforementioned RMS expenditures. The FY2025 Revised Budget contains \$408,960 of general revenue (\$905,498 in all funds) for the same purpose. The State Controller implemented GASB 96, which requires all “subterranean” (reoccurring) software costs, to be shifted to a new account. The Department segregated subscription-based information technology arrangements (SBIA) from standard computer equipment expenditures in the Budget for compliance. Due to the restructuring, various subscription-based software expenditures have been reclassified throughout the Budget, including the software necessary for the RMS.
- **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 and \$11.2 million in general revenue (\$12.2 million in all funds) statewide for FY2025. These amounts are based on COLA percentage increases granted to other, settled, state employee unions.

CENTRAL MANAGEMENT

The Central Management program consists of the Business Office, Legal Office, and Public Safety Grants Administration Office (formerly the Governor’s Justice Commission). The Business Office provides fiscal oversight for the Department, as well as human resources, payroll, and purchasing. The Public Safety Grants Administration Office serves as a conduit agency for a number of federal grants that flow to local and state public safety agencies. Grant administration includes both formula and discretionary grant programs.

Central Management	General Revenue
FY2025 Enacted	\$13,318,898
<i>Target and Other Adjustments</i>	
	17,760
Body-worn Camera Project	(11,500,000)
ERP Maintenance and Operations Billings (statewide adjustments)	62,496
FY2026 Governor	\$1,899,154

Central Management	Other Fund Changes
ARPA SFRF: Support for Survivors of Domestic Violence (federal funds)	(\$9,970,247)
Federal Grant Adjustment (federal funds)	2,937,712
RMS Federal Funds Transfer from the Judiciary (restricted receipts)	275,000

Body-worn Camera Project **(\$11.5 million)**

The Governor does not include funding in FY2026 for the body-worn camera project, resulting in an \$11.5 million expenditure reduction in comparison to the FY2025 enacted level. . The Governor also recommends reappropriating \$24,954 of unspent general revenue project funds from FY2024 to FY2025, as directed by the FY2025 Budget as Enacted. The Department plans to disburse the funds over multiple years, as both the State Police and municipalities pay out their contracts. Additionally, the Budget contains language requiring all unexpended or unencumbered balances as of June 30, 2025 from this appropriation are hereby reappropriated to FY2026. As of February 21, 2025, the Department has spent a total \$5.1 million for the project, the following table illustrates the actual expenditures from FY2023 through FY2025 as of February 21, 2025.

Expenditures	FY2023	FY2024	FY2025*	Total Spent
Body-worn Cameras	\$968,054	\$2,235,742	\$1,356,336	\$4,560,132
Maintenance and Repairs	-	271,250	271,500	542,750
Total	\$968,054	\$2,506,992	\$1,627,836	\$5,102,882

Source: Office of Accounts and Control, Statement of Free Balance

*As of 2/21/2025

Background: In 2021, the General Assembly authorized a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers - across every municipal police department and the Rhode Island State Police with body-worn cameras.

The FY2023 Budget as Enacted appropriated \$15.0 million to the Department to purchase body-worn cameras and associated equipment, contingent on the creation of the initiative's rules and regulations. The rules and regulations took effect on October 19, 2022, and departments throughout the State began implementing the changes. The FY2024 Budget as Enacted shifted \$13.5 million of the \$15.0 million total to FY2024 and directed any unspent funds to be re-appropriated to FY2024. Similarly, the FY2025 Budget as Enacted shifted \$11.5 million of general revenue from FY2024 to FY2025 and directed any unspent funds to be re-appropriated to FY2025.

ARPA SFRF: Support for Survivors of Domestic Violence (federal funds) **(\$10.0 million)**

The Budget includes \$12,753 in federal funding in FY2026 for personnel and operating costs associated with the Support for Survivors of Domestic Violence program, representing a \$10.0 million reduction in comparison to the FY2025 enacted level. The program has been funded with American Rescue Plan Act State Fiscal Recovery Funds (ARPA SFRF) since FY2023 with any unspent funds being automatically reappropriated into the following fiscal year. The project provides grants to programs that support both the mental health and physical safety of victims of domestic violence and sexual assault.

Current Status: The Support for Survivors of Domestic Violence project is ongoing. Sojourner House, Blackstone Valley Advocacy Center, Crossroads RI, Family Service of RI, and McAuley Ministries were selected as partner organizations and received their awards in February of 2024. The Department indicates that, “Several agencies sought to hire case managers and/or licensed social workers as part of their project as the first priority. Many experienced that few applicants applied for these positions, and those that did were often unlicensed or unqualified. Positions had to be posted multiple times that resulted in delays in actually hiring. Additionally, projects that sought to purchase multi-family properties found supply limited in locations that were preferred. This project has steadily progressed, as personnel have been hired, and additional properties have been purchased.”

Background: Originally, the FY2023 Budget as Enacted provided for \$3.5 million in planned expenditures in FY2023, FY2024, and FY2025, reflecting a total appropriation of \$10.5 million. The program had no actual expenditures in FY2023, \$1.1 million in FY2024, and the Governor recommends \$9.3 million in the FY2025 Revised Budget.

Rhode Island serves domestic violence and sexual assault survivors through a network of non-profit agencies that are largely supported with public funding. These organizations provide various types of assistance including safe housing, wraparound services, counseling, trauma-related mental health, and other supports to victims. Primary agencies include Day One, the Aubin Center at Rhode Island Hospital, Sojourner House, members of the Rhode Island Coalition Against Domestic Violence, and other community agencies.

According to DPS, demand for services for survivors of domestic violence and sexual assault regularly surpasses the ability of the provider system to meet it. The pandemic significantly exacerbated this demand. Extensive waitlists exist for supportive housing and mental health services. DPS notes for instance, that domestic violence calls to RI Victims of Crime hotline in July and August 2020, increased year-over-year by 93.7 percent and 69.5 percent, respectively. The State’s primary program addressing victims of domestic violence and sexual assault is the Victims of Crime Act Grant (VOCA), a federal formula grant that is funded by the US Department of Justice. VOCA funds have decreased in recent years due to changes in federal settlement agreements.

Federal Grant Adjustment (federal funds) \$2.9 million

The Governor recommends the use of \$18.5 million in federally funded grants in FY2026, reflecting an increase of \$2.9 million from the FY2025 enacted level. The Department’s Public Safety Grant Administration Office (PSGAO) administers the application and tracking process for grants and the Criminal Justice Policy Board approves projects that will receive grant funding. The PSGAO and Criminal Justice Policy Board are currently planning the optimum use for the grants. The following table illustrates recommended grant funding levels in FY2026.

Federal Grant Adjustment	FY2025 Enacted	FY2026 Governor	Change from Enacted
Community-Based Violence Intervention and Prevention (CVI)	\$3,007,500	\$0	(\$3,007,500)
Victims of Crime Assistance Grants (VOCA)	2,334,670	4,879,209	2,544,539
Byrne/Justice Assistance Formula Grants (JAG)	4,616,060	6,450,875	1,834,815
Sexual Assault Services Formula Program (SASP)	1,385,156	2,037,367	652,211
Services, Training, Officers, and Prosecutors Grants (STOP)	1,834,416	2,422,912	588,496
Juvenile Justice & Delinquency Prevention Grants (JJDP)	1,166,367	1,720,244	553,877
RI Statewide Body Worn Camera Partnership	407,622	114,072	(293,550)
National Criminal History Improvement Program (NCHIP)	28,678	192,139	163,461
CARES Act: Coronavirus Emergency Supplemental Fund	154,429	1,276	(153,153)
Project Safe Neighborhood (PSN)	197,312	284,972	87,660
State Justice Statistics (SJS)	108,651	81,890	(26,761)
Law Enforcement Mental Health and Wellness	25,575	-	(25,575)
Sex Offender Registration and Notification Act (SORNA)	-	15,480	15,480
Residential Substance Abuse Treatment (RSAT)	15,945	25,657	9,712
Office for Victims of Crime (OVC)	8,606	150	(8,456)
Coverdell Forensic Science Grant	251,270	253,726	2,456
Total	\$15,542,257	\$18,479,969	\$2,937,712

Grant changes over \$500,000 include:

- **Community-Based Violence Intervention and Prevention (CVI):** Provided through the Office of Justice Programs within the United States Department of Justice, CVI grants intend to reduce violent crime in communities by supporting evidence-based violence intervention programs that include efforts to address gang and gun violence.
- **VICTIM Assistance Formula Grant (VOCA):** Provided through the Office for Victims of Crime within the United States Department of Justice, VOCA grants provide individuals who have been victimized by crime with compensation and assistance. The grants are funded by the Crime Victims Fund which was established by the Victims of Crime Act of 1984.
- **Byrne/Justice Assistance Grant Formula Grant (JAG):** Provided through the Office of Justice Programs, the JAG program is the leading source of federal criminal justice funding provided to states and supports a range of program areas, such as: law enforcement, prosecution and court, prevention and education, corrections and community corrections, drug treatment and enforcement.
- **Sexual Assault Services Formula Program (SASP):** Provided by through the Office on Violence Against Women, the SASP program supports the efforts of states and territories in aiding victims of sexual assault. SASP is the first federal funding stream dedicated to providing direct intervention and assistance for victims of sexual assault as well as their families.
- **Services, Training, Officers, and Prosecutors (STOP):** Provided through the Office on Violence Against Women, the STOP program assists the efforts of local communities to strengthen law enforcement and prosecution strategies in order to combat violent crimes against women and develop stronger victim services for the individuals directly impacted. STOP grants are mandated the following allocations: 25.0 percent to prosecutors, 25.0 percent to law enforcement, 30.0 percent for victim services (of which, at least 10.0 percent must be distributed to culturally specific community-based organizations), 5.0 percent to state and local courts, and 15.0 percent for discretionary distribution.
- **Juvenile Justice & Delinquency Prevention- Title II (JJDP):** Provided through the Office of Juvenile Justice and Delinquency Prevention within the United States Department of Justice, JJDP grants support the efforts of states and territories to improve the juvenile justice system. Funding is provided directly to states for the development and implementation of comprehensive juvenile justice plans,

which may include education, training, research, prevention, diversion, treatment, and rehabilitation programs. The goals of the JJDP grants are the deinstitutionalization of status offenders, separation of juveniles from adult inmates, and the reduction of racial and ethnic disparity.

RMS Federal Funds Transfer from the Judiciary (restricted receipts) \$275,000

The Governor recommends a \$275,000 transfer of federal funds from the Judiciary to support the implementation of the Department’s Statewide Records Management System (RMS). The funds are classified as miscellaneous expenses in the Central Management program’s Indirect Cost Recovery restricted receipt account. The Department indicates that generally, the receipts in the indirect cost account are generated from the di minimus indirect fees on federal programs which are used to fund department overhead.

E-911

The objective of the E-911 Uniform Emergency Telephone System is to maintain a statewide emergency telephone system providing prompt transfers of E-911 calls to the appropriate responding fire department, medical rescue service, or law enforcement agency. The Division operates 24 hours a day, 7 days a week. E-911 has a primary public safety answering point (PSAP) located in the State Police Headquarters complex in North Scituate, as well as a secondary PSAP in North Providence. Backup PSAP facilities are considered best management practices to provide service continuity if an emergency affects the primary PSAP. Article 2 of the FY2020 Budget as Enacted provided a dedicated funding stream for E-911 services by shifting all E-911 surcharge fee revenue from general revenue to a restricted receipt account, the E-911 Fund.

E-911	Restricted Receipts
FY2025 Enacted	\$11,103,966
<hr/>	
<i>Target and Other Adjustments</i>	273,163
Statewide Records Management System (restricted receipts)	(2,499,500)
Records Management System and GASB 96 (restricted receipts)	1,354,745
Personnel Adjustments (statewide adjustments) (restricted receipts)	497,764
Surcharge Revenue and Fund Balance	Informational
FY2026 Governor	\$10,730,138

Statewide Records Management System (restricted receipts) (\$2.5 million)

The Governor recommends the revised funding for the implementation of the Statewide Dispatch and Records Management System (RMS) project and removes the \$2.5 million restricted receipt appropriation that was included in the FY2025 Budget as Enacted. The Department was awarded a \$910,133 grant from the National Highway Traffic Safety Administration as well as increased Coronavirus Emergency Supplemental Funding (CESF) which reduced the project’s planned restricted receipt expenditures.

The State Controller implemented GASB 96, which requires all subterranean software to be shifted to a new account. The Department segregated all Subscription-Based Information Technology Arrangements (SBIA) from standard computer equipment expenditures in the Budget for compliance. Due to the Department’s implementation, various subscription-based software expenditures have been reclassified throughout the Budget, including the software necessary for the RMS.

Records Management System and GASB 96 (restricted receipts) \$1.4 million

The Governor recommends \$1.4 million of restricted receipts collected through the E911 surcharge, including \$1.0 million to implement the RMS and \$321,320 for SBIA and GASB 96 compliance in FY2026. The FY2025 Revised Budget contains \$2.0 million of restricted receipts for the initiatives, including \$1.7 million to implement the RMS and \$333,460 for SBIA and GASB 96 compliance.

Background: The FY2025 Budget as Enacted funded a centralized Computer Aided Dispatch (CAD) and Records Management System (RMS), which will be utilized by the Department of Public Safety and other

law enforcement agencies throughout Rhode Island. Currently, law enforcement and fire agencies independently manage their records management systems, many of which are over 20 years old with limited integration amongst the systems. The Department believes that the lack of system integration is creating concerns surrounding officer safety and situational awareness as well as driving duplicate business processes. Furthermore, agencies are unable to quickly analyze statewide crime data in real time, while making critical decisions surrounding policing strategies.

The CAD and RMS project will create a centralized and united records management system, which the Department believes will resolve these concerns. The system will be hosted by Amazon Web Services, removing the need for physical record keeping and providing instant access to statewide records for all participating agencies. The system is configured with a multi-agency approach, providing real-time location data and information of both current and previously recorded incidents to personnel of participating agencies. The Department believes that the RMS will resolve these concerns and allow for a centralized and united records management system. The following table illustrates the planned operating expenditures through FY2030.

RMS Planned Operating Costs FY2025-FY2030							
	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Total
General Revenue (By Program)							
Sheriffs	\$0	\$182,059	\$182,059	\$182,059	\$182,059	\$182,059	\$910,295
Capitol Police	-	45,089	45,089	45,089	45,089	45,089	225,445
State Police	-	371,462	371,462	371,462	371,462	371,462	1,857,310
General Revenue Subtotal	\$0	\$598,610	\$598,610	\$598,610	\$598,610	\$598,610	\$2,993,050
Federal Funds	45,045	-	-	-	-	-	45,045
Restricted Receipts	-	919,353	3,053,230	3,053,230	3,053,230	3,093,333	13,172,376
Total	\$45,045	\$1,517,963	\$3,651,840	\$3,651,840	\$3,651,840	\$3,691,943	\$16,210,471

Analyst Note: The Department indicates that the operating cost projection includes full participation from agencies and departments statewide. As of March 2025, less than 50.0 percent of municipal police departments have committed to supporting the RMS, which will not impact the implementation costs but will require a revision to the operating costs. The Department notes that the contract has a provision which will proportionally reduce the operating costs to the State for cities and towns that do not participate.

Surcharge Revenue and Fund Balance

Informational

In FY2026, \$10.1 million is projected to be collected from the First Response Surcharge, of which, \$1.0 million will be deposited into the ITIF, and the remaining \$9.1 million will be transferred to the general fund. Additionally, \$6.6 million is projected to be collected as E-911 restricted receipts.

Background: The FY2020 Budget as Enacted reconfigured the telecommunication surcharges that support emergency services and first response programs, including the E-911 program. Previously, there was a \$1.00 emergency services and first response surcharge on wireline, wireless, and prepaid telecommunication services and an additional \$0.26 technology surcharge on just wireless services. 90.0 percent of the revenue from the \$1.00 surcharge was deposited as general revenue with the balance placed into the State's Information Technology Investment Fund. The \$0.26 surcharge was deposited into a restricted receipt account to support the State geographic information system (GIS) and other technology improvements.

Article 2 of the FY2020 Budget as Enacted eliminated both of these surcharges and established two new ones, an E-911 surcharge and a first response surcharge. The E-911 surcharge is \$0.50, which directly supports the E-911 program. Revenue collected from the surcharge is deposited into a dedicated restricted receipt account within the Department of Public Safety (DPS) explicitly reserved to support the E-911 system. A first response surcharge was also established to support first responder services across the State. The surcharge amount varies by telecommunication type and ranges from \$0.50 to \$0.75. 90.0 percent of the revenue collected from the First Response Surcharge is deposited to the general fund, with the remaining

10.0 percent transferred to the Information Technology Investment Fund (ITIF). The following table illustrates the fund's revenues, expenditures, and transfers from FY2010 through FY2026.

E-911 Surcharge and First Response Surcharge Revenues vs. Expenditures

Fiscal Year	E-911 Surcharge	First Response Surcharge	E911 Restricted Receipts	E-911 Expenditures	Deposit to ITIF	Net to General Fund
2010	\$17,898,223	-	-	\$4,635,901	-	\$13,262,322
2011	17,248,460	-	-	4,829,770	-	12,418,690
2012	17,255,770	-	-	4,766,586	-	12,489,185
2013	17,507,117	-	-	5,103,735	-	12,403,382
2014	17,454,670	-	-	5,444,296	-	9,798,629
2015	17,640,703	-	-	5,320,615	-	12,320,088
2016	18,130,694	-	-	5,499,050	1,480,947	11,150,697
2017	18,280,846	-	-	5,699,440	1,435,310	11,146,096
2018	18,660,771	-	-	5,894,522	1,588,357	11,177,893
2019	18,886,107	-	-	5,899,730	1,545,323	11,441,053
2020	4,598,771	6,922,020	5,242,464	6,519,118	1,181,109	9,063,027
2021	4,182	10,451,821	8,329,344	7,197,039	1,045,535	9,406,285
2022	31,897	10,625,484	8,080,045	7,106,599	1,062,497	9,562,987
2023	4,895	10,834,241	7,897,162	7,252,509	1,083,822	9,750,419
2024		10,008,507	8,518,703	7,464,523	1,000,656	9,007,852
2025 (Enacted)		11,125,963	7,423,446	11,103,966	1,112,596	10,013,367
2025 (Revised)		10,053,308	6,566,444	11,371,501	1,005,331	9,047,977
2026		10,086,354	6,588,029	10,730,138	1,008,635	9,077,719

Source: Office of Revenue Analysis and The Budget Office, March 2025.

SECURITY SERVICES

The Security Services program consists of the Capitol Police and the Division of Sheriffs. The Capitol Police have arrest powers and provide security at 13 State buildings, including the State House, the courthouses, and numerous executive branch facilities. The Sheriffs are responsible for statewide activities assigned by law which relate to the duties and functions of the sheriffs in several counties. The Division is responsible for courtroom security, judicial security, cellblock security, transportation of individuals charged with crimes, interstate prisoner extraditions, and service of process.

Security Services	General Revenue
FY2025 Enacted	\$30,711,397
<i>Target and Other Adjustments</i>	<i>336,714</i>
Personnel Adjustments (statewide adjustments)	2,250,440
Records Management System and GASB 96	313,593
Capitol Police and Sheriffs: Mini Contract	235,527
Centralized Services (statewide adjustments)	(162,116)
Capitol Police and Sheriffs: Motor Vehicles	Informational
1.0 FTE Capitol Police Screener Position	Informational
FY2026 Governor	\$33,685,555

Records Management System and GASB 96

\$313,593

The Governor recommends \$313,593 of general revenue to support the implementation of the Department's RMS and operations surrounding GASB 96 in FY2026. The recommendation includes \$227,148 for the RMS implementation, encompassing \$182,059 from the Sheriffs Division and \$45,089 from the Capitol Police. The remaining \$86,445 will fund various subscription-based software within the Department, for compliance with GASB 96.

Capitol Police and Sheriffs: Mini Contract**\$235,527**

The Governor recommends \$235,527 of general revenue to support the updated labor contracts with the Capitol Police and Sheriffs divisions. The Budget includes an additional \$30,800 for the Capitol Police and the remaining \$204,727 for the Sheriffs.

In May of 2024, the State of Rhode Island, Department of Public Safety, The Capitol Police Division, and the Union reached a tentative agreement on changes to the 2020 Capitol Police contract. The new contract's terms provide officers with a \$1.00 increase per hour for evening shifts, a \$100 raise to the accreditation bonus (from \$800 to \$900), a clothing maintenance allowance of \$1,000, and a parity clause which would reopen the agreement if another DPS law enforcement division receives a greater clothing allowance, step increase, or accreditation bonus. The FY2025 Revised Budget includes \$28,116 of general revenue for this expense.

In October of 2024, the State of Rhode Island, Department of Public Safety, Division of Sheriffs, and the Union reached a tentative agreement on changes to the Sheriffs contract. The new contract's terms provide officers with a \$900 accreditation bonus, an increase for clothing maintenance, and their own room while working overnight extraditions. The FY2025 Revised Budget includes \$181,044 of general revenue for this expense.

Capitol Police and Sheriffs: Motor Vehicles**Informational**

The Governor recommends \$525,500 of general revenue for the Capitol Police and Sheriffs to purchase vehicles through the State Fleet Revolving Loan fund in FY2026, consistent with the Department's 15 Year Replacement Plan. The recommendation includes \$181,500 for 3 Capitol Police vehicles and \$344,000 for 6 Sheriff vehicles, which is offset in the FY2026 Budget with an equivalent reimbursement from the revolving loan fund. The Office of State Fleet Operations bills agencies annually for their lease payments beginning the year following purchase. Pursuant to RIGL 42-11-2.4(d), the State Fleet Revolving Loan Fund may be utilized by agencies and departments to acquire vehicles.

The FY2025 Governor's Revised Budget contains \$906,000 of general revenue above the enacted level, for the Department to purchase vehicles out-right without utilizing the revolving loan fund. The Revised Budget appropriates \$121,000 to the Capitol Police and \$785,000 to the Sheriffs, which includes a \$275,000 reappropriation for a bus that was ordered in FY2023 but did not arrive. The Department intends to utilize turnover savings to support the initiative, of which, the Revised Budget includes \$1.1 million for the Sheriffs Division.

1.0 FTE Capitol Police Screener Position**Informational**

The Governor authorizes 1.0 FTE Capitol Police Screener position for the Department, allocated to internal service funds. The position description indicates that the FTE will provide security at the State House as well as other State-owned buildings. The Governor recommends \$89,972 of general revenue for the position in the Capitol Police Rotary ISF account.

MUNICIPAL POLICE TRAINING ACADEMY

The Rhode Island Municipal Police Training Academy was established in 1969 and assigned to train and certify municipal law enforcement officers for all municipalities except for the City of Providence. Municipalities do not pay to send recruits to the Academy, but they do provide in-kind services including officer time to teach courses and meeting and firing range space. Recruits are paid by municipalities for their time spent at the Academy. Since the first training class in 1970, the Academy has graduated 114 classes. The Academy runs two to three classes and 80 to 100 professional development workshops annually. Since 1981, the Academy has been located at the Community College of Rhode Island (CCRI) Flanagan Campus in the Town of Lincoln.

Municipal Police Training Academy	General Revenue
FY2025 Enacted	\$299,114
<i>Target and Other Adjustments</i>	
MPTA RMS Equipment Requirements	(3,571)
Personnel Adjustments (statewide adjustments)	36,000
	17,897
FY2026 Governor	\$349,440

MPTA RMS Equipment Requirements \$36,000

The Governor recommends \$36,000 of general revenue to create a comprehensive wireless network at Rhode Island Municipal Police Training Academy, which the Department believes will improve the education of police recruits. The recommendation includes a capital cost of \$32,400 for wireless network equipment and a \$3,600 recurring expense for Microsoft licensing. Currently, recruits have no exposure to primary law enforcement databases. This initiative would provide municipal police recruits with direct training and exposure to the soon to be implemented RMS and allow them to graduate the academy with hands-on experience.

STATE POLICE

The Rhode Island State Police are a uniformed and investigative law enforcement agency with statewide jurisdiction. The agency is organized into three bureaus: the Administrative Bureau, Uniform Bureau, and Detective Bureau. The Administrative Bureau consists of both sworn command staff and civilian personnel and provides overall management and support. The Uniform Bureau is responsible for preventing crime and investigating criminal and noncriminal activities. The Uniform Bureau also establishes highway safety through the enforcement of motor vehicle laws with emphasis on hazardous moving violations, i.e. drunk driving and speeding. The Detective Bureau is the primary investigative unit that helps the Attorney General’s Office and other agencies in investigating organized and white-collar crime and provides support to police agencies throughout the State.

State Police	General Revenue
FY2025 Enacted	\$91,080,925
<i>Target and Other Adjustments</i>	
Records Management System and GASB 96	(458,882)
State Police Vehicles	694,546
Personnel Adjustments (statewide adjustments)	(600,000)
One-Time Use of State Forfeitures Funds	502,046
Centralized Services (statewide adjustments)	(459,805)
Central Utilities Fund (statewide adjustments)	(209,940)
	85,415
FY2026 Governor	\$90,634,305

State Police	Other Fund Changes
COPS Anti-Heroin Task Force Program (federal funds)	\$966,252
Records Management System and GASB 96 (restricted receipts)	919,353
One-Time Use of State Forfeitures Funds (restricted receipts)	459,805
Records Management System and GASB 96 (federal funds)	297,534

Records Management System and GASB 96 \$694,546

The Governor recommends \$694,546 of general revenue to support the implementation of the Department’s RMS and operations surrounding GASB 96 in FY2026. The recommendation includes \$371,462 for the RMS implementation and the remaining \$196,114 will fund various subscription-based software within the Department, for compliance with GASB 96. The initiative includes \$1.2 million of non-general revenue funding in the State Police program, including \$919,353 of restricted receipts and \$297,534 of federal funds.

State Police Vehicles**(\$600,000)**

The Governor recommends \$2.4 million of general revenue (\$2.8 million in all funds) for the Department to acquire 27 vehicles for the State Police through the State Fleet Revolving Loan Fund in FY2026, representing a \$1.8 million increase from the FY2025 enacted level. The recommendation is consistent with the Department's constrained request and contains a \$2.4 million reimbursement from the revolving loan fund, which reflects a net reduction of \$600,000 when compared to the enacted level. The Office of State Fleet Operations bills agencies annually for their lease payments beginning the year following purchase and there are no payments due for the State Police in FY2026. Pursuant to RIGL 42-11-2.4(d), the State Fleet Revolving Loan Fund may be utilized by agencies and departments to acquire vehicles.

The FY2025 Governor's Recommended Budget contains \$3.0 million of general revenue (\$3.7 million in all funds) to outright acquire 47 State Police vehicles and includes a \$612,759 reappropriation from FY2024 for vehicle outfitting. The recommendation represents \$2.4 million above the enacted general revenue amount but \$690,664 below the Department's request. The Department notes in their FY2025 2nd Quarter Report that the outright purchase will eliminate \$835,000 of year-one vehicle loan repayments in FY2026.

Constrained One-Time Use of State Forfeitures Funds**(\$459,805)**

The Governor recommends a \$459,805 general revenue savings by authorizing the Department to utilize restricted receipts collected through the state forfeitures, to reduce personnel expenses within the State Police program. The recommendation includes a \$318,089 savings of contractual overtime in the Detective Division, offset by retained forfeited property receipts and a \$141,716 savings of contractual overtime in the Gaming Enforcement Unit, offset by forfeited property related to gambling. The Budget includes an equivalent increase in restricted receipts to offset the personnel expenditures.

COPS Anti-Heroin Task Force Program (federal funds)**\$966,252**

The Governor recommends \$966,252 of federal funds for the State Police to create an anti-heroin task force titled Operation Secure Shield. Currently, the Rhode Island State Police oversee the State's High Intensity Drug Trafficking Task Force (HIDTA) which includes members from the United States Postal Inspectors and Rhode Island National Guard Analysts as well as 6 municipal police departments.

CAPITAL PLAN PROJECTS

The Governor recommends \$19.8 million of Rhode Island Capital Plan (RICAP) funds in FY2026 for projects in the Department of Public Safety, reflecting a \$7.0 million decrease from the FY2025 Budget as Enacted. The Southern Barracks project represents \$4.8 million or 68.1 percent of the total decrease. The following table illustrates the Governor's RICAP fund recommendation by project in FY2025 and FY2026.

RICAP Funds	FY2025 Enacted	FY2025 Governor	Change from		
			Enacted	FY2026 Governor	
Southern Barracks	\$21,500,000	\$22,036,972	\$536,972	\$16,750,000	(\$4,750,000)
Asset Protection	3,425,000	3,716,082	291,082	1,205,000	(2,220,000)
Training Academy Upgrades	1,550,000	825,000	(725,000)	1,550,000	-
RISCON	245,048	245,048	-	245,048	-
Total	\$26,720,048	\$26,823,102	\$103,054	\$19,750,048	(\$6,970,000)

Southern Barracks

The Governor recommends \$16.8 million of RICAP funds in FY2026 and \$22.0 million in FY2025 to support the Department's Southern Barracks project. The project involves the construction of a new State Police barracks in West Greenwich to serve the State's southern region. The project is expected to be completed in May of 2026 and is funded with \$41.4 million, all of which, RICAP funds.

Background: In 2018, the Department of Public Safety initiated a comprehensive planning review and feasibility study related to the Rhode Island State Police (RISP) barracks facilities located in Wickford, Hope Valley, and Portsmouth. The review and study were completed in the Fall of 2019 and were

coordinated by a master planning committee consisting of members of the RISP, representatives from the Department of Administration, and an architectural and engineering design firm. The committee found that the existing three barracks, which were built in the 1930s, did not meet the modern public safety and policing requirements of the State Police. It was therefore determined that it was not feasible to renovate each of the existing structures and instead the Department will construct a new, combined barracks in the southern part of the State.

The Department selected a parcel of land located at 65 New London Turnpike, West Greenwich. The property was previously owned by the Department of Transportation, which transferred the deed to the State Police. The ceremonial groundbreaking occurred on site in October of 2024. Upon completion, the Department plans to decommission the assets and revert ownership of the Wickford and Hope Valley barracks to the Department of Administration.

Asset Protection

The Governor recommends \$1.2 million of RICAP funds in FY2026 and \$3.7 million in FY2025, to fund the maintenance and preservation costs for 28 Public Safety Buildings and 7 radio towers throughout the State. Asset protection projects include maintenance to the State Police Headquarters, E-911 Headquarters, and the Wickford and Hope Valley barracks. Additionally, the Department intends to add fire suppression systems to three garages to comply with fire code requirements. The Department utilizes the garages for storage of equipment, evidence, and records.

Training Academy Upgrades

The Governor recommends \$1.6 million of RICAP funds in FY2026 and \$825,000 in FY2025 for improvements to the State Police Training Academy located in Foster. In FY2025, the Department plans to maintain the grounds, contract A&E services for the construction of a storage facility with environmental controls that will prolong the life of RISP equipment, install LED lighting for the firearms training range, and renovate the pumphouse. The Department is currently performing two feasibility studies related to the Training Academy. One study will examine the need for a new field house and the other will examine the emergency vehicle obstacle course (EVOC). The Department's 2nd Quarter Report indicates that the Field House Feasibility Study should be completed by March 2025 but the EVOC Study will be delayed. The Department indicates they have struggled to find suitable locations for the course.

RISCON (RI Statewide Communications System Network)

The Budget provides \$245,048 of RICAP funds in both FY2025 and FY2026, to finance upgrades to the State Police microwave loop network, which is a statewide 6Ghz digital network comprised of 5 microwave hops connecting key radio transmission sites and facilities statewide. The funding is consistent with the FY2025 enacted level. The Rhode Island Statewide Communications Network (RISCON) is managed by the Rhode Island Emergency Management Agency (RIEMA) and serves as the primary radio communications platform for the Department of Public Safety, as well as the Department of Transportation, Rhode Island Public Transit Authority, and numerous other agencies and departments throughout the State.

Portsmouth Barracks

The Aquidneck Island Feasibility Study was delivered in March of 2025 and recommends the Department "reopen the Portsmouth Barracks with sufficient staffing to provide police coverage 24/7/365." The recommended staffing includes 1.0 Lieutenant, 1.0 Sergeant, 1.0 Corporal, and 12.0 Troopers. The Department indicates that they do not currently have the required personnel to provide sufficient staffing to the facility, explaining, "Without a 2026 Class, and the mandatory retirement of 23 members of the 1997 Class in the Fall of 2026; the Department would not have the resources to man Aquidneck Island at the manpower recommended in the needs analysis." The Department indicates that future communication concerning the Department's desire to renovate the Portsmouth Barracks will be forthcoming.

Background: The Portsmouth Barracks opened in 1935 to provide persistent law enforcement coverage to Aquidneck Island and surrounding areas. In 2012, the Department removed full-time contingent from the barracks and shifted the personnel primarily to the Wickford Barracks, which is scheduled to close upon completion of the Southern Barracks in 2026.

The FY2024 Budget as Enacted directed the Department to conduct a feasibility study to examine the appropriate state police presence for Aquidneck Island and to determine if the Portsmouth Barracks will also be renovated. The Department initially experienced trouble soliciting the RFP but selected Mission Critical Partners to conduct the study.

Office of the Public Defender

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$14.8	\$16.7	\$17.3	\$0.6	3.5%	\$18.3	\$1.6	9.6%
Expenditures By Source								
General Revenue	\$14.7	\$16.6	\$17.2	\$0.6	3.6%	\$18.2	\$1.6	9.6%
Federal Funds	0.1	0.1	0.1	-	-	0.1	-	-
Total	\$14.8	\$16.7	\$17.3	\$0.6	3.5%	\$18.3	\$1.6	9.6%
Authorized FTE Levels	100.0	104.0	104.0	-	-	104.0	-	-

\$ in millions. Totals may vary due to rounding

The Office of the Public Defender represents indigent adults and juveniles who are charged with criminal offenses or who are in jeopardy of losing custody of their children to the State. Referrals come from the Supreme, Superior, District, and Family Courts. All who are financially eligible are assigned to a staff attorney for representation in the appropriate court. The main office and two branch locations are located in Providence. Three additional offices are located in the southern half of the state. The metropolitan areas of Providence and Newport account for the bulk of the cases. The Office includes four basic divisions of attorneys: appellate, criminal trial (including separate felony and misdemeanor units), juvenile, and parental rights. The Public Defender is appointed by the Governor to a six-year term, with the advice and consent of the Senate.

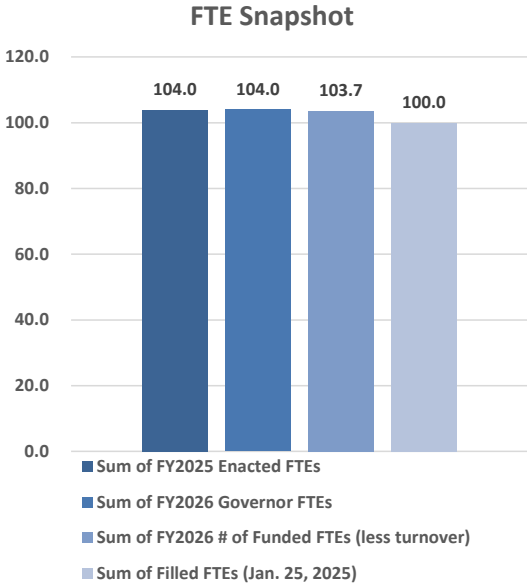
MAJOR ISSUES AND TRENDS

The Office of the Public Defender is funded almost entirely by general revenue.

FY2025: The FY2025 Governor’s Revised Budget includes \$17.3 million in all funds, of which, \$17.2 million is general revenue and \$85,035 are federal funds. The Governor increases general revenue by \$591,377 or 3.6 percent and keeps federal funds unchanged from the FY2025 enacted level. The general revenue increase is primarily driven by the state employee collective bargaining agreement, which adds \$658,581 to the enacted budget level and includes a 5.0 percent statewide cost of living adjustment (COLA) in FY2025.

FY2026: The FY2026 Governor’s Recommended Budget includes \$18.3 million in all funds, representing an increase of \$1.6 million or 9.6 percent from the FY2025 enacted level. The Budget increases general revenue by \$1.6 million to \$18.2 million and keeps federal funds unchanged from the FY2025 enacted level. The general revenue increase is primarily driven by the state employee collective bargaining agreement, which adds \$1.2 million to the enacted budget and includes a 4.0 percent statewide cost of living adjustment (COLA) in FY2026.

The Office indicates that it currently suffers from a well-documented caseload crisis and requested additional staff to provide legal representation to the State’s indigent population. The Office notes that with current staffing, District Court attorneys were assigned, on average, 300 cases over the annual ethical caseload limit endorsed by the American Bar Association (ABA), and Superior Court attorneys were assigned 50 cases over the limit. The Office notes “In order to come close to the ABA



endorsed ethical caseload limits the RIPD would need an additional 9.0 attorney FTE positions.” The Office requested 4.0 additional FTE positions, 2.0 FTE Assistant Public Defender II positions and 2.0 Administrative Support Specialist positions, which the Governor did not fund.

Both the FY2025 Revised and FY2026 Recommended Budgets authorize 104.0 FTE positions, consistent with the enacted level.

Central Management	General Revenue
FY2025 Enacted	\$16,585,559
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	330,607
Rental of Outside Property Expenses	1,234,275
Centralized Services (statewide adjustments)	41,987
ERP Maintenance and Operations Billings (statewide adjustments)	(27,060)
FY2026 Governor	\$18,178,679

Rental of Outside Property Expenses

\$41,987

The Governor recommends \$669,764 of general revenue to support the Office’s rental of outside property expenses, representing an increase of \$41,987 from the FY2025 enacted level. The Office indicates that parking costs at the Convention Center have increased as well as costs associated with sewer, water, and fire services in FY2025. Additionally, the lease for the agency’s main office expires in the 3rd Quarter of FY2026. The Division of Capital Asset Management and Maintenance (DCAMM) advised the Office that an extension to July 1, 2026, will be requested and to estimate a \$3 per square inch increase for the contract. A future long-term extension will be sought in FY2027.

Department of Environmental Management

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Enacted	Enacted	
Office of the Director	\$13.2	\$14.0	\$16.3	\$2.4	17.1%	\$15.7	\$1.8	12.7%
Bureau of Natural Resources	70.2	91.2	104.3	13.1	14.4%	102.5	11.4	12.5%
Bureau of Environmental Protection	30.2	38.6	42.0	3.4	8.7%	42.2	3.6	9.2%
Total	\$113.6	\$143.7	\$162.6	\$18.9	13.2%	\$160.4	\$16.7	11.6%
Expenditures By Source								
General Revenue	\$55.5	\$57.2	\$56.0	(\$1.2)	-2.1%	\$58.4	\$1.1	2.0%
Federal Funds	30.5	36.0	47.1	11.1	30.7%	44.7	8.7	24.1%
Restricted Receipts	15.1	21.3	27.3	6.0	28.0%	24.8	3.5	16.3%
Other Funds	12.5	29.2	32.3	3.1	10.7%	32.6	3.4	11.6%
Total	\$113.6	\$143.7	\$162.6	\$18.9	13.2%	\$160.4	\$16.7	11.6%
Authorized FTE Levels	425.0	439.0	439.0	-	0.0%	439.0	-	0.0%

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

The Department of Environmental Management (DEM) is responsible for protecting, managing, and restoring the natural resources of the State. The Department is organized into three divisions: the Office of the Director, the Bureau of Natural Resources, and the Bureau of Environmental Protection.

The Department is charged with supervising and controlling the protection, development, planning, and utilization of the natural resources of the state; the promotion of agriculture and animal husbandry; and, providing for the maintenance of waterways and boating facilities.

MAJOR ISSUES AND TRENDS

The FY2026 Budget includes an all funds increase of \$16.7 million, or 11.6 percent, from the FY2025 Budget as Enacted. The Budget includes a \$1.1 million (2.0 percent) increase in general revenue expenditures due primarily to an increase of \$1.9 million for the statewide cost of living adjustment partially offset by the shift of \$914,847 in general revenue salary and benefits costs to various federal and restricted receipt accounts. The Local Agriculture and Seafood (LASA) grant program is level funded, compared to the FY2025 Budget as Enacted, with \$500,000 in general revenue. The increase in federal funds and restricted receipts is due to the ramping up of spending in existing grant programs related to purchasing timelines and staffing availability: vacancies over the last several years have delayed many cleanups. The increase in other funds is driven primarily by RICAP funded repairs to state-owned dams, the Galilee Piers, and the Natural Resources Offices and Visitors' Center.

The Budget requires the Department of Environmental Management to transfer \$3.0 million from the Underground Storage Tank (UST) Trust Fund to the State Controller by June 30, 2025. The FY2024 Revised Budget also required a \$2.0 million transfer from the UST fund.

In FY2025, the Governor reduces general revenue funding by \$1.2 million, including a \$2.1 million reduction in general revenue funded salaries and benefits, despite an increase of \$1.4 million for general revenue supported statewide cost of living adjustments and a \$2.0 million increase across all funds. The increased costs for salaries and benefits is supported by a one-time shift of \$2.3 million in personnel costs to various restricted receipt accounts including the following:

- **One-Time Shift of General Revenue Expenses to OSPAR (\$1.7 million):** The Budget shifts \$1.7 million in general revenue supported salaries and benefits for 12.4 FTE positions to Uniform Oil Spill Prevention, Administration, and Response (OSPAR) restricted receipt fund. The OSPAR Fund was established in 1996 in response to the environmental damage caused by the North Cape Oil Spill along the Rhode Island coast. Pursuant to RIGL 46-12.7-5.1, the funds may be used to cover the costs of response, containment, and cleanup of oil spills into marine or estuarine waters. The OSPAR Fund may

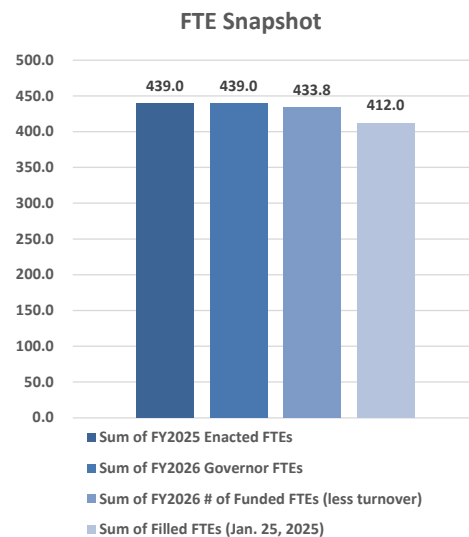
also be used for structural improvements to reduce the risk of oil tanker spills, restoration of natural resources, response training and equipment, and monitoring activities. The fund is capitalized primarily with a fee of \$0.05 for each barrel of petroleum products received at a marine terminal in the State. The North Cape spill cost the State approximately \$3.0 million (\$5.8 million in today’s dollars). As of March 11, 2025, the balance in the OSPAR fund is \$3.3 million.

- **One-Time Shift of General Revenue Expenses to ERF (\$501,682):** The Budget shifts \$501,682 in in general revenue supported salaries and benefits for 4.0 FTE positions to Environmental Response Fund restricted receipts. Pursuant to RIGL 23-19.1-23 the environmental response fund “consist of any sums as the state may appropriate, or sums recovered by any action brought under the authority of this chapter or chapter 18.9” and may be used for “Enforcement and personnel activities”. Chapter 19.1 governs Hazardous Waste Management while Chapter 18.9 governs Refuse Disposal. These funds may be used to “support activities related to enforcement of the provisions of this chapter, legal activities to enforce the provisions of this chapter and secure contributions from culpable parties, and ancillary services, personnel, or equipment to support the activities enumerated in this section.” According to the Office of Management and Budget, as of January 2025, the ERF restricted receipt account has a balance of approximately \$839,949.
- **Indirect Cost Recovery (\$500,000):** The Budget shifts \$500,000 in in general revenue supported operating and supplies cost to the federal Indirect Cost Recovery (ICR) restricted receipt account. According to the Office of Management and Budget, as of January 2025, the ICR account has a balance of approximately \$2.6 million.
- **One-Time Shift of General Revenue Expenses to Bays Rivers and Watersheds (\$139,950):** The Budget shifts \$139,950 in general revenue supported salaries and benefits for 1.0 FTE position to the Bays, Rivers and Watersheds Fund (BRWF) restricted receipt account within DEM. The use of the restricted receipt account is limited to the purposes of The Comprehensive Watershed and Marine Monitoring Act (RIGL 46-23.2-1); Water Pollution (RIGL 46-12); and, the Resilient Rhode Island Act of 2014 – Climate Change Coordination Council (RIGL 46-6.2). According to the Office of Management and Budget, the current balance of the BRWF restricted receipt account is approximately \$1.6 million.

The Budget authorizes 439.0 FTE positions in FY2026 and FY2025, level with the FY2025 Budget as Enacted.

OFFICE OF THE DIRECTOR

The Office of the Director includes the Office of Management Services, Legal Services, Administrative Adjudication, and the two central service offices of Human Resources and Information Technology. The Office is responsible for developing and implementing programs to protect the State’s environment, protect citizens from public health threats



resulting from pollution, and provide facilities that support outdoor recreational activities.

Office of the Director	General Revenue
FY2025 Enacted	\$9,024,403
<i>Target and Other Adjustments</i>	
ERP Maintenance (statewide adjustments)	181,490
Personnel Cost shift from General Revenue to RGGI Fund	401,391
FY2026 Governor	(\$160,409)

Personnel Cost shift from General Revenue to RGGI Fund (\$160,409)

As part of the constrained budget reduction, the Budget shifts funding for 1.0 FTE Programming Services Officer (\$160,409 in general revenue savings) from general revenue to Regional Greenhouse Gas Initiative (RGGI) Fund restricted receipts. The RGGI is a cooperative effort by Northeastern and Mid-Atlantic states that requires member states to reduce carbon dioxide (CO2) emissions from large fossil fuel-fired electric power plants to help address climate change. Central to this initiative is the implementation of a multi-state “cap-and-trade” program with a market-based, emissions trading system. The annual RGGI proceeds fluctuate based upon the pricing from the quarterly competitive auctions with regulated energy users within New England and Mid-Atlantic States.

BUREAU OF NATURAL RESOURCES

The Bureau of Natural Resources is comprised of six divisions which manage the State’s marine, freshwater, and upland resources. The Bureau administers the State’s agriculture programs, state land acquisitions, and local matching grant programs for outdoor recreation. The Bureau is also responsible for enforcing state laws and regulations governing hunting and fishing, public safety in state parks, and recreational boating; and for administering, maintaining, and operating eight state parks, five campgrounds, seven state beaches, a golf course, the East Bay and Blackstone Bike Paths, and 40,000 acres of state-owned forests. Furthermore, the Bureau is responsible for oversight of all land leases and capital assets of port facilities and commercial fishing piers in Narragansett and Newport.

Bureau of Natural Resources	General Revenue
FY2025 Enacted	\$32,344,157
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments)	(229,870)
Farmland Preservation and Conservation	1,212,914
Personnel Cost shift from General Revenue to Indirect Cost Recovery	(1,032,581)
Research Vessel Repairs	(213,870)
Security Services	150,000
FY2026 Governor	95,000
	\$32,325,750

Bureau of Natural Resources	Other Fund Changes
Recreational Boating Safety (federal funds)	\$2,343,190
Roger Wheeler State Beach Boardwalk (federal funds)	1,573,285
Resilient Food System Infrastructure Program (federal funds)	510,527

Farmland Preservation and Conservation (\$1.0 million)

The reduction of \$1.0 million reduction in general revenue funded grants reflects the expenditure of the one-time, farmland preservation and conservation grant program that was appropriated in FY2024 and FY2025. The FY2024 Budget as Enacted included \$2.5 million in general revenue to re-capitalize the farmland acquisition fund for the purchase and protection of farmland in danger of converting to non-agricultural use. In the FY2025 Budget as Enacted, \$986,000 was shifted from FY2024 to FY2025 to allow time for the real estate transactions for identified farms to close, which generally takes one and a half to two years. These purchases are traditionally funded through the five-year capital plan; however, since this

portion was funded with general revenue, the funds were shifted into FY2025 to allow for the use of the funds. Since DEM was only able to spend down \$1.4 million in FY2024, \$94,766 went back into the general fund. This land is restricted to agricultural use, and either sold or leased to qualified farmers. The proceeds from the sale of the land will be credited back to the account for use in new projects. The FY2026 Budget does not contain funding for this grant program, since the intent is to exhaust all funds by the end of FY2025.

Personnel Cost shift from General Revenue to Indirect Cost Recovery ***(\$213,870)***

As part of the constrained budget reduction, the Budget shifts \$213,870 in general revenue support for 1.3 FTE Planning and Development staff within the Bureau of Natural Resources to the Indirect Cost Recovery (ICR) restricted receipt account within the Director's Office. Federal law allows for the assessment of an indirect cost recovery charge on federal grants to support facilities and administrative costs necessary for the general operation of an organization. The Department expects the ICR funds to remain sustainable for at least six years, unless federal funding is reduced.

Research Vessel Repairs ***\$150,000***

The Budget includes \$150,000 in general revenue for maintenance repairs to the John H. Chafee, the principal research vessel for the Division of Marine Fisheries. In recent years, routine maintenance has not been funded; consequently, additional funding is provided in FY2026 and FY2025 to address delayed maintenance on the vessel. The vessel is used for marine surveys to provide independent data for the assessment of finfish and crustacean populations in Rhode Island Waters.

Security Services ***\$95,000***

Due to ongoing vacancies within the Division of Natural Resources, the Budget provides an additional \$95,000 in FY2026 and FY2025 for contracted professional security services.

Recreational Boating Safety (federal funds) ***\$2.3 million***

The Budget provides \$2.3 million in FY2026, and in FY2025, for the federal recreational boating safety grant from the United States Coast Guard. The Recreation Boating Safety (RBS) Program was created to assist states and U.S. territories with programs to protect recreation boaters. The funding is generated from the federal tax on fuel used in motorboats and distributed based on a formula; however, states cannot receive more than one half of the total cost of RBC Programming from the federal grant. The funds are primarily used for law enforcement activities that support boating safety.

Roger Wheeler State Beach Boardwalk (federal funds) ***\$1.6 million***

The Budget includes \$1.6 million in FY2026, and in FY2025, to reflect the award of a \$3.1 million grant from the United States Park Services Land and Water Conservation Fund (LWCF) to help support improvement to Roger Wheeler State Beach. The boardwalk will provide shade structures, sidewalks, foot washing stations, American Disabilities Act (ADA)-compliant access ramps, and concrete benches. Portions of the project not covered by the federal funds will be supported through 2021 Beach, Clean Water, and Green Economy Bond proceeds. The project is scheduled for completion in FY026.

Resilient Food System Infrastructure Program (federal funds) ***\$510,527***

The Budget includes \$510,527 in FY2026, and \$508,157 in FY2025, from the United State Department of Agriculture (USDA) Resilient Food Systems Infrastructure (RFSI) program to strengthen activities in the food supply chain between farm production and retail thereby expanding markets for small farms and food businesses, and encouraging value-added products, fair prices, fair wages and new job opportunities. DEM will work with the USDA to invest in resilient food systems through a competitive grant process. All applicants must be domestically owned with facilities physically located within Rhode Island.

BUREAU OF ENVIRONMENTAL PROTECTION

The Bureau of Environmental Protection is comprised of six programs which are responsible for regulating and protecting water resources; protecting and improving air resources; regulating the transportation and

disposal of solid, medical and hazardous waste, and investigating and remediating unpermitted release of those materials; responding to emergency spills of oil and chemicals that present an immediate danger to public health and environment; and assisting the public by coordinating the review of projects requiring multiple applications and permits, and tracking the status of permitting activities throughout the Bureau.

Bureau of Environmental Protection	General Revenue
FY2025 Enacted	\$15,870,312
<i>Target and Other Adjustments</i>	<i>125,138</i>
Personnel Adjustments (statewide adjustments)	1,152,861
Environmental Protection Staff Reassignments	(540,568)
FY2026 Governor	\$16,607,743

Bureau of Environmental Protection	Other Fund Changes
Environmental Response Fund - MTBE Settlement (restricted receipts)	\$1,577,033

Environmental Protection Staff Reassignments (\$540,568)

As part of the constrained budget reduction, the Budget shifts \$540,568 in payroll expenses from general revenue to federal or restricted receipt accounts. The Department expects the funds to remain sustainable for at least six years, unless federal funding is reduced. The proposal shifts \$118,376 for 1.0 Air Quality Specialist to the Water and Air Protection Program restricted receipt account. In addition, payroll costs of \$310,898 for 1.0 Environmental Scientist I and 1.0 Environmental Engineer III are split between four federal grants. The remaining \$111,294 in payroll reductions will be realized through the downgrade of the 1.0 Deputy Administrator Environmental Protection position once it becomes vacant.

Environmental Response Fund - MTBE Settlement (restricted receipts) \$1.6 million

The Budget includes an increase of \$1.6 million (\$3.4 million total), as well as in FY2025, in settlement funds from lawsuits related to the pollution of soil and groundwater with the gasoline additive methyl tertiary-butyl ether (MTBE). These funds are used for remediation and site assessment at contaminated sites, often sites owned and operated by small businesses that do not have the resources to address the contamination. The increase reflects a ramp up in work due to the filling of vacancies within the Land Revitalization and Sustainable Materials Management (LRSMM) office.

CAPITAL PROJECTS

The Budget includes a total of \$32.2 million in RICAP funding in FY2025 and \$32.5 million in FY2026, an increase of \$3.1 million in FY2025 and \$3.3 million in FY2026 relative to the FY2025 Budget as Enacted. Major RICAP funded projects include:

- **Dam Repairs:** The Budget provides \$5.5 million in FY2025 and \$6.8 million in FY2026, an increase of \$113,970 and an increase of \$1.4 million respectively relative to the FY2025 Budget as Enacted. This project allows DEM to complete engineering studies, designs and repairs to “high-hazard” State-owned dams which, if they were to fail, would cause significant property damage and potential for loss of life. The State owns 10 high hazard and four significant hazard dams. During the past 11 years, the Department completed repairs to the Stillwater Dam in Smithfield, the Olney Pond Dam in Lincoln Woods, the Bowdish Lake Dam at the George Washington Management Area, and the upper JL Curran Dam in Cranston. The Wyoming Pond Upper Dam was completed in FY2024, and planning and design work for the Lower Curran Dam is underway with construction expected to commence in FY2026. Upon closer inspection, the Upper Burlingame Dam project now includes the upper and lower dams.
- **Galilee Piers:** The Budget provides \$14.4 million in FY2025 and \$16.5 million in FY2026 for repairs to the Galilee Piers, an increase of \$1.1 million in FY2025 to reflect the reappropriation of unused funds from FY2024, and an increase of \$3.2 million in FY2026, relative to the FY2025 Budget as Enacted. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt

numerous piers, as well as the southwest and northwest bulkhead. In FY2024, work was completed on the North Bulkhead and Docks AA-QQ. The North Bulkhead was more than 50 years old with 16 piers along its 1,500-foot length. The piers include berthing for vessels and businesses such as RI Engine, which provides regional vessel services, and Sea Freeze, a fish processing house with worldwide shipping. In FY2025, work is beginning on the utilities and infrastructure, the Coastal Headquarters, and Parking Lot G.

- **Recreational Facilities Improvements:** The Budget provides \$6.9 million in FY2025, an increase of \$1.2 million due to the reappropriation of unexpended funds from FY2024, and \$2.9 million in FY2026, a decrease of \$2.8 million relative to the enacted level, for this ongoing project. The Department manages over 50 buildings and 25 miles of roads, in addition to water supply systems and other infrastructure elements, in State Parks and Management Areas. In FY2024, DEM finished exterior preservation work at Colt State park's historic stone dairy barn; the Fort Adams Maintenance Garage, safety improvements at Brenton Point; demolition of outdated facilities at Haines, Pulaski, and Burlingame State Parks. Current tasks include the construction of the Roger Wheeler bulkhead, the replacement of six bathhouses and onsite water treatment facilities at the Burlingame Campground, and the design and permitting for a new operations building and rest rooms at Colt State Park.
- **Newport Pier Upgrades:** The Budget includes \$500,000 in FY2025 and FY2026 for the Newport Pier project. The Department is currently conducting an infrastructure assessment to identify facility needs. This project supports the commercial fishing industry by making infrastructure improvements for commercial fishing facilities at the State Pier in Newport. State Pier #9 in Newport houses approximately 50 commercial fishing vessels, providing the only affordable berthing space for the local commercial fleet. Over the past several years, DEM has replaced the bulkhead and pilings, renovated the parking facilities and also made landscape and drainage improvements. The electrical project to improve the utility services at the pier including electrical work to install 100-amp service in strategic locations, and replacement of the 30-amp and 50-amp services along the bulkhead and docks was finished in March 2024.
- **Natural Resources Offices/Visitor's Center:** The Budget provides \$262,165 in FY2025 and \$1.8 million in FY2026, an increase of \$211,165 due to reappropriated funds and an increase of \$1.6 million in FY2026. This project involves the construction of a new Division of Forestry Office and Visitors Center, in the Arcadia Management area, and a Division of Fish and Wildlife Office and Visitors Center in the Great Swamp Management Area. Both facilities will provide office space, maintenance facilities, and customer service areas, including recreational and educational opportunities and public interpretative services. While the current structures are structurally and functionally deficient and do not meet code requirements, the buildings may be historically significant, so DEM will coordinate with the Historic Preservation and Heritage Commission.

The Department is currently working with a vendor to develop master plans for each of the campuses, which is expected to be completed in FY2026 with full design plans to begin later in FY2026. The Department requests a total of \$18.7 million for this project from FY2024 through FY2027, including \$4.7 million in RICAP funds and \$13.8 million in federal funds. For FY2025 the Department requests \$761,165, including \$250,000 in RICAP, \$211,165 in carryforward RICAP funds, and \$300,000 in federal funds. In FY2026, the Department requests \$8.3 million, including \$1.8 million in RICAP funds and \$6.5 million in federal funds.

- **Marine Infrastructure and Pier Development:** The Budget provides \$950,000 in FY2025 and \$700,000 in FY2026 for this project which is aimed at developing recreational and transient boating piers and related marine facilities in Narragansett Bay. Marine infrastructure projects can include recreational or commercial sites. Eligible projects can include, but are not limited to, docks, piers, bulkheads, and associated land-side infrastructure. The project is currently focused on the redevelopment of Chase Marina in Tiverton to improve access for local fishermen and smaller business owners as the number

of larger vessels at Galilee continues to increase. The redevelopment project at Chase Marina in Tiverton to improve access for commercial fishing is ongoing and currently undergoing preliminary assessment.

Coastal Resources Management Council

Expenditures By Program	FY2024	FY2025	FY2025	Change from		FY2026	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Coastal Resources Management Council	\$5.2	\$6.2	\$11.2	\$5.0	81.7%	\$9.7	\$3.5	56.4%

Expenditures By Source								
General Revenue	\$3.5	\$3.6	\$4.0	\$0.4	9.7%	\$3.7	\$0.1	2.7%
Federal Funds	3.1	2.3	6.9	4.6	198.3%	3.3	1.0	43.6%
Restricted Receipts	0.3	0.3	0.3	-	-	0.6	0.4	149.9%
Other Funds	0.1	-	0.1	0.1	-	2.0	2.0	-
Total	\$7.0	\$6.2	\$11.2	\$5.0	81.7%	\$9.7	\$3.5	56.4%

Authorized FTE Levels	32.0	32.0	-	-	32.0	-	-
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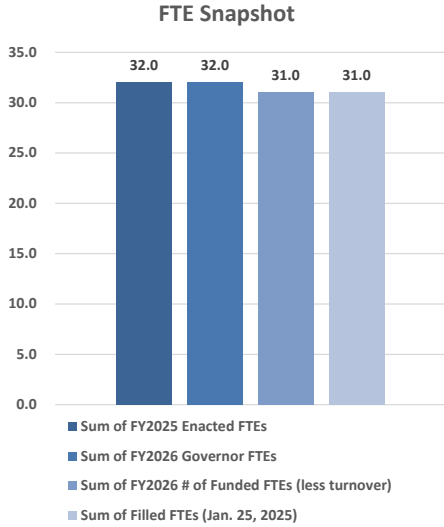
\$ in millions. Totals may vary due to rounding.

The Coastal Resources Management Council (CRMC) is mandated to preserve, protect, develop and, where possible, restore the coastal resources of the State. The CRMC oversees the Coastal Habitat Restoration Program and is charged with developing an Ocean Special Area Management Plan (SAMP) and a Marine Resources Development Plan.

MAJOR ISSUES AND TRENDS

The FY2026 Budget includes an all funds increase of \$3.5 million (56.4 percent) from the FY2025 Budget as Enacted, including a general revenue increase of \$97,428, a federal funds increase of \$1.0 million, and an other funds increase of \$2.0 million. The increase in general revenue is primarily due the statewide cost-of-living adjustment, and information technology and Enterprise Resource Planning centralized services, partially offset by shift of \$374,768 of general revenue expenses into restricted receipts funded by the 5.0 percentage point increase in indirect cost recoveries on federal grants. The increase in federal funds is primarily due to a new federal grant to monitor wind farms and a grant to purchase a conservation easement for property on Winnapaug Pond. The increase in other funds in FY2026 is due to new funding for the South Coast Restoration Project.

The Budget authorizes 32.0 FTE positions in FY2025 and FY2026, consistent with the FY2025 Budget as Enacted. While not recommended by the Governor the CRMC requested 5.0 new FTE positions to increase capacity to review renewable energy projects, focus on habitat management and restoration, aquaculture and right-of way programs, conduct routine monitoring and compliance of inspections of permitted projects.



Central Management	General Revenue
FY2025 Enacted	\$3,607,384
<i>Target and Other Adjustments</i>	
Indirect Cost Recovery on Federal Funds	47,793
Personal Adjustments (statewide adjustments)	(374,768)
Centralized Services (statewide adjustments)	246,934
	177,469
FY2026 Governor	\$3,704,812

Central Management	Other Fund Changes
South Fork Wind Farm (federal funds)	\$789,500
Winnapaug Pond - Sorensen (federal funds)	234,250

Indirect Cost Recovery on Federal Funds ***(\$374,768)***

On October 1, 2024, the federally permitted minimum rate for indirect cost recovery on federal funds increased from 10.0 percent to 15.0 percent. The Budget takes the value of the 5.0 percentage point increase, puts it into a restricted receipt account, and deducts the equivalent value of general revenue. According to the Office of Management and Budget, the restricted receipt account is used to record the receipt and the expenditure of the recovered funds, allowing the funds to be directed to specific administrative expenses.

South Fork Wind Farm (federal funds) ***\$789,500***

The Budget contains \$1.8 million in federal funds, including \$1.0 million in FY2025 and \$789,500 in FY2026, to monitor the structural health of the South Fork and Block Island Wind Farms to provide data intended to maximize offshore wind generation through better forecasting and system design. These funds pass through to the University of Rhode Island.

Winnapaug Pond – Sorensen (federal funds) ***\$234,250***

The Budget includes \$2.6 million in federal funds, including \$2.4 million in FY2025 and \$234,250 in FY2026, to purchase a conservation easement from the Town of Westerly for the undeveloped portion of the Sorensen property along Winnapaug Pond. This land conservation project will increase open space, provide coastal access, and ease the effects of climate change and sea level rise in the area. These funds are a pass through to the Department of Environmental Management for the purchase of the easement.

CAPITAL PROJECTS

The Governor recommends a total of \$2.0 million in capital expenditures from Rhode Island Capital Plan (RICAP) fund in FY2026 and \$100,000 FY2025. The projects include:

- **South Coast Restoration Project:** The Budget includes \$2.0 million in FY2026 for breachway maintenance. The pond projects have been completed and now this project is focused on dredging of each breachway every three to five years. More dredging may be necessary if a storm forces sediment into the basins and breachways. As of July 2021, Ninigret breachway is in need of maintenance dredging to maintain adequate water depths, healthy marsh systems, and wider breaches. Federal funds are not currently available for this purpose.
- **Little Narragansett Bay:** The Budget includes \$50,000 in FY2025 to investigate the feasibility of dredging the Cut within Little Narragansett Bay (an area east of Sandy Point and west of Napatree) to allow quicker access to and from the ocean. According to CRMC, shifting sands within Little Narragansett Bay (Westerly) and a string current at the only egress make navigation safety an issue.
- **Pawcatuck Resiliency:** As the next phase of study to reduce damage from storm surge along the southern shore area from the Pawcatuck River to Point Judith, the Budget includes \$50,000 from the RI Capital Plan Fund in FY2025 as a place holder for a state match to elevate residences in a project led by the U.S. Army Corps of Engineers (ACOE).

Department of Transportation

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
Central Management	\$11.7	\$23.4	\$23.0	(\$0.4)	-1.5%	\$22.8	(\$0.6)	-2.6%
Management and Budget	5.0	4.2	4.0	(0.3)	-6.3%	3.8	(0.4)	-9.5%
Infrastructure-Engineering	630.1	699.5	759.8	60.3	8.6%	665.7	(33.8)	-4.8%
Infrastructure-Maintenance	126.1	162.4	318.2	155.8	96.0%	158.8	(3.6)	-2.2%
Total	\$773.0	\$889.6	\$1,105.0	\$215.5	24.2%	\$851.2	(\$38.4)	-4.3%

Expenditures By Source	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
General Revenue	-	-	-	-	-	-	-	-
Federal Funds	442.4	474.8	526.6	51.8	10.9%	474.9	0.1	0.0%
Restricted Receipts	2.0	6.1	6.2	0.0	0.8%	6.1	(0.1)	-0.8%
Other Funds	328.6	408.7	572.2	163.6	40.0%	370.2	(38.4)	-9.4%
Total	\$773.0	\$889.6	\$1,105.0	\$215.5	24.2%	\$851.2	(\$38.4)	-4.3%

Authorized FTE Levels 755.0 755.0 755.0 - - 755.0 - -
 \$ in millions. Totals may vary due to rounding.

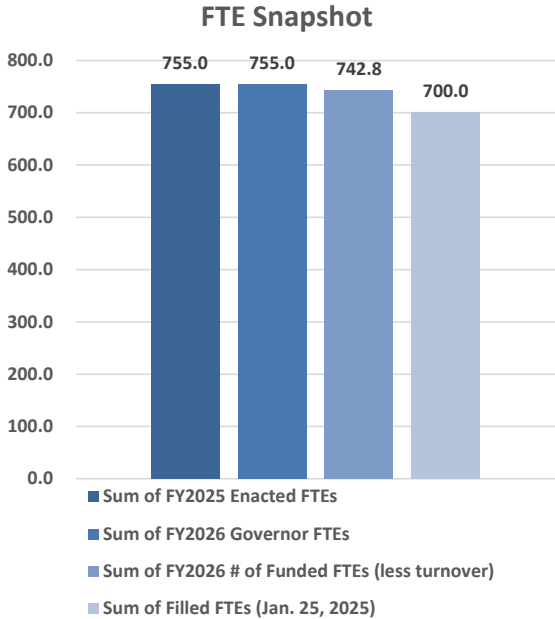
The Rhode Island Department of Transportation (RIDOT) is responsible for over 3,300 “lane miles” (1,100 miles) of highway and 1,201 bridges in the State. RIDOT provides services ranging from snow removal to pothole repair, and from installation and maintenance of traffic signalization to design of highway and bridge construction. The Department also develops projects in the areas of rail, water, bicycle, and pedestrian transportation; coordinates with RIPTA on transit projects; and, engages in air quality planning and coordination.

Established in FY1994, the Intermodal Surface Transportation Fund (ISTF) accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used for the maintenance, upgrading, and construction of the State’s highway system. It also is funded from proceeds of the Grant Anticipation Revenue Vehicle (GARVEE) and the RI Motor Fuel Tax (RIMFT) revenue bonds, and related expenditures. The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the ISTF. Funds are used to finance all RIDOT personnel and operating, and ongoing repair and renovation expenditures for RIDOT facilities throughout the state, as well as highway debt service, and motor fuel tax proceeds allocated to the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services.

MAJOR ISSUES AND TRENDS

The Governor recommends \$1.1 billion in all funds to support the Department of Transportation in FY2025, representing a \$215.5 million or 24.2 percent increase from the FY2025 Budget as Enacted. The increase primarily reflects a \$136.2 million increase of Road and Bridge expenditures from the Rhode Island Highway Maintenance Account (RIHMA).

The Governor recommends \$851.2 million in all funds to support the Department in FY2026, reflecting a



decrease of \$38.4 million, or 4.3 percent from the FY2025 Budget as Enacted. The decrease is primarily due to \$45.5 million reduction in RICAP funds related to the Highway Improvement Program.

The Budget includes an FTE authorization of 755.0 for FY2025 and FY2026, consistent with the enacted level.

Motor Fuel Tax

Current Revenue: The Office of Revenue Analysis' (ORA) November 2024 estimate projects the State to collect \$163.6 million in FY2025 and \$163.4 million in FY2026 of motor fuel tax revenue, of which, the Department of Transportation will receive \$92.7 million and \$94.4 million respectively. The Budget includes a \$0.01 increase in FY2026, from the current rate of \$0.37 to \$0.38 per gallon, of which, each penny is projected to yield \$4.2 million. Additionally, the State assesses a \$0.01 per gallon environmental protection fee that is evenly split between the Underground Storage Tank Fund and RIPTA. The ORA classifies RIPTA's \$0.005 share per gallon as gas tax revenue, but not the portion for the UST. This results in the State collecting gas tax revenue of \$0.375 in FY2025 and \$0.385 per gallon sold in FY2026.

The November 2024 ORA estimate assumes inflationary increases of \$0.01 per gallon to the motor fuel tax rate in FY2026, FY2028, and FY2030. All funds collected through the increase are appropriated to the Department of Transportation, pursuant to RIGL 31-36-20, which results in the Department receiving \$0.2225 per gallon in FY2026. The following table shows the actual motor fuel tax revenue collected and transferred in FY2024 as well as the ORA's projection through FY2030.

Fund Transfers (In Cents)	FY2024 Actual†	FY2025 Projected	FY2026 Projected†	FY2027 Projected	FY2028 Projected†	FY2029 Projected	FY2030 Projected†
Department of Transportation	21.25¢	21.25¢	22.25¢	22.25¢	23.25¢	23.25¢	24.25¢
RIPTA's Statutory Share	9.25	9.25	9.25	9.25	9.25	9.25	9.25
RITBA	3.50	3.50	3.50	3.50	3.50	3.50	3.50
GARVEE Bond Debt Service	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Office of Healthy Aging**	1.00	1.00	1.00	1.00	1.00	1.00	1.00
RIPTA's Environmental Protection Fee Share	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Total	37.5¢	37.5¢	38.5¢	38.5¢	39.5¢	39.5¢	40.5¢

Fund Transfers (\$ in Millions)							
Department of Transportation	\$92.4	\$92.7	\$94.4	\$91.6	\$92.0	\$87.7	\$86.4
RIPTA*	42.3	42.5	41.4	40.2	38.6	36.8	34.8
RITBA	15.2	15.3	14.9	14.4	13.8	13.2	12.5
GARVEE Bond Debt Service	8.7	8.7	8.5	8.2	7.9	7.5	7.1
Office of Healthy Aging**	4.3	4.4	4.2	4.1	4.0	3.8	3.6
Total	\$162.9	\$163.6	\$163.4	\$158.5	\$156.3	\$148.9	\$144.4

Source: Office of Revenue Analysis, November 2024 Estimate

† Indicates a year with a projected increase to the gas tax.

* RIPTA Transfer includes their share of the Environmental Protection Fee.

** Office of Healthy Aging transfers 79.0% of gas tax revenue to RIPTA to subsidize paratransit services.

Background on Motor Fuel Tax: In FY2014, RIDOT received \$0.2175 per gallon of gasoline sold in the State, with the Rhode Island Public Transit Authority (RIPTA) and the Department of Human Services (DHS) receiving \$0.1075. RIPTA uses gas tax revenues to fund multiple expenses including maintenance, operations, and their underground storage tank fee, while DHS uses gas tax revenues to partially fund their transit programs. In FY2015, the State amended the gas tax distribution to provide the Rhode Island Turnpike and Bridge Authority (RITBA) with \$0.035 per gallon and is used for maintenance operations, capital expenditures, and debt service on any of its projects, in place of a toll on the Sakonnet River Bridge. This reduced RIDOT's share of the gasoline tax to \$0.1825 per gallon.

In FY2016, the State began adjusting the gas tax for inflation, the biennial adjustment is based on a single year increase to the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest \$0.01

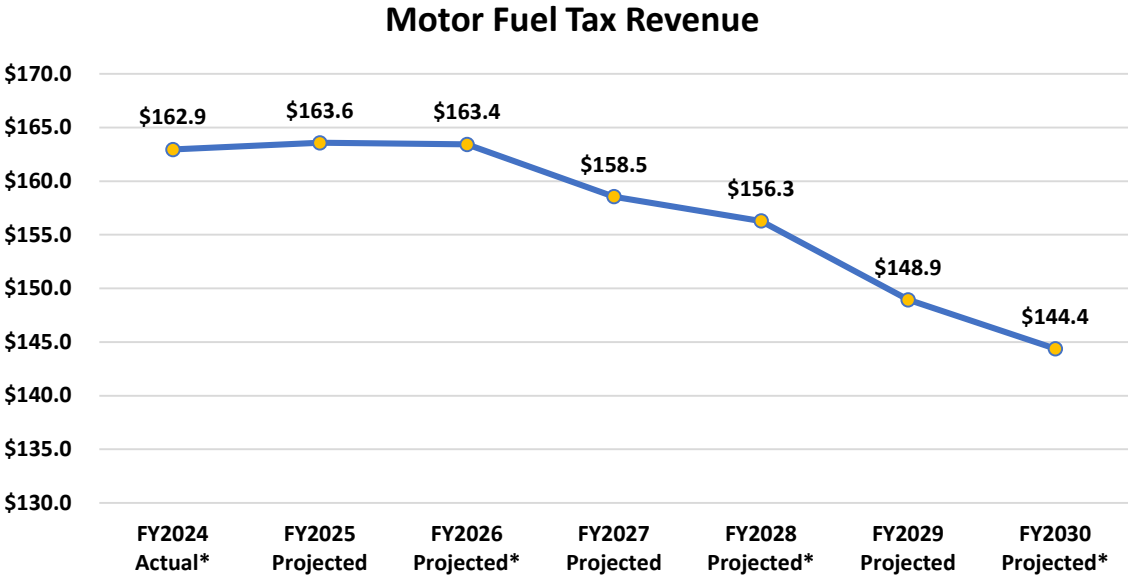
increment. The ORA is responsible for both estimating the gas tax yield as well as calculating the impact of the CPI-U. ORA determined that in FY2024, a \$0.03 increase was warranted due to heightened inflation.

The November 2024 estimate increases the gas tax by \$0.01 in FY2026, from \$0.375 to \$0.385, inclusive of the environmental protection fee. The FY2026 increase is calculated by multiplying the CPI-U ratio of September 2023 to September 2024, to the gas tax, and rounding to the nearest \$0.01. The following table illustrates the calculation.

Formula	Calculation	Total
$[\text{CPI-U (September 2024)} / (\text{CPI-U September 2023})] = \text{CPI Ratio}^*$	(315.301/307.789)	1.024
$\text{CPI Ratio} \times \text{Current Gas Tax} = \text{Adjustment Figure}$	$1.024 * 0.37$	0.37888
Rounded Figure to Nearest Cent	0.3788 → .38	\$0.38

* The CPI Ratio is rounded to 3 digits.

Decline Over Time: The ORA indicates that revenue collected from the motor fuel tax has been decreasing over time and project a year-over-year reduction of \$160,714 from FY2025 to FY2026, despite the rate increase. Many factors have contributed to the decline in revenue including the widespread adoption fuel-efficient and fully electric vehicles. Drivers of both electric vehicles and gasoline-powered vehicles equally benefit from infrastructure projects funded by motor fuel revenue but do not equally contribute, as electric vehicles do not require gasoline. While the adoption of electric vehicles has increased in recent years, ORA’s projections indicate that revenue received from motor fuel tax will decline. The following graph illustrates FY2024’s motor fuel tax revenue and ORA’s November 2024 projection through FY2030, years marked with an asterisk indicate a projected \$0.01/gallon increase to the motor fuel tax.



\$ in millions.

Source: Office of Revenue Analysis, November 2024

*Indicates a year with a projected tax increase

Rhode Island Highway Maintenance Account (RIHMA)

Current Revenue: According to the November 2024 projection from the ORA, the RIHMA will collect \$111.6 million in FY2025, of which, \$10.3 million will be allocated to RIPTA, \$5.6 million to the general fund, and the remaining balance of \$95.7 million will be transferred to the Department of Transportation. In FY2026, the ORA projects the RIHMA to collect \$118.8 million, of which, \$10.6 million will be

transferred to RIPTA, \$5.9 million to the general fund, and the remaining balance of \$102.2 million will be transferred to the Department of Transportation. The following table illustrates the various fees and surcharges deposited in the HMA as well as the projected distributions.

	FY2024	FY2025	FY2026	FY2027
Fees and Surcharges*	Audited	Projected	Projected	Projected
Licenses and Registrations Base	\$57.3	\$57.2	\$61.1	\$61.9
Licenses Surcharge	5.3	5.3	5.6	5.7
Vehicle Registrations Surcharge	14.9	14.9	15.9	16.1
Rental Vehicle Surcharge	9.6	9.7	9.8	9.9
Emission Inspection Fees	13.7	13.7	14.7	14.9
Motor Vehicle Title Fees	10.5	10.5	11.3	11.4
Good Driving Fees	0.4	0.4	0.4	0.4
RIHMA Total	\$111.8	\$111.6	\$118.8	\$120.3
5% Share to General Revenues	\$5.6	\$5.6	\$5.9	\$6.0
Remaining RIHMA Funds	\$106.2	\$106.0	\$112.9	\$114.3
5% Share to RIPTA	\$5.3	\$5.3	\$5.6	\$5.7
\$5.0 million Transfer to RIPTA	5.0	5.0	5.0	5.0
DOT Share	\$95.9	\$95.7	\$102.2	\$103.6

Source: Office of Revenue Analysis, November 2024 Estimate.

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

*Does not include proposed Electric Vehicle Registration Fee.

Electric Vehicle Fee: In Article 5, the Governor proposes legislation that would require owners of both hybrid and fully-electric vehicles to pay an inflation-adjusted electric vehicle registration fee, every two years. The registration fee would start at \$150 for hybrids and \$300 for fully electric vehicles and is based on the ORA's estimate of the average gas tax paid for a passenger vehicle in a year. Rhode Island is currently one of 11 states that do not require owners of electric vehicles to pay a special registration fee. Of the 39 states that do require a special payment for fully electric vehicles, seven levy fees on owners of hybrid cars. New Hampshire and Vermont are the only New England states that require a special registration for electric vehicles, and neither require payment for hybrids. The following table illustrates the revenue the electric vehicle fee is projected to collect through FY2030, in addition to the disbursement transfers. For additional information, please see the Article section of this publication.

Revenue Collection	FY2026	FY2027	FY2028	FY2029	FY2030
\$150 Fee on Battery Electric Vehicles	\$1,392,270	\$4,444,286	\$7,013,877	\$9,921,449	\$13,571,397
\$75 Fee on Plug-In Hybrid Electric Vehicles	417,665	899,029	978,376	1,028,404	1,102,348
Total	\$1,809,935	\$5,343,315	\$7,992,253	\$10,949,853	\$14,673,745
Revenue Transfers	\$1,809,935	\$5,343,315	\$7,992,253	\$10,949,853	\$14,673,745
Transfer to RIHMA (95.0%)	1,719,438	5,076,149	7,592,640	10,402,360	13,940,058
Transfer to General Revenue (5.0%)	90,497	267,166	399,613	547,493	733,687

Background on RIHMA: The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund (ISTF). The FY2015 Budget as Enacted provided additional funding for transportation projects through increased deposits into the HMA including a surcharge of \$25.00 on all dismissals based upon a good driving record,

in addition to the \$5.00 administration fee; an increase in the vehicle inspection fee from \$39.00 to \$55.00; transfer of existing revenue from inspection stickers (\$16.00 per inspection), motor vehicle title (\$50.00 per title), and car rental surcharges (8.0 percent of gross receipts per rental vehicle for the first thirty days) from the general fund to the HMA; and, the phased-in transfer of all vehicle license and registration fees into the HMA beginning in FY2016.

Article 8 of the FY2020 Budget as Enacted, altered the percentage of fees going into the HMA such that 5.0 percent of the total fees collected each year are retained by the Division of Motor Vehicles (DMV) and the remaining 95.0 percent are deposited into the Account. The funds retained by the DMV are intended to help partially offset personnel costs associated with collecting the fees associated with the HMA. The remaining 95.0 percent of fees deposited into the HMA are shared between DOT and RIPTA, with RIPTA receiving 5.0 percent of the funds deposited and DOT receiving the remaining amount. Article 8 also extended RIPTA's \$5.0 million annual appropriation to support the Free-Fare program indefinitely.

Article 2 of the FY2024 Enacted Budget shifted the Division of Motor Vehicles (DMV) duplicate license/updated information fee revenue from general revenue to the State's Highway Maintenance Account (HMA).

RhodeWorks

The General Assembly enacted "The Rhode Island Bridge Replacement, Reconstruction and Maintenance Fund Act of 2016," in February 2016. The legislation, also known as "RhodeWorks" authorized the State to issue new GARVEE bonds and collect tolls from trucks. In September of 2022, the U.S. District Court determined the truck tolling program was unconstitutional, as certain provisions favored local trucks, and ordered the State to halt the collection of tolls. The State appealed the decision, and in December of 2024, the federal First Circuit Court of Appeals ruled in favor of the State and authorized the resumption of the toll program, if the provisions favoring local trucks were removed. The Governor recommends the reimplementation of the Rhode Works program, and includes \$10.0 million of toll revenue collected in the final quarter of FY2026 in the Budget.

Truck Tolling Background

- **Federal Court Decision:** On September 21, 2022, U.S. District Court Judge William E. Smith ordered Rhode Island officials to stop collecting truck tolls which resulted in a pause to the State's tolling program. Judge Smith ruled the policy in its current form is unconstitutional. The program included three statutory caps that benefitted local trucks: a truck cannot pay a toll more than once in each direction, a truck cannot pay more than \$40 per day, and a truck cannot pay more than \$20 for making a single through trip from Connecticut to Massachusetts. The FY2024 Budget as Enacted required \$70.0 million in surplus general revenue be deposited into the Rhode Island Capital Plan Fund to hold the Department harmless for expected toll revenue losses through FY2024. The Department's plan had allocated \$130.0 million of toll revenue to highway projects from FY2023 through FY2025, including \$95.0 million to finance the Route 6/10 Interchange Reconstruction project.
- **Gantries and Revenue:** The truck-only tolling plan received formal federal approval in September 2016, at which time, the RIDOT executed a series of Memoranda of Understanding with the Federal Highway Administration regarding which bridge locations toll revenue could be used to maintain. In December 2016, RIDOT issued the RFP for the Design-Build-Operate-Maintain (DBOM) contract for the tolling program, including gantry design and construction; all operational elements, testing and acceptance; and long-term maintenance of the tolling equipment and facilities. In 2017, the Department awarded a contract to Kapsch TrafficCom to design, build, operate, and maintain the gantries for 10 years. The Department originally anticipated building 14 gantries but only completed 13. The following table illustrates the total amount of billable revenue collected by the tolling program as well as the total number of transactions from FY2019-FY2023.

	Billable Revenue	Total Transactions	Average Transaction (\$)
FY2019	\$7,238,821	2,189,230	\$3.31
FY2020	15,203,088	4,050,801	\$3.75
FY2021	34,001,005	9,389,063	\$3.62
FY2022	39,775,753	10,340,045	\$3.85
FY2023	6,764,853	1,717,312	\$3.94
Total	\$102,983,520	27,686,451	\$3.72

Source: RIDOT- RhodeWorks Traffic and Revenue Report

- **Appeal:** The State appealed the September 2022 decision and hired the Providence law firm Adler, Pollack, and Sheehan for representation. The federal First Circuit Court of Appeals ruled in favor of the State in December of 2024, and authorized the program to resume, so far as the statutory caps were removed. The Governor includes \$10.0 million of in toll revenue in FY2026 but did not submit legislation concerning the reimplementation of the truck tolling program.

Bonding

- RhodeWorks also allowed for the refinancing and restructuring of previously existing GARVEE bonds to realize approximately \$120.0 million in additional resources during the first three years post-refinancing.
- The Rhode Island Commerce Corporation is authorized to issue new GARVEE bonds, not to exceed \$300.0 million, for bridge replacement, reconstruction, maintenance, and operations. These bonds have an expected term of fifteen years, with interest-only payments in the first nine years, and will be repaid from future toll revenues and reimbursements.

Analyst Note: GARVEE funding authorized for the Washington Bridge Project in the FY2025 Budget as Enacted is in addition to the above authorization.

- Article 6 of the FY2020 Budget as Enacted provided for the issuance of \$200.0 million in GARVEE bonds issued through the Rhode Island Commerce Corporation to fund the bridge replacement, reconstruction, and maintenance of the RhodeWorks program. Total debt service is not expected to exceed \$275.0 million over 15 years. Debt service is financed through future Federal Highway Administration appropriations.
- In March 2021, voters approved a bond referendum for \$71.7 million in General Obligation (GO) bonds for the Department. The GO bonds are used as a 20.0 percent state match needed for federal highway road and bridge projects. Debt service for the Department's GO bonds is included in the Department of Administration's Budget but is paid for by DOT through gas tax receipts. The Budget exhausts \$67.0 million of this funding in FY2025 and the remaining \$4.7 million in FY2026.
- Article 4 of the FY2025 Budget as Enacted authorized the issuance of \$334.6 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds with a total debt service amount of \$538.6 million to be used for the Washington Bridge Project. Assuming a standard 5.0 percent coupon rate and the issuance of the entire authorized amount, the article indicates a total interest amount of \$204.1 million. The State is permitted to issue a lesser amount, if additional federal funds for the project become available.

State Transportation Improvement Program

The Department includes major projects that the State intends to implement in its State Transportation Improvement Program (STIP). The STIP includes projects for 10 years; however, only the first four years are fiscally constrained, meaning the costs of the projects may not exceed the anticipated funding that is expected to be available in the four-year time period. The current STIP runs from FFY2022-FFY2031 and was last revised in January of 2025. The Rhode Island Public Transit Authority (RIPTA) and the Rhode

Island Turnpike and Bridge Authority (RITBA) each have programs within the STIP, in addition to the Department. RIDOT is currently appropriated 83.9 percent of the STIP's total funding through FFY2031, with RIPTA receiving 14.3 percent, and the remaining 1.8 percent directed to RITBA. The following table illustrates the funding totals for the STIP programs through FFY2031 as well as a summarized view for programs from FY2022-FY2024

RIDOT	FY2022-								
	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
Major Capital Projects Program	\$713.9	\$361.1	\$473.6	\$482.6	\$240.2	\$147.9	\$126.0	\$58.4	\$2,603.5
Bridge Program	501.6	205.4	205.9	191.1	198.7	230.6	183.8	167.2	1884.3
Debt Service Program	345.7	112.4	111.5	108.7	107.5	107.5	107.5	107.3	1108.0
Maintenance Operations Program	229.9	83.2	82.5	79.2	79.7	80.5	81.4	82.4	798.9
Pavement Program	337.9	102.8	71.3	64.1	47.4	46.2	55.2	53.9	778.8
Headquarters Operations Program	138.8	47.1	47.0	47.3	47.6	47.9	48.4	48.7	472.8
Active Transportation Program	84.3	107.7	56.7	52.3	39.6	20.5	19.7	20.8	401.6
Traffic Safety Program	123.1	30.6	32.6	35.6	36.2	36.2	37.3	36.5	368.0
Corridor Projects Program	27.0	28.5	43.5	60.0	63.3	57.8	44.7	33.2	357.8
Transit Program	82.2	26.7	32.9	25.7	27.2	29.4	34.6	39.8	298.6
Study and Development Program	48.3	26.1	33.3	26.2	17.7	9.8	9.8	9.8	180.9
Stormwater Program	46.0	11.4	11.4	25.1	25.1	11.1	11.0	10.0	151.0
NHTSA Program	27.2	9.1	9.1	9.1	9.1	9.1	9.1	9.1	90.8
Subtotal	\$2,705.9	\$1,152.0	\$1,211.2	\$1,206.9	\$939.3	\$834.4	\$768.4	\$676.9	\$9,494.9
RIPTA									
Transit Capital	\$118.8	\$38.7	\$22.1	\$21.5	\$21.5	\$21.5	\$21.5	\$22.1	\$287.5
Transit Service	53.7	14.3	14.4	14.7	15.1	15.4	15.9	16.1	159.6
Transit Support Operations	372.0	136.5	110.7	110.1	110.2	110.4	110.1	110.2	1170.1
Subtotal	\$544.4	\$189.4	\$147.2	\$146.2	\$146.9	\$147.2	\$147.5	\$148.4	\$1,617.2
RITBA									
RITBA Capital Projects Program	\$23.2	\$58.9	\$68.3	\$45.4	\$6.4	\$0.0	\$0.0	\$0.0	\$202.2
Subtotal	\$23.2	\$58.9	\$68.3	\$45.4	\$6.4	\$0.0	\$0.0	\$0.0	\$202.2
Total	\$3,273.5	\$1,400.3	\$1,426.8	\$1,398.5	\$1,092.5	\$981.7	\$915.8	\$825.3	\$11,314.3

Source: RIDOT STIP Revision 16- January 7, 2025

\$ in millions, totals may vary due to rounding. Years reflect the federal fiscal year.

Major Capital Projects Program: The Major Capital Projects Program is supported by \$2.6 billion in all funds through FFY2031 and represents 23.0 percent of the STIP's total funding. Projects within the program include the demolition and replacement of the Washington Bridge, the I-95/Route 10 project, and the Route 146 project. The program is funded with \$361.1 million in FFY2025 and \$473.6 million in FFY2026. The following table displays the program's expenditures from FFY2022-FFY2031 by project.

Major Capital Projects	FY2022 -								Total
	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	
Bridge Group 04 R-I-95	\$25.3	\$71.7	\$105.0	\$150.0	\$140.0	\$115.0	\$115.0	\$57.9	\$779.9
Washington Bridge Project*	28.3	100.3	174.5	191.8	20.0	0.0	0.0	0.0	515.0
I-95 Northbound Viaduct	162.0	45.0	5.0	3.5	-	-	-	-	215.5
Bridge Group 96 -- Route 146	102.5	30.1	61.8	2.5	-	-	-	-	196.9
6/10 Project	120.0	15.0	8.0	-	-	-	-	-	143.0
Bridge Group 95 - I-95/RI-4	15.6	31.3	25.0	30.0	20.8	11.9	0.5	-	135.0
Bridge Group 97 - Warwick Quarter	10.7	24.2	27.0	27.0	13.1	0.5	-	-	102.5
Bridge Group 20A - Dean Street	1.0	2.0	12.5	30.0	30.0	5.5	1.5	-	82.5
Bridge Group 51B - RT 37 C-3	62.4	8.8	4.5	2.5	-	-	-	-	78.1
Pell Bridge Ramps, Phase 2	72.9	3.0	2.0	-	-	-	-	-	77.9
Project Name: Bridge Group 16D -	0.2	5.0	15.5	15.0	15.0	15.0	9.0	0.5	75.2
Bridge Group 18C_R Frenchtown	3.1	8.8	30.0	27.5	1.3	-	-	-	70.6
Bridge Group 49- Henderson Bridge	55.0	5.2	1.5	1.5	-	-	-	-	63.2
Bridge Group 57TB- Washington Bridge North	27.5	8.0	1.3	1.3	-	-	-	-	38.0
Bridge Group 51A - Rt-37 C-2	24.1	2.8	-	-	-	-	-	-	26.9
Pell Bridge Ramps, Phase 1	\$3.5	-	-	-	-	-	-	-	3.5
Total	\$713.9	\$361.1	\$473.6	\$482.6	\$240.2	\$147.9	\$126.0	\$58.4	\$2,603.5

* Aggregate total involving all 3 phases of project.

\$ in millions, totals may vary due to rounding. Years reflect the federal fiscal year.

Source: RIDOT STIP Revision 16- January 7, 2025

Washington Bridge Project: The Washington Bridge Project includes funding for the emergency support expenses and capital costs associated with the demolition and reconstruction of the Washington Bridge. On December 11, 2023, RIDOT closed the Washington Bridge due to the discovery of a critical failure. Three months later, on March 14, 2024, the Governor announced the bridge would need to be demolished and rebuilt. Starting in May 2024, the Department began publishing a monthly snapshot report which provides critical information such as the project's schedule, costs, and traffic data. The Washington Bridge project is grouped into three sub-projects which are titled: Emergency Repairs, the Demolition Project, and the Replacement Project. The following table illustrates the project's components (from all fund sources) identified in STIP Revision 16, dated January 7, 2025.

Washington Bridge	FY2024	FY2025	FY2026	FY2027	FY2028	Total
Emergency Repairs	\$25.3	\$24.0	-	-	-	\$49.3
Bridge Demolition Project	1.5	71.3	25.0	-	-	97.8
Bridge Replacement Project	1.5	5.0	149.5	191.8	20.0	367.8
Total	\$28.3	\$100.3	\$174.5	\$191.8	\$20.0	\$515.0

Source: RIDOT STIP Revision 16- January 7, 2025

\$ in millions, totals may vary due to rounding. Years reflect the federal fiscal year.

- Emergency Repairs:** The STIP includes \$49.3 million for the Emergency Repair project, reflecting a \$3.3 million increase from the \$46.0 million included in the STIP Revision 14, released on April 30, 2024. The project includes emergency tie rod repairs, widening the lanes to accommodate 6 total lanes, shoring on Gano Street, and the ferry service that RIDOT provided in January of 2024. The following table displays the estimated budget as well as the expenses paid to date, as indicated in the February 1, 2025 Washington Bridge Snapshot Report.

Emergency Project	Estimated Budget	Expenses Paid to Date
Design Build Team Construction	\$21.0	\$17.6
Bridge Inspections	11.0	5.3
Towing Services	2.0	4.7
Municipal Reimbursements & State Police	5.0	3.0
RIDOT Staff & Miscellaneous	5.0	2.7
Ferry Service	2.4	2.4
Total	\$46.4	\$35.5

\$ in millions, totals may vary due to rounding.

Source: RIDOT Washington Bridge Snapshot- March 1, 2025

Analyst Note: STIP Revision 15, released on December 11, 2024, increased the Emergency Repair project funding by \$3.3 million, indicating that the increase is due to an updated cost estimate. The updated cost estimate was not included in the January, February, or March monthly Washington Bridge Snapshot Report. The Department indicates that this was a mistake and will be corrected in a forthcoming STIP amendment.

- Demolition Project:** The STIP includes \$97.8 million for the Demolition Project, reflecting a \$57.3 million increase from the \$40.5 million included in the STIP Revision 14, released on April 30, 2024. The increase is largely related to the necessity of removing the bridge’s substructure, as the initial estimate only included removal of the bridge’s superstructure. On October 16, 2024, the change order for the substructure demolition was approved. The Department completed the superstructure demolition on February 21, 2025 and indicate they are on schedule for a December 15, 2025 completion date for the substructure demolition. The following table displays the projected expenditures as well as the expenses paid to date, as indicated in the February 1, 2025, Washington Bridge Snapshot report.

Demolition Project	Estimated Budget	Revised Budget	Expenses Paid to Date
Design	\$1.8	\$1.8	\$0.7
Construction	31.0	87.9	25.9
Contingency	4.7	3.9	0.0
Other	3.1	4.3	0.6
Total	\$40.5	\$97.9	\$27.2

\$ in millions, totals may vary due to rounding.

Source: RIDOT Washington Bridge Snapshot- March 1, 2025

- Replacement Project:** The STIP includes \$367.8 million for the Replacement Project, serving as a placeholder until a proposal by the Design Build team is selected and the total cost is determined. The Department’s project timeline indicates that the Design Build teams are scheduled to release their price proposals in May of 2025 and the Department will issue a Notice to Proceed (NTP) by July 15, 2025.

Funding: The STIP includes \$515.0 million in total funds to support the Washington Bridge project, of which, \$106.8 million represent state funds that serve as a match to obtain \$408.2 million in federal funds. The State was awarded \$220.5 million in discretionary grants to support the project, which are included in the STIP. The following table illustrates the project’s funding sources, as identified in the latest STIP Revision, dated January 7, 2025.

State Funds	Funding in STIP
State Fiscal Recovery Funds	\$29.2
Unidentified OutYear Funding	62.4
RICAP Funds	15.1
Subtotal	\$106.8
Federal Funds	
2024 GARVEE Bond Issuance	\$165.8
2025 MEGA Grant	125.0
2024 INFRA Grant	95.5
2019 Bridge Grant	15.0
2023 Bridge Grant	6.9
Subtotal	\$408.2
Grand Total	\$515.0

\$ in millions, totals may vary due to rounding.

Source: RIDOT STIP Revision 16- January 7, 2025

Analyst Note: The FY2025 Budget as Enacted provided the Department with \$35.0 million of ARPA SFRF funding for the Washington Bridge Project in June of 2024, of which, only \$29.2 million is included in the January 2025 STIP. The Department indicates that this was a mistake and will be corrected by a forthcoming STIP amendment.

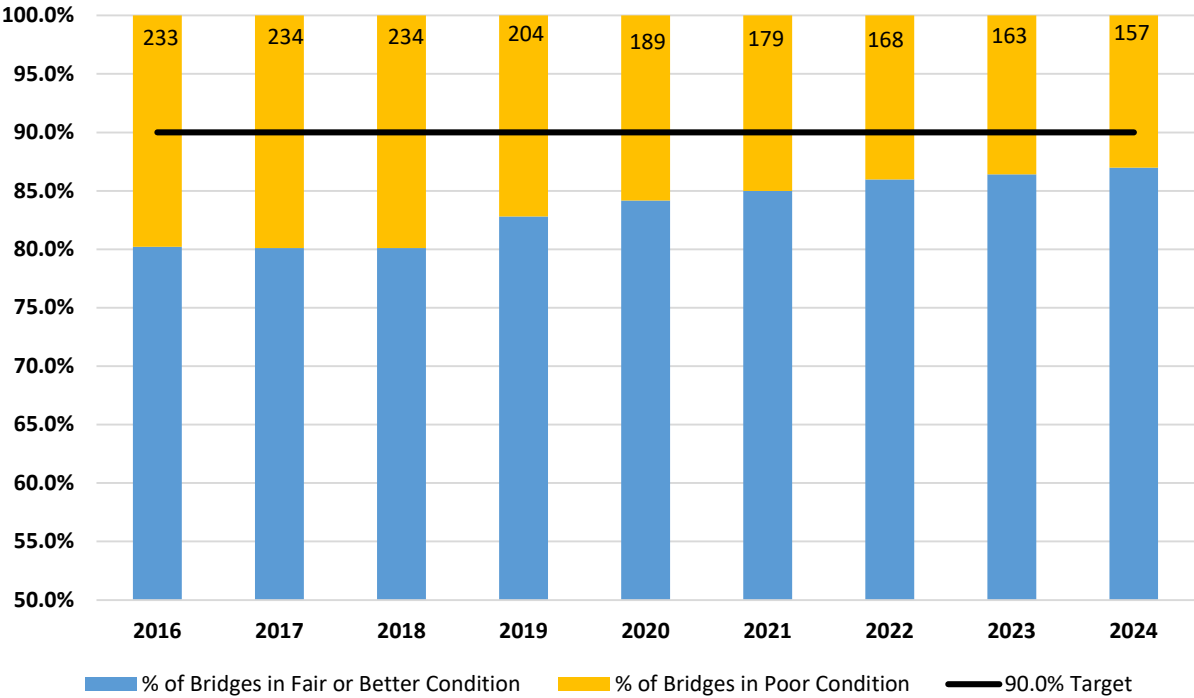
- **Bridge Group 04, The I-95 15:** The I-95 15 project represents the largest project ever undertaken by the Department and will address the 15 bridges that are in poor or fair condition along I-95 and Route 10. The Department's website indicates that the project will reduce the number of bridges rated poor by 7.6 percent, the total deck area of bridges rated poor by 17.5 percent, as well as eliminate three of the five most travelled structurally deficient bridges in the state. The project is expected to cost a total of \$779.9 million through FY2031, with the largest planned expenditures occurring in FY2027 and FY2028. The Department was awarded a \$251.0 million federal Bridge Investment Program grant, which will offset the cost to the State.
- **I-95 Northbound Viaduct Project:** This project replaces the 1,295-foot-long northbound section of the Providence Viaduct Bridge, which supports I-95 over municipal roads, highway ramps, Amtrak's Northeast Corridor, and the Woonasquatucket River. The project is scheduled to finish construction in CY2025 with an approximate cost of \$215.5 million, supported by a \$60.3 million federal INFRA grant.
- **Route 6/10 Interchange:** This project reconstructs the entire 6/10 interchange within the current highway right of way and addresses the seven structurally deficient bridges within the project area. The project began construction in 2018, has an approximate project cost of \$143.0 million, and was scheduled to be complete in 2024. The Department indicates that the delay is related to Amtrak and the project will be completed in the Spring of 2025.
- **Route 146 Reconstruction:** This project makes necessary improvements to Route 146, including the replacement of one bridge and rehabilitation of four others, as well as constructing frontage roads for safer and easier access, and the re-pavement of Route 146 from the I-295 interchange to the Massachusetts state line. The project is scheduled to finish construction in CY2026 with an approximate cost of \$196.9 million, supported by a \$65.0 million INFRA grant.
- **Henderson Bridge:** This project demolished and reconstructed the Henderson Bridge, which was declared structurally deficient in 1996. The new bridge is narrower and supports only 3 lanes of traffic, two westbound lanes and one eastbound. The original bridge supported 6 lanes. The Henderson Bridge project page on the Department's website was last updated on December 6, 2024 and notes crews are

demobilizing equipment, stabilizing the work sites, and doing general cleanup. The project is scheduled to finish construction in CY2025 with an approximate cost of \$84.4 million.

Bridge Capital Program: The second largest program in the STIP is the Bridge Capital Program, which encompasses \$1.9 billion in funding and represents 16.7 percent of all STIP funding through FY2031. The STIP budgets \$169.1 million in FY2024, \$205.4 million in FY2025, and \$205.9 million in FY2026.

- In 2015, Rhode Island was ranked last in the nation for overall bridge condition with about 24.0 percent of bridges ranked as structurally deficient. The Bridge Capital Program identifies and develops a structured sequence of preservation, repair, rehabilitation, and replacement actions in order to sustain a state of good repair for the State’s 1,200 bridges at a minimum cost. The program is primarily focused on reducing the percentage of structurally deficient bridges to 10.0 percent by 2025.
- As of December 2024, 157, or 13.0 percent, of the State’s 1,205 bridges were in poor condition. The State would need to repair approximately 21 bridges over the next two years to reach the goal of 90.0 percent structurally sound bridges throughout the State. The following graph displays the State’s bridge conditions and progress toward reaching the 90.0 percent goal.

Rhode Island Bridge Conditions 2016-2024



Source: RIDOT Q1 Quarterly Reports, Bridge Conditions in December.

Debt Service Program: The third largest expense in the STIP is the Debt Service Program, which is anticipated to cost \$1.1 billion through FY2031. The current STIP services General Obligation Transportation Bonds, Motor Fuel Bonds, Grant Anticipation Revenue Vehicle Bonds (GARVEE), and pass-through funding for RIPTA’s General Obligation Transportation Bonds. The State issues General Obligation Transportation Bonds (GO Bonds) to finance transportation-related construction projects, with the most recent issuance occurring in CY2021. GARVEE bonds enable the State to pay debt service and other bond-related expenses with future federal-aid highway funds. GARVEE bonds generate up-front capital for major highway projects at generally tax-exempt rates and enable the State to construct a project

earlier than if using traditional pay-as-you-go grant resources. The STIP includes \$116.1 million in FY2024, \$112.4 million in FY2025, and \$111.6 million in FY2026.

Pavement Program: The STIP includes \$778.8 million for the Pavement Program through FY2031, which provides funding for design and construction projects that maintain the State's roadways. The Department uses an asset management approach described as applying the "right treatment, to the right pavement, at the right time" to prevent roadway failure. Pavement sufficiency targets were approved and phased-in throughout May of 2018. Rhode Island has 6,528 miles of roadways, of which, the Department maintains approximately 1,100 miles. The Pavement Program aims to improve the State's Pavement Structural Health Index (PSHI), which is a rating system that evaluates 1/10-mile segments of roads with weighted distresses, determining a rating between 0 and 100, with 100 representing distress-free roads. RIDOT's goal is to maintain an average PSHI of 80.0 percent for more than 10 years. The STIP includes \$99.1 million in FY2024, \$102.8 million in FY2025, and \$71.3 in FY2026.

CENTRAL MANAGEMENT

The Central Management Program includes Legal Counsel, Human Resources, the Real Estate Section, External Affairs, the Safety Section, the Office on Highway Safety, the Office of Civil Rights, and the Director's Office.

Central Management	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
Federal Funds	\$5.6	\$15.1	\$13.8	(\$1.4)	-9.0%	\$13.8	(\$1.3)	-8.9%
Other Funds	6.1	8.3	9.3	1.0	12.1%	9.0	0.7	8.9%
Total	\$11.7	\$23.4	\$23.0	(\$0.4)	-1.5%	\$22.8	(\$0.6)	-2.6%

\$ in millions. Totals may vary due to rounding

- The Legal Counsel office works closely with the Office of the Attorney General in legal proceedings involving RIDOT and also provides support within RIDOT for program development, property management and acquisition, contracts, litigation, arbitration, and contracted outside legal services.
- Human Resources administers labor relations, human resource development and training, all equal opportunity programs, and payroll and fringe benefit programs.
- The Real Estate section deals with acquisition, appraisal, negotiation, and relocation for property purchases (including easements and larger parcels) and property sales.
- The External Affairs office handles all media inquiries, speaking engagements, legislative correspondence, and special events for the Departments, as well as managing the Department's website.
- The Safety Section is responsible for promoting public safety.
- The Office on Highway Safety develops and coordinates programs with local, state and federal agencies to reduce highway deaths and injuries, and to promote public awareness of the correlation between highway safety and alcohol and substance abuse through the development and distribution of educational information.
- The Civil Rights office supports contractors, consultants, and sub-recipients to ensure full compliance with federal and state civil rights laws and equal employment requirements.
- The Director's Office provides leadership and policy development for the Department to ensure the State's public transportation services are safe, effective, and environmentally prudent.

Central Management	All Fund Changes
FY2025 Enacted	\$23,387,603
<i>Target and Other Adjustments</i>	
Personnel Adjustments (statewide adjustments) (other funds)	1,365,629
NHTSA Grants (federal funds)	(1,345,028)
Legal Services	(979,002)
Centralized Services (statewide adjustments) (other funds)	702,988
Furniture (other funds)	(350,000)
FY2026 Governor	\$22,782,190

NHTSA Grants (federal funds) (\$1.3 million)

The Governor recommends \$13.8 million in federal funds from a number of National Highway Transportation Safety Administration (NHTSA) grants for the Central Management program, reflecting a net decrease of \$1.3 million from the FY2025 Budget as Enacted. The most significant adjustments include a \$2.8 million increase from the State and Community Highway Safety Program offset by decreases of \$1.9 million and \$1.3 million from the Minimum Penalties for Repeat Offenders DWI or DUI and Map-21 405 Funds grant. The recommendation and adjustments are illustrated in the following table.

NHTSA Grants	FY2025 Enacted	FY2026 Governor	Change from Enacted
State and Community Highway Safety Program	\$2,534,439	\$5,379,278	\$2,844,839
Min. Penalties for Repeat Offenders DWI or DUI	4,258,554	2,369,473	(1,889,081)
Map-21 405 Funds	7,324,607	5,996,993	(1,327,614)
Grant to Prohibit Racial Profiling	960,440	-	(960,440)
Fatality Analysis Reporting System	44,348	31,616	(12,732)
Total	\$15,122,388	\$13,777,360	(\$1,345,028)

Legal Services (other funds) (\$979,002)

The Governor recommends \$1.2 million of gas tax receipts to fund contracted legal services for the Department, reflecting a decrease of \$979,002 from the FY2025 enacted level. The reduction is related to the recently resolved RhodeWorks tolls litigation, which the Department contracted the Providence based law firm Adler Pollock & Sheehan. The Department indicates that the remaining \$1.2 million will support the ongoing litigation surrounding the Washington Bridge.

Furniture (other funds) (\$350,000)

The Governor recommends \$100,000 of gas tax receipts for the Department of Transportation to purchase furniture and other office supplies, representing a \$350,000 decrease from the FY2025 enacted level. The Department indicates that they purchased new cubicles in FY2025 and do not need the funding in FY2026.

MANAGEMENT AND BUDGET

Management and Budget houses the Department’s Financial Management Division responsible for the oversight and management of the Department’s operations and capital budget expenditures. Management and Budget also oversee the Education Advancement section, the Office of Contracts and Specifications, and the Information Technology section.

Management and Budget	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
Other Funds	\$5.0	\$4.2	\$4.0	(\$0.3)	-6.3%	\$3.8	(\$0.4)	-9.5%
Total	\$5.0	\$4.2	\$4.0	(\$0.3)	-6.3%	\$3.8	(\$0.4)	-9.5%

\$ in millions. Totals may vary due to rounding

- The Education Advancement section is responsible for internal education and advancement initiatives and facilitates administrative and programming coordination.
- The Office of Contracts and Specifications establishes business arrangements between the Department and the supplies of goods and services in the private sector.
- The Information Technology section maintains and operates all computer software and hardware as well as purchasing and upgrading all information technology platforms for the Department.

Management and Budget	All Fund Changes
FY2025 Enacted	\$4,243,682
<i>Target and Other Adjustments</i>	
Computers (other funds)	39,349
Personnel Adjustments (statewide adjustments) (other funds)	(223,850)
FY2026 Governor	\$3,839,065

Computers (other funds) (\$223,850)

The Governor recommends \$85,000 in gas tax receipts to fund the purchase of computers for the Management and Budget program, reflecting a decrease of \$223,850 from the FY2025 enacted level of \$308,850. The Department indicates that the Office of Information Technology (DoIT) have assisted with a large order of computers in FY2025 and do not require the funding in FY2026. The FY2025 Revised Budget includes \$385,000 for this expense, representing a \$76,150 increase from the FY2025 enacted level.

INFRASTRUCTURE-ENGINEERING

The Infrastructure-Engineering program works to develop the State's roads and bridges into an advanced ground transportation system. The program consists of multiple divisions and sections encompassing the design, planning, and construction of the Project Management Division.

Infrastructure-Engineering	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted	Change from Enacted	FY2026 Governor	Change from Enacted	Change from Enacted
Federal Funds	\$432.7	\$459.7	\$512.8	\$53.2	11.6%	\$461.1	\$1.5	0.3%
Restricted Receipts	2.0	6.1	6.2	0.0	0.8%	6.1	(0.1)	-0.8%
Other Funds	195.4	233.8	240.8	7.0	3.0%	198.6	(35.2)	-15.1%
Total	\$630.1	\$699.5	\$759.8	\$60.3	8.6%	\$665.7	(\$33.8)	-4.8%

\$ in millions. Totals may vary due to rounding

- The Project Management division oversees all phases of a project from start to finish, including design, construction, and materials testing.
- The Construction Management section is responsible for the administration and inspection of highway, bridge, traffic signal, and destination signing and freight/commuter rail construction activities throughout the State.
- The Materials Unit conducts sampling and quality assurance testing. The Research and Technology section evaluates new technologies, provides research for national, regional, and local programs, and provides training in new technology.
- The Office of Stormwater Management is responsible for the scope, plan, design, and maintenance of stormwater systems.
- The Occupational Safety, Health, and Work Zone Safety section administers the Department's safety and health programs.
- The Planning Division develops and monitors the Department's Ten-Year Plan to ensure successful implementation.

- The Office of Transit, New Starts, and Operations section develops and implements planning projects by working to develop an integrated transportation system that provides convenient transitions between different modes of transportation.

Infrastructure-Engineering	All Fund Changes
FY2025 Enacted	\$699,538,503
<i>Target and Other Adjustments</i>	
RICAP Project Adjustment (other funds)	(51,627,249)
Federal Discretionary Grants For Capital Projects (federal funds)	46,014,250
ARPA SFRF: Washington Bridge Project (federal funds)	(35,000,000)
ARPA SFRF: RIPTA Operating Grant (federal funds)	(15,000,000)
Toll Revenue (other funds)	10,000,000
ARPA SFRF: Municipal Roads Grant Program (federal funds)	(7,000,000)
Rhode Restore (other funds)	6,500,000
Motor Fuel Revenue Transfers (other funds)	(443,493)
FY2026 Governor	\$665,733,079

RICAP Project Adjustment (other funds) (\$51.6 million)

The Governor recommends \$104.5 million in RICAP funds for transportation projects within the Infrastructure-Engineering program in FY2026, reflecting a \$51.6 million decrease from the FY2025 enacted level. The reduction is primarily due to the removal of \$45.5 million in RICAP funds for the Highway Improvement Program. The Infrastructure-Engineering program supports the Department of Transportation’s Highway Improvement Program, Bike Path Maintenance, and URI Mobility Hub projects, as well as RIPTA’s Land and Buildings, Pawtucket Bus Hub Passenger Facility, and the High-Capacity Transit Corridor Study. The following table illustrates the RICAP fund adjustment.

RICAP Funding	FY2025 Enacted	FY2025 Governor	Change from Enacted	FY2026 Governor	Change from Enacted
Highway Improvement Program	\$141,102,060	\$149,302,060	\$8,200,000	\$95,617,814	(\$45,484,246)
Bike Path Maintenance	400,000	400,000	-	400,000	-
URI Mobility Hub	-	1,140,000	1,140,000	-	-
RIPTA: Land and Buildings	11,214,401	8,840,998	(2,373,403)	6,905,927	(4,308,474)
RIPTA: Pawtucket Bus Hub Passenger Facility	3,424,529	3,500,000	75,471	1,500,000	(1,924,529)
RIPTA: High-Capacity Transit Corridor Study	-	250,000	250,000	90,000	90,000
Total	\$156,140,990	\$163,433,058	\$7,292,068	\$104,513,741	(\$51,627,249)

Federal Discretionary Grants for Capital Projects (federal funds) \$46.0 million

The Governor recommends \$73.0 million in federal discretionary grants, representing an increase of \$46.0 million from the FY2025 Budget as Enacted. Discretionary grants are awarded to eligible applicants through a competitive selection process. In January of 2024, the State was awarded an \$81.0 million discretionary grant for to create a direct freeway connection between I-95 and RI-4 as well as to construct three ramps for RI-403 in order to expand access to Quonset Business Park (QBP). Additionally, the State was awarded a \$125.4 million MEGA grant and a \$95.6 million INFRA grant for the Washington Bridge Project in the Fall of 2024. The following table depicts fiscally significant federal discretionary grants awarded to the State in recent years.

Federal Grant	Project Using Grant	Award Total
MEGA Grant	Washington Bridge	\$125.4
INFRA Grant	Washington Bridge	95.6
FFY2024 INFRA	I-95 and Quonset	81.0
FFY2023 RAISE	Route 37	25.0
FFY2020 INFRA	Route 146	65.0
Total		\$392.0

\$ in millions. Totals may vary due to rounding

ARPA SFRF: Washington Bridge Project (federal funds) (\$35.0 million)

The Governor recommends the removal of \$35.0 million of State Fiscal Recovery Funds (SFRF) from the FY2026 Budget. The one-time funding remains in FY2025 and serves as a State match to collect federal funds for the Washington Bridge Project. The Pandemic Recovery Office indicated that the Washington Bridge project is an approved use of SFRF funding. STIP Revision 16, released January 7, 2025, includes \$29.2 million of this funding for the project, \$5.8 million below the FY2025 appropriation.

ARPA SFRF: RIPTA Operating Grant (federal funds) (\$15.0 million)

The Governor recommends the removal of \$15.0 million in SFRF from the FY2026 Budget. The FY2025 Budget as Enacted provided the funds to the Rhode Island Public Transit Authority (RIPTA) for assistance in resolving the projected deficit in the FY2025 operating budget. The operating grant addressed the Authority's short-term needs and assisted in balancing the Authority's FY2025 operating budget.

In addition to the operating grant, the FY2025 Enacted Budget directs RIPTA to conduct an efficiency review of their current practices and submit a report to the Governor, Speaker of the House of Representatives, and the President of the Senate. The review's objective is to increase RIPTA's overall efficiency by ensuring the Authority is using their provided resources effectively. The review should focus on cost-effectiveness and include data such as operating expenses, ridership figures, costs per rider, and other information across all serviced regions. Additionally, the review may explore other transit service delivery models and successful transit strategies in order to produce recommendations to foster effective and sustainable transit operations. The report originally had a January 1, 2025 deadline in the FY2025 Governor's Recommended Budget, but was extended to March 1, 2025 in the FY2025 Budget as Enacted.

RIPTA failed to meet both deadlines and informed the Governor, Speaker of the House, and the President of the Senate, that the RFP was not issued until February 11, 2025. The Authority's former CEO resigned in CY2024 and the Board of Directors conducted a nationwide search to find a replacement. The Board of Directors, which the Director of the Department of Transportation serves as the Chairman of, voted to suspend the procurement process for the efficiency study until the CEO search was being complete. The former CFO, Chris Durand, was selected and appointed in November of 2024. The Authority indicates that the Efficiency Study will commence on April 1, 2025 and provided the following timeline.

Deliverable	Days to Complete	Completion Date
Study Begins	-	April 1, 2025
1) Peer and Best Practices Review and Memorandum	30	May 1, 2025
2) Performance Assessment of Transit Operations	45	May 16, 2025
3) Assessment of the Transit Master Plan and Implementation Plan	75	June 15, 2025
4) Final Report	TBD	TBD

Toll Revenue (other funds) \$10.0 million

The Governor includes \$10.0 million in toll receipts in the FY2026 Budget, all of which represent an increase, as the tolling program has been paused since September of 2022. The Budget does not include

any legislation amending the tolling program. The Court ruling strikes down certain components of the law related to daily caps on tolls, but otherwise the law is legal and implementable.

The revenue represents approximately one quarter of a year of toll funding in the program. RIDOT needs to re-bid the operations contract for the toll gantries, and expects to have to make significant investments in the gantry hardware and software that has been unmaintained since the initial Court ruling that halted the program.

ARPA SFRF: Municipal Roads Grant Program (federal funds) (\$7.0 million)

The Governor recommends removing \$7.0 million of one-time American Rescue Plan Act (ARPA) State Fiscal Recovery Fund (SFRF) from the FY2026 Budget. The State provided \$7.0 million of SFRF funding in the FY2025 Budget as Enacted for the Municipal Roads Grant Program, representing a total State investment of \$27.0 million. As of March 2024, all 39 cities and towns in the State submitted applications and are participating in the program. The additional \$7.0 million will be distributed equally amongst municipalities providing the 67.0 percent match.

Originally funded with \$20.0 million of ARPA SFRF, The Municipal Roads Grant Program provides municipalities with SFRF, serving as a 33.0 percent match to fund road, bridge, and sidewalk projects on locally maintained, municipal roads. The cities and towns will provide the remaining 67.0 percent. The Department divided \$5.0 million of federal funds equally amongst all municipalities, with the remaining \$15.0 million appropriated to municipalities based on the non-federal land miles of roads they contain. The program requires all projects to be completed by the end of 2026. Additionally, the program includes accountability and transparency measures, such as a quarterly reporting requirement. Cities and towns utilizing the program will report on the progress of each project and its anticipated completion date, as well as the values of any contracts and the dates they were awarded. In a separate but related initiative, the Department is to establish a Municipal Roadway Database. The Municipal Roadway Database will be funded through gas tax revenue and updated annually by municipalities with information concerning the name, condition, length, roadway infrastructure, and pedestrian features of each municipal roadway. The Pandemic Recovery Office indicates that the \$20.0 million in federal funds were leveraged to create a total investment of \$74.0 million.

RhodeRestore (other funds) \$6.5 million

The Governor recommends \$6.5 million in gas tax revenue to fund the RhodeRestore initiative, which will provide financial support for municipal infrastructure projects. Similar in function to the Municipal Roads Grant Program, RhodeRestore requires municipalities to contribute 67.0 percent of the overall cost for a road, bridge, and sidewalk maintenance project, and the State will provide matching funds for the remaining 33.0 percent. While the funding provided in the Municipal Roads and Grant Program is SFRF, RhodeRestore is funded entirely with State revenue collected through the gas tax. The Department indicates that the Governor recommends this to be a recurring program.

Motor Fuel Tax Revenue Transfers (other funds) (\$443,493)

The Governor recommends \$64.7 million in motor fuel tax transfers, reflecting a net decrease of \$443,493 when compared to the FY2025 Budget as Enacted. The decline is due to a change in the per penny yield. The May 2024 projection by the ORA estimated the per penny yield to be \$4.3 million in FY2025, whereas the recent November 2024 projection assumes a per penny yield of \$4.2 million in FY2026. The following table illustrates the adjustment.

Motor Fuel Tax Transfers	FY2025 Enacted	FY2026 Governor	Change from Enacted
RIPTA	\$39,560,200	\$39,262,541	(\$297,659)
RITBA	14,957,880	14,856,097	(101,783)
GARVEE	8,547,360	8,489,198	(58,162)
Environmental Protection Fee (RIPTA)	2,108,189	2,122,300	14,111
Total	\$65,173,629	\$64,730,136	(\$443,493)

INFRASTRUCTURE-MAINTENANCE

The Infrastructure Maintenance program is comprised of multiple divisions that are responsible for keeping all state roads and bridges well-maintained and functional. In recent years, the Department has worked to bring tasks performed by the Infrastructure Maintenance program in-house rather than contracting services from outside vendors.

Infrastructure-Maintenance	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted	FY2026 Governor	Change from Enacted
Federal Funds	\$4.1	\$0.0	\$0.0	-	\$0.0	-
Other Funds	122.1	162.4	318.2	155.8	158.8	(3.6)
Total	\$126.1	\$162.4	\$318.2	\$155.8	\$158.8	(\$3.6)

\$ in millions. Totals may vary due to rounding

- The Highway and Bridge Maintenance Section includes Administration, Transportation Management Center, Automotive and Fleet Operations, Final Review, Engineering and Support and Field Operations.
- The Automotive section is responsible for the upkeep and repair of the program's fleet of heavy trucks and equipment.
- The Engineering and Support office is a multi-faceted section responsible for the resolution of drainage problems, inspection of work permits, coordination of requests for pavement projects, maintenance of guardrails, fences, and highway-related equipment along the state highway, highway illumination, and state-wide beautification projects.
- The Field Operations section, which is comprised of staff who operate from multiple field offices across the State, is responsible for sweeping, litter collection, and snow plowing, as well as bridge, pothole, and guardrail repairs.

Infrastructure-Maintenance	All Fund Changes
FY2025 Enacted	\$162,390,449
<i>Target and Other Adjustments</i>	<i>320,108</i>
Maintenance Shift to Capital (other funds)	(10,949,388)
Personnel: Salary and Benefit Adjustment (statewide) (other funds)	5,317,356
RI Highway Maintenance Account Expenditures (other funds)	(3,921,225)
Vehicle Maintenance (other funds)	3,699,277
Winter Maintenance (other funds)	1,983,134
RIPTA Program Updates	Informational
FY2026 Governor	\$158,839,711

Maintenance (other funds) (\$10.9 million)

The Governor recommends a \$10.9 million decrease in gas tax receipts for maintenance in FY2026, excluding personnel costs. The Department indicates they have shifted these expenses to the capital budget in order to better utilize the state match for federal funds.

RI Highway Maintenance Account Expenditures (\$3.9 million)

The Budget includes \$115.2 million in expenditures funded by the Rhode Island Highway Maintenance Account (RIHMA), representing a \$3.9 million decrease from the FY2025 enacted level. In adherence to RIGL 39-18.1-5, the Budget transfers \$10.6 million of RIHMA receipts to RIPTA, which includes a flat \$5.0 million transfer as well as the Authority’s 5.0 percent share of \$5.6 million. The following table summarizes the Department’s RIHMA projected expenditures and their changes between FY2025 and FY2026.

RIHMA Expenditures	FY2025 Enacted	FY2025 Governor	Change from Enacted	FY2026 Governor	Change from Enacted
Road And Bridge	\$84,575,541	\$238,314,953	\$153,739,412	\$81,344,393	(\$3,231,148)
State Match	12,800,000	12,800,000	-	12,800,000	-
Highway Drainage	6,000,000	6,000,000	-	5,521,606	(478,394)
RIPTA Transfer	10,343,900	10,300,850	(43,050)	10,643,598	299,698
Mixed Projects	5,350,804	4,586,774	(764,030)	4,839,423	(511,381)
Total	\$119,070,245	\$272,002,577	\$152,932,332	\$115,149,020	(\$3,921,225)

Vehicle Maintenance, Capital Purchase (other funds) \$3.7 million

The Governor recommends \$14.5 million of gas tax receipts, to fund vehicle maintenance in FY2026 excluding personnel costs, representing a \$3.7 million increase from the FY2025 enacted level. The adjustment is entirely capital purchases and equipment and includes increases of \$3.9 million for heavy equipment and \$134,290 for motor vehicles, offset by a \$300,723 decrease for furniture and equipment.

Winter Maintenance (other funds) \$2.0 million

The Governor recommends \$13.9 million of gas tax receipts to fund winter maintenance excluding personnel costs in FY2026, representing a \$2.0 million increase from the FY2025 enacted level. The adjustment includes increases of \$500,000 for the state fleet overhead and \$2.0 million for the road maintenance and repairs, offset by a \$516,866 reduction in snowplowing and sanding expenditures. The Department’s spent \$9.6 million in FY2023 and \$15.9 million in FY2024 for this expense and the Governor’s FY2026 recommendation is aligned with previous expenditures.

RIPTA Program Updates Informational

Low Income Pilot Program Update: At the RIPTA Board of Directors Meeting on December 19, 2024, the Board received a memorandum from the CEO, Christopher Durand, indicating that the low-income pilot program will be extended indefinitely. The memorandum notes, “In its current iteration, partner organizations are granted 50.0 percent discounts on fare products purchased on behalf of low-income individuals experiencing housing insecurity; this model has proven to be both sustainable and effective, based on RIPTA’s direct experience as well as that of peer agencies. Furthermore, it has been determined that a Title VI SAFE analysis is not required as a precursor to permanent implementation of this fare benefit program.”

Ride Anywhere Program Update: The Ride Anywhere pilot was scheduled to conclude on December 31, 2024 but was extended indefinitely. The Authority is currently working alongside the General Assembly and exploring the possibility of making this a lasting program.

To further expand upon the conclusions of the Paratransit Study, which was completed in January of 2023, the FY2024 Budget as Enacted directed RIPTA to operate a voucher pilot program. The pilot program,

titled RIdE Anywhere, soft launched on January 1, 2024, to study the feasibility and implementation of expanding the Authority's paratransit service to underserved communities throughout the State. Individuals enrolled in the RIdE program can request trips that go beyond the current service area and pay the same fare as a standard paratransit trip. The Authority will prioritize rides within the federally required $\frac{3}{4}$ of a mile service area. Individuals must request rides 24 hours in advance and the Authority will confirm their ability to accommodate. Following the pilot's conclusion, the Budget requires the Authority to deliver an evaluation report to the Speaker of the House and the President of the Senate by June 1, 2025.

Reduced Fare Bus Pass Program: RIPTA provides free and reduced fare rides to qualifying low-income seniors and people with disabilities through the Reduced Fare Bus Pass Program. RIPTA estimates that nearly 15,000 individuals have free-fare bus passes, 10,607 individuals with disabilities and 4,285 seniors. These pass holders take approximately 6.4 million trips annually. Passes issued through the program are good for two years and include a \$10 processing fee to renew. To qualify as a low-income senior, applicants must be over age 65 and provide proof of income through either an SSI award letter, a Medicaid eligibility notice letter, or a Supplemental Income Verification Notice. The applicant's total household income may not be more than 200.0 percent of the Federal Poverty Level, or \$42,300 for a family of two, as of 2025. To qualify as a disabled person, the applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center. RIPTA also offers half-fare boarding to seniors and people with disabilities, regardless of income, during off-peak hours. Participants must enroll in the program and will be issued a valid identification card. Participants are required to pay full fare during peak service hours (7:00 AM-9:00 AM and 3:00 PM-6:00 PM on weekdays). The program does not provide rides for individuals who meet the income threshold but are neither seniors nor disabled, however, however, they may qualify for the Low-Income program.

CAPITAL PROJECTS

The Department's Capital Budget is supported by a combination of both federal and state funds. State funds, such as revenue collected through vehicle registration fees, gas tax, and tolls, are pledged to projects in order to receive matched federal funds. Federal funds include GARVEE bonds, discretionary grants, and funding provided by the Federal Highway Administration. The Department notes that the out-year decline in vehicle registration fees is due to carry-forward funding being allocated across multiple years. The following table illustrates the funding sources for the Department of Transportation's Capital Plan.

Funding Source Name	Pre- FY2025	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Post- FY2030	Total Capital
ARPA-SFRF	\$0.0	\$35.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$35.0
Federal Highway Administration	2,327.6	658.1	843.9	790.1	538.8	435.0	342.5	0.0	5,936.1
Federal Highway Funds- Debt Service	312.2	67.0	68.9	68.9	68.9	68.9	68.9	0.0	723.9
Federal Transit Administration	31.9	7.2	9.5	9.4	11.1	12.8	16.8	0.0	98.7
GARVEE Bonds	82.0	163.2	92.0	2.8	0.0	0.0	0.0	0.0	340.0
Gas Tax	33.2	12.4	11.3	11.1	10.9	10.5	10.6	7.0	106.9
Land Sale Revenue	25.9	0.3	0.3	0.3	0.3	0.3	0.3	0.0	27.5
Other Funds	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
P.L. 2014, Ch. 145 - Issued	14.5	11.1	9.3	0.0	0.0	0.0	0.0	0.0	35.0
P.L. 2020, Ch. 80 - Issued	0.0	0.0	67.0	0.0	0.0	0.0	0.0	0.0	67.0
P.L. 2020, Ch. 80 - Unissued	0.0	0.0	4.7	0.0	0.0	0.0	0.0	0.0	4.7
RI Capital Plan Fund	425.0	157.1	100.5	26.7	27.9	27.1	27.1	37.6	828.8
Toll Revenue	0.0	0.0	10.0	40.0	40.0	40.0	40.0	40.0	210.0
Transportation Soft Match	0.5	0.5	0.2	0.3	0.3	0.3	0.3	0.0	2.3
Vehicle Registration Fees	122.1	48.4	98.8	135.1	78.6	62.7	62.7	29.0	637.4
Total	\$3,374.9	\$1,160.5	\$1,316.5	\$1,084.7	\$776.8	\$657.5	\$569.2	\$113.6	\$9,053.6

Source: OMB Governor's Recommended FY2026 Capital Budget Book

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

The Governor recommends \$100.5 million in RICAP funds for the Department in FY2026, reflecting a \$45.1 million decrease from the FY2025 Budget as Enacted. The adjustment largely reflects a \$45.5 million decrease for the Highway Improvement Program due to Budget replacing RICAP funds with federal grants awarded for Washington Bridge project. The following table illustrates the RICAP funding recommended for the Department’s capital projects.

RIDOT: RICAP Funded Projects	FY2025 Enacted	FY2025 Governor	Change from Enacted	FY2026 Governor	Change from Enacted
Highway Improvement Program	\$141.1	\$149.3	\$8.2	\$95.6	(\$45.5)
Maintenance Facility Improvements	0.5	0.6	0.1	0.9	0.4
Train Station Maintenance and Repairs	0.5	1.1	0.7	0.5	0.0
Bike Path Maintenance	0.4	0.4	-	0.4	-
Capital Equipment Replacement	1.8	3.8	2.0	1.8	-
Salt Storage Facilities	1.2	1.4	0.2	1.2	-
Welcome Center	0.2	0.5	0.3	0.2	-
Total	\$145.6	\$157.1	\$11.5	\$100.5	(\$45.1)

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

The Governor recommends \$8.5 million of RICAP funds to support RIPTA in FY2026, reflecting a \$6.1 million decrease from the FY2025 Enacted Budget’s transfer. The adjustment includes reductions of \$4.3 million for Land and Buildings, \$1.9 million for the Pawtucket Bus Hub Passenger, offset by a \$90,000 increase for the High-Capacity Transit Corridor Study. The Budget also includes funding for the Kingston Station Hub project, formerly titled the URI Mobility Hub. The following table illustrates the RICAP funding recommended for RIPTA’s capital projects.

RIPTA: RICAP Funded Projects	FY2025 Enacted	FY2025 Governor	Change from Enacted	FY2026 Governor	Change from Enacted
Land and Buildings	\$11.2	\$8.8	(\$2.4)	\$6.9	(\$4.3)
Pawtucket Bus Hub Passenger Facility	3.4	3.5	0.1	1.5	(1.9)
High-Capacity Transit Corridor Study	-	0.3	0.3	0.1	0.1
Kingston Station Hub	-	1.1	1.1	-	-
Total	\$14.6	\$13.7	(\$0.9)	\$8.5	(\$6.1)

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

Rhode Island Public Transit Authority

Revenues By Source	FY2024 Actual	FY2025 Approved	FY2025 Revised	Change from Approved		FY2026 Proposed	Change from Approved	
Federal Subsidies	\$29.2	\$35.3	\$41.0	\$5.7	16.1%	\$42.9	\$7.6	21.4%
Federal Subsidies- CARES Act	24.1	11.1	13.4	2.3	20.9%	0.0	(11.1)	-100.0%
State Subsidies	50.1	47.7	64.8	17.1	35.9%	49.5	1.8	3.7%
Other Revenue (1)	9.9	6.4	10.1	3.7	57.5%	10.1	3.7	57.5%
Passenger Fares	10.7	13.4	11.2	(2.2)	-16.3%	11.3	(2.0)	-15.1%
Third Party Fares (2)	11.8	11.8	12.4	0.6	5.5%	12.4	0.7	5.9%
Special Project Revenue	0.9	0.0	1.4	1.4	-	1.4	1.4	-
Total Revenues	\$136.6	\$125.6	\$154.3	\$28.7	22.9%	\$127.7	\$2.0	1.6%
Expenditures By Category								
Salaries & Fringe Benefits	\$107.7	\$105.0	\$108.9	\$4.0	3.8%	\$111.8	\$6.9	6.5%
Contract Services	6.8	7.1	13.5	6.4	89.5%	15.7	8.6	120.7%
Operating Expense	21.3	27.6	26.4	(1.2)	-4.4%	26.0	(1.6)	-5.9%
Utilities	2.0	2.2	1.9	(0.3)	-13.9%	2.0	(0.2)	-9.6%
Capital Match & Repayment	0.0	0.7	1.1	0.4	58.6%	1.1	0.4	62.5%
Debt Service	-	1.1	1.1	0.0	0.0%	1.1	(0.0)	-1.3%
Special Projects	0.0	0.0	1.4	1.4	-	1.4	1.4	-
Total Expenses	\$137.8	\$143.7	\$154.3	\$10.6	7.4%	\$159.2	\$15.5	10.8%
Operating Surplus /(Deficit)	(\$1.2)	(\$18.1)	\$0.0			(\$31.5)		

\$ in millions. Totals may vary due to rounding

(1) Other Revenue includes \$1.1 million from the Highway Maintenance Account (HMA) for debt service in FY2025 and FY2026.

(2) Third Party Fares includes \$3.9 million from the HMA and \$2.5 million of gas tax revenue from OHA.

The Budget reflects the RIPTA FY2025-FY2030 Financial Plan, which was approved by the RIPTA Board of Directors at the December 2024 meeting.

The Rhode Island Public Transit Authority (RIPTA) was established in 1964 and is currently governed by a nine (9) member Board of Directors. As defined under RIGL 39-18-3, RIPTA is responsible for:

- Providing public transit services to meet the mobility needs of the people of the State
- Increasing access to employment opportunities
- Connecting different modes of public transportation, including rail, air, and water services
- Promoting community design that features public transit services
- Facilitating energy conservation and efficient energy use through public transit services
- Mitigating traffic congestion and enhancing air quality

RIPTA operates and maintains two facilities in Providence and one in Newport.

RIPTA's FY2026 Budget, approved by the Board in December of 2024, includes the November 2024 estimate of the motor fuel tax and Rhode Island Highway Maintenance Account (RIHMA).

MAJOR ISSUES AND TRENDS

FY2025: The Rhode Island Public Transit Authority's FY2025 Revised Budget includes \$153.4 million in both revenues and expenditures, representing a balanced budget for the current fiscal year. Included in the revenue is a \$15.0 million deposit of American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) which was provided in the FY2025 Budget as Enacted to reduce the Authority's projected deficit.

FY2026: The Rhode Island Public Transit Authority's FY2026 Proposed Budget includes \$159.2 million of expenditures supported by \$126.6 million of revenue, representing a \$31.5 million deficit. The Authority indicates that there are numerous financial risks over the coming years such as volatile fuel, healthcare, and pensions costs as well as volatility in revenue. The Authority notes that they are working closely alongside the State to identify a funding source to resolve the deficit.

Analyst Note: As of March 20, 2025, the Authority has not presented the Senate Fiscal Office with any proposed plans or service cuts related to resolving the deficit.

COVID Funding: Since the start of the COVID-19 pandemic, the Authority received a total of \$143.7 million in federal emergency relief funds, including \$92.2 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act; \$769,136 from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; and, \$50.7 million from the American Rescue Plan (ARPA) Act, which includes the \$15.0 million provided by the General Assembly in FY2025. The Authority plans to expend the remaining \$28.4 million of federal emergency relief aid in FY2025.

Deficit: RIPTA has been heavily reliant on the depleting emergency relief funds and anticipates significant year-end shortfalls commencing in FY2026 with a \$31.5 million deficit, which grows to \$39.8 million in FY2027, \$45.6 million in FY2028, \$52.0 million in FY2029, and \$56.6 million in FY2030. The Authority has yet to identify a strategy to close these projected budget gaps and is discussing future options, which may include cutting service levels. The following table illustrates the Authority's year end deficits extending to FY2030.

Projected Year End Shortfall	
FY2025	\$0.0
FY2026	31.5
FY2027	39.8
FY2028	45.6
FY2029	52.0
FY2030	56.6

\$ in millions

Source: RIPTA FY2026 Budget

Efficiency Review: The FY2025 Budget as Enacted directs RIPTA to conduct an efficiency review of its transit operations and submit a report to the Governor, Speaker of the House of Representatives, and the President of the Senate. The review's objective is to increase RIPTA's overall efficiency by ensuring the Authority is using their provided resources effectively. The review should focus on cost-effectiveness and include data such as operating expenses, ridership figures, costs per rider, and other information across all serviced regions. Additionally, the review may explore other transit service delivery models and successful transit strategies in order to produce recommendations to foster effective and sustainable transit operations. The FY2025 Governor's Recommended Budget proposed the report to be delivered by January 1, 2025, but the Authority requested an extension and the General Assembly postponed the delivery date to March 1, 2025. RIPTA did not meet the March 1, 2025, deadline to deliver the Efficiency Review. The Authority indicates that they issued the RFP on February 11, 2025, are expecting final proposals by March 13, 2025. The following table illustrates the projected timeline for the efficiency study, assuming an April 1, 2025 start-date.

Deliverable	Days to Complete	Completion Date
Study Begins	-	April 1, 2025
1) Peer and Best Practices Review and Memorandum	30	May 1, 2025
2) Performance Assessment of Transit Operations	45	May 16, 2025
3) Assessment of the Transit Master Plan and Implementation Plan	75	June 15, 2025
4) Final Report	TBD	TBD

Analyst Note: This is the second report with a statutorily mandated delivery date that RIPTA has failed to meet. The Authority was required to deliver the R-Line Free Fare study on March 1, 2024, which was received on March 21, 2024.

New CEO and Changes: In April of 2024, RIPTA selected Mr. Christopher Durand as the Interim CEO, while the Authority conducted a nationwide search to fill the position permanently. The Authority’s Board chose Mr. Durand as CEO in November of 2024. Under the leadership of the new CEO, RIPTA has increased starting wages of drivers by \$4 per hour (from \$21.71 to \$25.33) and created a Commercial Driver’s License (CDL) training program both of which, have helped recruitment. RIPTA partnered with the Rhode Island institute for Labor Studies and Research to create a CDL training program that pays qualified applicants \$25.33 per hour to prepare for the CDL permit test in an instructor-led classroom. Following implementing the changes, the Authority has hired 44 new drivers.

STATE FUNDING

RIPTA is projected to receive \$56.3 million in FY2025 and \$55.4 million in FY2026 from its two State funding sources, which include receipts collected by the Rhode Island Highway Maintenance Account (RIHMA) and receipts collected through the purchase of motor fuel (gas tax). The RIHMA is projected to transfer \$10.3 million to the Authority in FY2025 and \$10.6 million in FY2026. Additionally, RIPTA is projected to receive \$46.0 million in FY2025 and \$44.7 million in FY2026 of motor fuel tax revenue.

Highway Maintenance Account	FY2025	FY2026
5% Share	\$5,300,850	\$5,643,598
\$5.0 Million Flat Transfer	5,000,000	5,000,000
Subtotal	\$10,300,850	\$10,643,598
Motor Fuel Revenue	FY2025	FY2026
Statutory Share	\$40,349,185	\$39,262,541
Healthy Aging Share	3,446,038	3,353,233
Environmental Fee Share	2,181,037	2,122,300
Subtotal	\$45,976,260	\$44,738,073
Total	\$56,277,110	\$55,381,671

Source: ORA November 2024 Estimate

Highway Maintenance Account

Projected Revenue: The November 2024 estimate from the Office of Revenue Analysis (ORA) indicates that the Authority will collect \$10.3 million in FY2025 and \$10.6 million in FY2026 from the Rhode Island Highway Maintenance Account (RIHMA). Pursuant to RIGL 39-18.1-5. the Authority receives an annual appropriation of \$5.0 million from the RIHMA, as well as 5.0 percent of available proceeds. The flat \$5.0 million appropriation supports the reduced fare program and debt service, which the Authority considers as third-party revenue and other funds respectively. In both FY2025 and FY2026, the budget directs \$3.9 million to the reduced fare program and the remaining \$1.1 million to service debt. The revenue collected by the 5.0 percent transfer is considered state subsidies by the Authority. The following table illustrates the

ORA's estimate for the Authority's share of RIHMA funding through FY2027. The estimate does not include potential revenue from the special electric vehicle registration fee that has been proposed in Article 5.

	FY2024	FY2025	FY2026	FY2027
Highway Maintenance Account	Audited	Projected	Projected	Projected
5% Share to RIPTA	\$5,309,399	\$5,300,850	\$5,643,598	\$5,713,349
\$5.0 Million Transfer to RIPTA	5,000,000	5,000,000	5,000,000	5,000,000
Total	\$10,309,399	\$10,300,850	\$10,643,598	\$10,713,349

Source: ORA November 2024 Projections

Background: The FY2015 Budget as Enacted included a provision that RIPTA would receive 5.0 percent of available proceeds from revenue deposited into the RIHMA beginning in FY2016. Article 4 of the FY2018 Enacted Budget provided RIPTA with \$5.0 million in Rhode Island Highway Maintenance Account (RIHMA) in both FY2018 and FY2019, to fund the free-fare program for low-income senior and disabled persons. The legislation required the creation of a Coordinating Council to develop recommendations for the sustainable funding of the program while maximizing the use of federal funds available to support the transportation needs of this population. Within a submitted report, the main recommendation for sustainable funding was to divert an additional penny of the gas tax to RIPTA for this program, which was not provided. Article 8 of the FY2020 Budget as Enacted extended the \$5.0 million in RIHMA funding to RIPTA indefinitely to fund the Reduced-Fare Program and debt service.

Motor Fuel Tax

Projected Revenue: The November 2024 estimate from the Office of Revenue Analysis (ORA) indicates RIPTA will receive \$46.0 million in FY2025 and \$44.7 million in FY2026 of motor fuel tax revenue. The gas tax is projected to increase from the current rate of 37.5 cents per gallon to 38.5 cents in FY2026 due to the CPI-U adjustment; however, all additional revenue will be directed to the Department of Transportation. The following table illustrates RIPTA's actual share of motor fuel tax revenue in FY2024 and projected revenue for FY2025-FY2027.

	Share	FY2024	FY2025	FY2026	FY2027
Motor Fuel Revenue	(per gallon)	Actual	Projected	Projected	Projected
Statutory Share	\$0.0925	\$40,228,873	\$40,349,185	\$39,262,541	\$38,092,564
Healthy Aging Share	0.0079	3,435,762	3,446,038	3,353,233	3,253,311
Environmental Fee Share	0.0050	2,041,100	2,181,037	2,122,300	2,059,058
Total	\$0.1054	\$45,705,735	\$45,976,260	\$44,738,073	\$43,404,932

Background: RIPTA's share of the motor vehicle fuel revenue totals \$0.1054 per gallon and is comprised of RIPTA's statutory portion of \$0.0925 per gallon and a \$0.0079 per gallon transfer from the Office of Healthy Aging (OHA). \$2.5 million of the OHA transfer directly supports the Reduced Fare program and is budgeted as Third-Party Fares, with the remainder serving as operating funds. RIPTA also receives \$0.005 or 50.0 percent of the \$0.01 per gallon Environmental Protection Fee.

Beginning in FY2016, the tax rate is adjusted biennially on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest 1.0 cent increment. The Department of Revenue's Office of Revenue Analysis (ORA) is responsible for both estimating the gas tax yield as well as determining the impact of the CPI-U. In FY2020, ORA assumed inflation would change significantly enough to warrant a 1.0 cent increase, raising the gas tax rate from 33.5 cents to 34.5 cents per gallon. Furthermore, ORA determined a 3.0 cent increase to the gas tax was warranted at the start of FY2024, based upon inflation and the increasing CPI-U. The gas tax was therefore raised from 34.5 cents to 37.5 cents. Pursuant to RIGL 31-36-20, the additional gas tax revenue is directed to the Department of Transportation (RIDOT).

Fare Changes

No fare changes are proposed for FY2025 or FY2026. In 2015, RIPTA conducted a comprehensive study of the fare products offered to customers, as well as the rates charged. The goals of the fare study were to simplify fare products; improve the reliability of fare media; introduce needed products; make boarding a bus fast, convenient, and reliable; implement new fare technologies; and, maximize revenue and ridership. RIPTA’s Board adopted a new fare structure in December 2016 that eliminated the 15-ride pass and RIPTIKs (packages of 10 one-way tickets including free transfers that did not expire), created a 10-ride pass, increased the price of a 7-day pass and bus transfers, and recommended charging seniors and people with disabilities \$0.50 per trip.

While other changes were implemented, the charge to seniors and people with disabilities caused concern among advocacy groups and was never executed. Since FY2017, the General Assembly has included additional funds to continue the reduced fare program.

In September 2020, RIPTA launched the WAVE program, a smart fare collection system. The WAVE program operates on an earn-as-you-go model. The system tracks rider's trips allowing them to pay for individual rides or days while never exceeding the price of a day pass or month pass. Once a user spends the equivalent to a day or month pass they are not charged for any additional rides that day or month.

The WAVE program is fully implemented allowing RIPTA to move away from paper products. As of January 2022, RIPTA is no longer accepting paper fare products and bus drivers will not make change for cash payments. Passengers must pay via the WAVE smart card or app, exact change, photo ID pass, or a U-Pass ID. The Authority stopped accepting the paper monthly passes as of June 2022. The following table illustrates current fares.

RIPTA Fares	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Cash Fare	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Wave Full Fare	2.00	2.00	2.00	2.00	2.00	2.00
Wave Day Pass	6.00	6.00	6.00	6.00	6.00	6.00
Wave Monthly Pass	70.00	70.00	70.00	70.00	70.00	70.00
Senior/Disabled Off-Peak*	1.00	1.00	1.00	1.00	1.00	1.00
Ride/Paratransit Trip	4.00	4.00	4.00	4.00	4.00	4.00

* \$10 is the cost to renew pass, must be done biennially.

Analyst Note: RIPTA has not increased the base fare of \$2.00 for buses and trolleys since FY2011. The Bureau of Labor Statistics CPI Inflation Calculator indicates that \$2.00 in January of 2011 equates to \$2.88 of purchasing power in January of 2025, a 44.0 percent increase.

Reduced Fare Bus Pass Program

RIPTA provides free and reduced fare bus rides to qualifying low-income seniors and people with disabilities through the Reduced Fare Bus Pass Program. Passes issued through the program are good for two years and require a \$10 processing fee to renew. To qualify as a low-income senior, applicants must be over age 65 and provide proof of income through either an SSI award letter, a Medicaid eligibility notice letter, or a Supplemental Income Verification Notice. The applicant’s total household income may not be more than 200.0 percent of the Federal Poverty Level, or \$42,300 for a family of two, as of 2025. To qualify as a disabled person, the applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center. The program does not currently provide rides for individuals who meet the income threshold but are neither seniors nor disabled, however, those individuals may qualify for the Low-Income program.

RIPTA also offers half-fare (currently \$1) boarding to seniors and people with disabilities, regardless of income, during off-peak hours. Participants must enroll in the program and will be issued a valid

identification card. Participants are required to pay full fare during peak service hours (7 am-9 am and 3 pm-6 pm on weekdays).

Reduced Fare Bus Pass Program Background: The Reduced Fare program, also titled the Free Fare program, was originally scheduled to begin in July 2016. Previously, eligible low-income seniors and disabled individuals had their rides fully subsidized under RIPTA's Reduced Fare program; however, the program contributed significantly to RIPTA's operating deficits. The Reduced Fare model was expected to help alleviate the deficit. Due to outcry from local advocacy groups, transitioning from the Free Fare program to the Reduced Fare model was effectively delayed for seven months when the General Assembly appropriated \$900,000 to RIPTA for the program in the FY2017 Budget as Enacted. Article 4 of the FY2018 Budget as Enacted, provided the Rhode Island Public Transit Authority (RIPTA) with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019: \$3.4 million to fund the free-fare program for low-income senior and disabled persons, and the remaining \$1.6 million for debt service payments that were shifted back to the Authority. Article 8 of the FY2020 Budget extended the \$5.0 million in HMA funding to RIPTA indefinitely.

Low-Income Pilot Program

Program Update: At the RIPTA Board of Directors Meeting on December 19, 2024, the Board received a memorandum from the CEO, Christopher Durand, indicating that the low-income pilot program will be extended indefinitely. The memorandum notes, "In its current iteration, partner organizations are granted 50.0 percent discounts on fare products purchased on behalf of low-income individuals experiencing housing insecurity; this model has proven to be both sustainable and effective, based on RIPTA's direct experience as well as that of peer agencies. Furthermore, it has been determined that a Title VI SAFE analysis is not required as a precursor to permanent implementation of this fare benefit program."

Program Background: At the October 2022 RIPTA Board of Directors Meeting, the Board authorized a pilot program that distributed 600 bus passes to organizations who assist unhoused and low-income communities, as well as to individuals directly. The pilot's population were individuals whose income qualifies for the current free-fare program, but are not elderly or disabled. Distribution of the bus passes granted RIPTA the ability to study the total number of trips taken and the routes most frequently ridden. The bus passes were distributed to over 12 community agencies and intended to be valid for a six-month period. Upon the pilot's conclusion, RIPTA is to deliver a report to the Board of Directors. As of August 2023, the pilot program has expanded and RIPTA has issued 775 bus passes, 175 more than originally allotted. The preliminary data from March 2023 through July indicates RIPTA has provided 91,012 total trips and forgone \$182,024 in fare revenue (calculated at \$2.00 per trip). Additionally, RIPTA noted that the number of individuals who regularly use their use their passes have declined, but, of the individuals using their passes, average use per pass increased.

At the October 2023 RIPTA Board of Directors Meeting, the Board received a report from RIPTA concerning the results of the low-income pilot program and a recommendation to create a Phase 2 Pilot program. As of September 30, 2023, the pilot had provided 128,347 rides and forgone approximately \$257,000 in total revenue, or \$40,000 per month. Additionally, RIPTA recommended extending the pilot program for an additional six months while also providing clear guidance to partner organizations and individuals enrolled.

During the first half of Phase Two, November 2023 – January 2024, partner organizations were trained to manage accounts on the Authority's Wave portal. During the second half of Phase 2, February 2024 – April 2024, RIPTA continued to cover the cost of fare products but the partner organizations will manage the participant passes directly. The Board approved the recommendation and authorized the Pilot's extension.

At the May 23, 2024, RIPTA Board of Directors Meeting, the Board received a report from the RIPTA Administration concerning the results of the Phase Two Low Income Pilot program and authorized a third low income pilot program, per the Authority's recommendation. Phase Two concluded on April 30, 2024,

and provided free transportation to 174 individuals throughout seven different partner organizations. Mathewson Street Church partnered with 82 riders, representing the largest population, consisting of 85.0 percent of all pilot trips during the month of April. The third low income pilot program built on RIPTA’s prior research and provided a population highly-dependent on public transportation, access to basic necessities. Supported with \$150,000 of previously allocated funds, the pilot provided select partner organizations with a 50.0 percent subsidy on fare products for individuals experiencing housing insecurity and/or homelessness. The third pilot commenced on July 1, 2024, and was scheduled to conclude on December 31, 2024, until it was extended indefinitely.

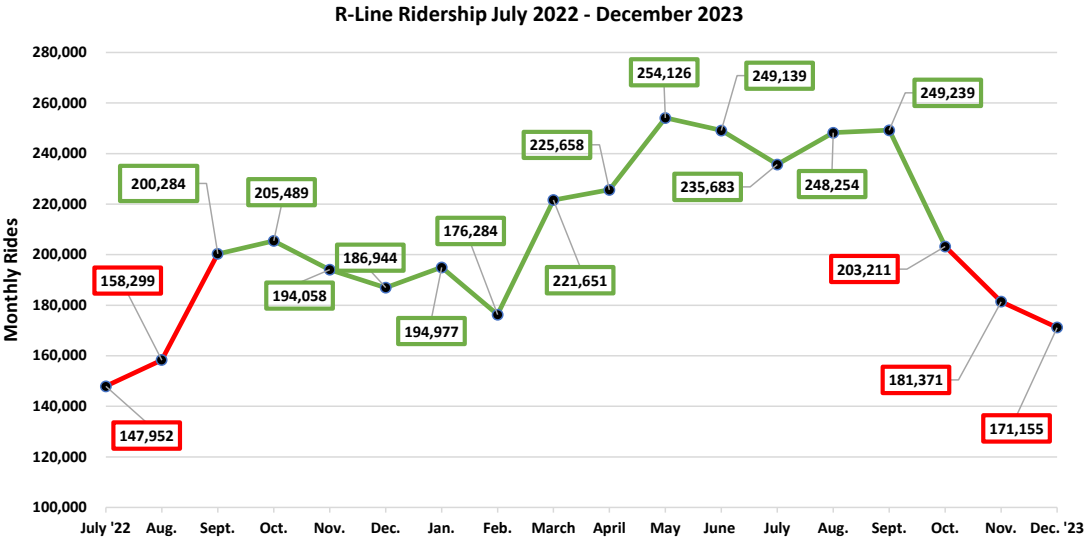
R-Line Free-Fare Pilot Program

In the 2022 session, the General Assembly enacted a pilot program to offer free fares on the R-Line, RIPTA’s most frequent and highest-ridership route, which connects Providence and Pawtucket. The program began on September 1, 2022, and concluded on October 1, 2023.

The program was originally funded with \$2.5 million of ARPA SFRF funds in FY2023 and intended to be a one-year pilot. The funding was provided to replace lost fare revenue, purchase automatic passenger counters, perform a required Federal Transit Administration Title VI Analysis, and prepare an evaluation report to the General Assembly. The pilot program presented a unique opportunity to study the benefits and potential drawbacks of a fare-free transit service in Rhode Island. RIPTA analyzed a variety of factors, including ridership impacts on the R-Line, other RIPTA routes, and paratransit service; service reliability; financial impacts to RIPTA and transit riders; and environmental impacts.

The Authority indicated that the program increased ridership but also led to a reduction in the Authority’s Third-Party fare revenue. Third-Party fares are provided by colleges and other institutions on behalf of their students or employees. RIPTA indicated that institutions have expended less than the Authority originally anticipated, resulting in a decline in revenue. Therefore, the FY2024 Budget appropriated an additional \$750,000 for the initiative, reflecting a total of \$3.3 million in SFRF for the pilot. Additionally, RIPTA announced a one-month extension to the pilot in August of 2023, which concluded on October 1, 2023. The Authority submitted a report concerning the pilot’s ridership data to the Speaker of the House, President of the Senate, and the Governor by March 1, 2024. The report was received 21 days late on March 21, 2024.

The following graph illustrates the R-Line ridership data from July 2022 through December 2023. The variance between July of 2022 and June of 2023 represents a 68.4 percent increase.



Note: A green border indicates the month offered fare-free service.

Transportation Coordinating Council

Pursuant to Article 4 of the FY2018 Enacted Budget, RIPTA established a coordinating council to develop recommendations for the sustainable funding of the Free Fare Bus Pass Program while maximizing the use of federal funds available to support the transportation needs of the State's elderly and disabled populations. The Council was due to report its recommendations to the Governor, Speaker of the House, and Senate President by November 1, 2018; however, RIPTA did not present its findings until December 31, 2018.

The Council consisted of members from multiple State agencies including RIPTA; the Department of Human Services; the Executive Office of Human Services; the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals; the Office of Veteran's Affairs; and, the Division of Elderly Affairs. The Council broke into two "working groups", the Communications Working Group and the Bus Pass Program Funding Working Group. Although the legislation was passed in June 2017 the Council did not begin meeting until January 2018. The entire Council met a total of six times from January through December of 2018.

RIPTA estimated that the total funding gap within the Free-Fare Program was about \$4.4 million in FY2020. Within the submitted report the main recommendation for sustainable funding was to divert an additional penny of the gas tax, or an equal amount of funding from another source, to RIPTA.

The No-Fare Bus Pass Coalition, an advocacy group that was also a member of the Council, made the following recommendations:

- A dedicated stream of state lottery or gambling revenues, such as a scratch ticket to promote public transit or earmarking a percentage of anticipated gaming revenues for RIPTA.
- Establishing a tax on ride-sharing companies, such as Uber and Lyft, with funds collected allocated to RIPTA.
- Establishing a tax on parking lots, or increasing the cost of parking, and allocating additional funds collected to RIPTA.

Although the Council was aware of these recommendations, there was no follow-up with relative Departments such as the Lottery or the Department of Revenue. The Reduced Fare Program continues to be funded through the \$5.0 million appropriation to RIPTA from the HMA.

Paratransit

Paratransit Study: The Authority expended \$75,000 of gas tax revenue to conduct a study of their current operations and paratransit bus services, which resulted in the design of a statewide program that addresses the transportation needs of seniors and individuals with disabilities. The Authority currently offers the RIdE program, which is a paratransit service for individuals whose disabilities prevent either the independent use of the fixed route system or travel to and from bus stops. The study specifically focused on the needs of elderly and disabled individuals who use the fixed route system but do not live within three-quarters of a mile from a fixed route, as required by ADA paratransit services.

The study began in June 2022 and the completed analysis was delivered to the General Assembly in January 2023. The analysis detailed two options for statewide paratransit service, both a base and extended service, and concluded that operating costs would range from \$5.4 million for the base service to \$6.4 million for the extended service. Additionally, the study estimated that startup and capital costs range from \$3.9 million for the base service to \$4.2 million for the extended service.

RIdE Anywhere Paratransit Pilot: To further expand upon the Paratransit Study's conclusions, the FY2024 Budget as Enacted directed RIPTA to operate a voucher pilot program. The pilot program, titled RIdE Anywhere, soft launched on January 1, 2024 to study the feasibility and implementation of expanding the Authority's paratransit service to underserved communities throughout the State. The pilot is limited by RIPTA's resources as the Authority was not provided additional funds. Individuals enrolled in the RIdE

program can begin requesting trips that go beyond the current service area and pay the same \$4 fare as a standard paratransit trip. The Authority will prioritize rides within the federally required $\frac{3}{4}$ of a mile service area. Individuals must request rides 24 hours in advance and the Authority will confirm their ability to accommodate. This may change, as the Authority is pursuing a contract with an outside vendor. Following the pilot's conclusion, the Budget requires the Authority to deliver an evaluation report to the General Assembly by June 1, 2025.

At the Special Board of Directors Meeting on January 30, 2024, the Authority recommended the Board approve a contract with Uber to administer the pilot, but the motion was defeated with a 4-4 vote. RIPTA received submissions from two companies, Uber and MJM Innovations. The evaluation committee determined that MJM Innovations did not meet the qualifications and recommended the Board approve a contract with Uber. The Board discussion cited several concerns about the Uber contract such as the availability of service in rural areas, safety concerns, privatization of public labor, and the cost. Following the motion's defeat, the Authority will continue to their soft launch while pursuing a contract with an outside vendor.

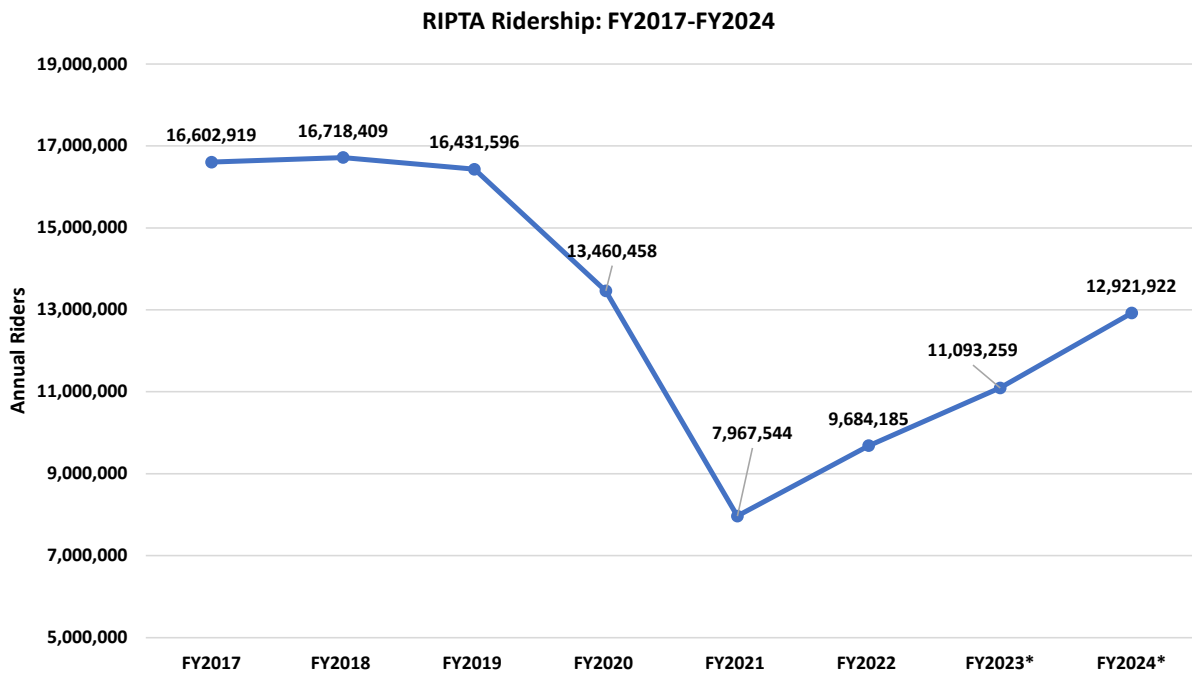
Ridership

RIPTA offers four types of transit services: fixed route, flex service, the RIder Program, and vanpool services. Fixed route service consists primarily of regular bus service on established routes. Flex service provides van transportation within a limited geographic area. The RIder program provides transportation to eligible senior citizens and individuals with disabilities. Vanpool services, which started in FY2018, allow a group of commuters to lease a shared vehicle through Enterprise and use the vehicle daily while commuting to work. The vanpool program is mainly used by Electric Boat in Quonset Business Park; however, RIPTA hopes to expand this program into other areas of the State.

RIPTA's ridership has steadily increased in the years following the pandemic and the 8.0 million passenger trips provided in FY2021. Throughout FY2022, RIPTA recorded 9.7 million passenger trips, reflecting a 20.3 percent increase from the previous year. In FY2023, RIPTA recorded 11.1 million passenger trips, representing a 14.1 percent increase from the previous year and 38.6 percent increase from FY2021. Preliminary data indicates that the Authority provided 12.9 million rides in FY2024, reflecting a 16.5 percent increase from the previous year and a 62.2 percent increase from FY2021. Ridership has yet to return to pre-pandemic levels as annual ridership in FY2024 is 21.4 percent below FY2019's 16.4 million trips. The following table and graph illustrate the Authority's total ridership for FY2017 through FY2024, as well as partial data concerning the first half of FY2025.

RIPTA Ridership	
FY2017	16,602,919
FY2018	16,718,409
FY2019	16,431,596
FY2020	13,460,458
FY2021	7,967,544
FY2022	9,684,185
FY2023	11,093,259
FY2024	12,921,922
FY2025 *	7,500,000

* FY2025 ridership data through January 2025

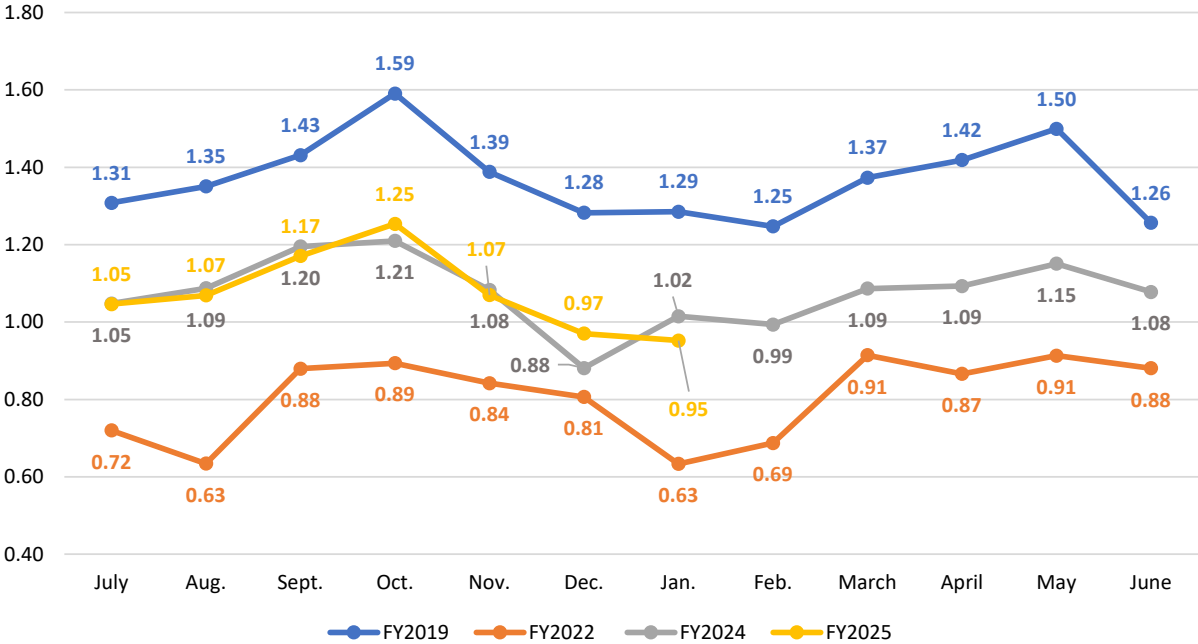


*FY2023 and FY2024 data is preliminary and not audited

Source: RIPTA

The following graph compares ridership data from FY2019, the fiscal year before the pandemic identified in blue, to FY2022 and FY2024, represented in grey and red respectively. The gold line reflects the FY2025 data through January. While ridership has yet to return to pre-pandemic levels, the passengers who previously rode RIPTA have returned and the figures are trending in a positive direction.

RIPTA Systemwide Ridership



Source: RIPTA Board Meeting Packets.
Figures represent nonaudited riders in millions.

TRANSIT MASTER PLAN

RIPTA released a Transit Master Plan (TMP) titled Transit Forward, that was adopted by the State Planning Council on December 10, 2020. The Transit Master Plan identifies five key indicatives to transform transit in RI:

- Improve Existing Services
- Expand Service to New Areas
- Develop High Capacity Transit
- Improve Access to Transit
- Make Service Easier to Use

Each initiative includes several projects designed to accomplish the goal, some of which are already included in the Authority’s capital plan. The Authority indicates that full implementation of the Transit Master Plan will increase the Authority’s operating cost to an annual average of \$217.0 million in addition to increased annual capital costs of \$104.0 million - \$160.0 million. The Transit Master Plan includes the following transportation services: light rail, bus rapid transit (BRT), rapid bus, regional rapid bus, commuter rail, local routes, flex services, and paratransit.

Downtown Transit Center: The Governor recommends \$20.5 million in both FY2025 and FY2026 for the creation of a Downtown Transit Center, an intermodal facility in Providence that will allow all passengers to transfer routes in a streamlined location. The Authority was provided the \$22.0 million balance of the 2014 Transit Bond, of which, \$1.5 million has been spent on the project prior to FY2025. The Dorrance Street Transit Center, the project’s original title, was initially planned to be located on the blocks bounded by Dorrance Street, Friendship Street, Clifford Street, and Dyer Street, to provide a single location for bus service. RIPTA has since abandoned this site and a new location has yet to be determined. Additionally,

the Transit Center is expected to be a mixed-use development area with the expansion of nearby retail and housing locations. An RFP was issued on January 17, 2023, and the project will be a Public Private Partnership (P3).

At the August 23, 2023, Board of Directors Meeting, RIPTA reported receiving one response from the RFP and the Authority's Evaluation Team scored the proposal from Next Wave Partners, a 95 out of 100. Next Wave Partners is a consortium comprised of Gilbane Development Company, Plenary Americas, Marsella Development, Gilbane Building Company, CUBE 3, and Jacobs. The Board accepted the bid at the August 2023 Board of Directors Meeting.

At the Special Board of Directors Meeting on January 30, 2024, RIPTA approved the Preliminary Services Agreement for the Joint Business Development Project, funded by the \$21.4 million balance of the 2014 Transit Bond. The preliminary services include: site assessment and acquisition, public engagement, progressive design, construction, financing, operation, and maintenance of the Transit Center Joint Development. The contract identifies six tasks that Next Wave Partners will complete in 651 days, or approximately one year and nine months, for a projected cost of \$16.9 million. The contract also includes fees for additional services, if necessary. The Authority entered into the contract on February 16, 2024, and it is projected to be completed on November 28, 2025. The following table illustrates the projected costs and completion dates for each task as well as the project overall.

Task	Duration of Task (days)	Projected Cost	Projected Completion Date
Task 1: Kick-Off/ Visioning	72	\$1,415,433	4/28/2024
Task 2: Due Dilligence & Conceptual Options Package	105	2,028,476	8/11/2024
Task 3: Basis of Design Report (BODR) Submittal	104	2,155,837	11/23/2024
Task 4: 30% Design Package Submittal	126	3,418,748	3/29/2025
Task 5: 60% Design Package Submittal	116	4,276,291	7/23/2025
Task 6: Definitive Submittal	128	3,579,589	11/28/2025
Total	651	\$16,874,374	11/28/2025

At the July 25, 2024, Board of Directors Meeting, RIPTA indicated that the project is on schedule and currently completing Task 2. Workshop meetings for Communications, Site Analysis, Design/Build, Commercial & Financial, and Operations & Management working groups are continuing as are biweekly project meetings with Next Wave managers. Additionally, RIPTA is conducting a second round of stakeholder meetings to address concerns that were raised at the initial meetings.

As of March 6, 2025, The Authority indicates that they are currently working on Task 2, which was expected to be complete on August 11, 2024. The Authority notes that they are performing additional diligence on proposed locations, which have involved discussions with the Board during Executive Sessions.

Metro Connector Study: The Governor recommends \$1.7 million in all funds, \$340,000 of which are RICAP funds, to fund the Providence High-Capacity Transit Corridor Study, also titled the Metro Connector Study. In the Spring of 2024, the Authority launched the Metro Connector Study, which explores the options for light-rail and bus rapid transit to connect downtown Providence and other areas with high activity to low-income neighborhoods in the state. The Authority indicates that "The purpose of the study is to consider options for providing fast, frequent, and reliable transit that connects regional activity centers, residential neighborhoods, business districts, and major transportation hubs across metropolitan Providence." RIPTA directing the study and working closely with the Department of Transportation and the Department of Administration's Division of Statewide Planning, with leadership and input from the municipalities of Cumberland, Central Falls, Pawtucket, Providence, and Cranston. The study is expected to be completed and presented by the end of Summer 2025. The Authority indicates that the study has no impact on their operating budget and is funded entirely with state and federal funds.

CAPITAL PROJECTS

The Governor recommends \$95.6 million in FY2025 and \$83.6 million in FY2026 for RIPTA's capital expenditures. The majority of the Authority's capital funding is provided by the Federal Transit Administration, which provides \$71.3 million in FY2025 and \$66.1 million in FY2026, representing 74.5 percent and 79.1 percent of capital spending. The following table illustrates the Authority's capital funding sources. The balance on the 2014 Transit Bond (P.L. 2014, Ch. 145- Issued) also appears in the Department of Transportation's budget, resulting in the inclusion of the "Offset to Avoid Double Counting Line" below.

RIPTA Capital Funding Sources

Funding Source Name	Pre-								Total	Grand Total
	FY2025	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Post FY2030	FY2025- FY2030	
Agency Funds	\$4.5	-	-	-	-	-	-	-	-	\$4.5
Federal Highway Administration	-	3.3	1.7	-	-	-	-	-	5.0	5.0
Federal Stimulus Funding	21.8	-	-	-	-	-	-	-	-	21.8
Federal Transit Administration	204.9	71.3	66.1	61.6	49.5	38.1	40.7	11.0	327.3	543.2
Offset to Avoid Double Counting	(1.5)	(11.1)	(9.3)	-	-	-	-	-	(20.5)	(22.0)
Paratransit Revolving Fund	3.7	1.7	0.9	0.7	0.8	0.8	0.9	-	5.7	9.4
P.L. 2014, Ch. 145 - Issued	1.5	11.1	9.3	-	-	-	-	-	20.5	22.0
RI Capital Plan Fund	3.3	13.7	8.5	4.5	3.2	3.2	0.8	-	33.9	37.1
RIPTA Capital Funds	0.5	-	-	-	-	-	-	-	-	0.5
RIPTA Operating Funds	10.1	0.8	6.4	6.9	6.4	5.9	6.5	-	33.0	43.1
State Fleet Replacement Fund	4.2	-	-	-	-	-	-	-	-	4.2
Vehicle Registration Fees	7.6	4.8	-	-	-	-	-	-	4.8	12.5
Total:	\$260.6	\$95.6	\$83.6	\$73.8	\$59.8	\$48.0	\$48.9	\$11.0	409.7	\$681.3

\$ in millions, totals may vary due to rounding

Source: OMB FY2026 Capital Budget Book

The Authority is working on several capital projects, such as replacing both the fixed-route and paratransit buses, repairing the College Hill Bus Tunnel, and various land and buildings enhancements. The following table illustrates the funding for select capital projects being performed by RIPTA.

Capital Project	Pre-								Total	Grand Total
	FY2025	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Post- FY2030	FY2025 - FY2030	
Bus Purchases	\$151.8	\$29.1	\$31.9	\$34.7	\$32.1	\$29.5	\$32.6	-	\$190.1	\$341.9
College Hill Bus Tunnel	7.6	14.8	-	-	-	-	-	-	14.8	22.5
Kingston Station Mobility Hub	-	2.3	3.4	-	-	-	-	-	5.7	5.7
Land and Buildings Enhancements	82.8	36.2	42.0	35.4	23.8	14.4	12.1	11.0	163.9	257.7
Paratransit Vehicles	18.3	8.3	4.4	3.7	3.9	4.1	4.3	-	28.6	46.9
Pawtucket Bus Hub Passenger Facility	-	3.5	1.5	-	-	-	-	-	5.0	5.0
Metro Connector Study	-	1.2	0.5	-	-	-	-	-	1.7	1.7
Total	\$260.6	\$95.6	\$83.6	\$73.8	\$59.8	\$48.0	\$48.9	\$11.0	\$409.7	\$681.3

\$ in millions, totals may vary due to rounding

Source: OMB FY2026 Capital Budget Book

Bus Purchases: The Governor recommends \$190.1 million in all funds from FY2025 through FY2030, including \$29.1 million in FY2025 and \$31.9 million in FY2026, for the financing and purchasing of fixed-route buses. In FY2025, the State will provide \$4.8 million of revenue received from vehicle registration fees, as a match for \$24.3 million of funding from the Federal Transit Administration (FTA). For FY2026 and future years, the Governor recommends the Authority use operating funds as a match to collect federal funds, allocating \$6.4 million for this purpose in FY2026. The Authority received 29 diesel buses in FY2024 and are not expecting any in FY2025. RIPTA is currently writing specifications for a bid to purchase new buses which will include options for diesel, hybrid, and electric. Depending on the bid's success, the Authority may potentially purchase 25 or more buses in FY2026.

FTA guidelines recommend that fixed route vehicles are replaced at the end of their 12-year useful life. The Authority often uses buses past their 12-year recommended lifespan due to funding constraints. RIPTA indicates the possibility of a 2 to 1 replacement plan moving forward, where upon retirement, each diesel bus will be replaced with 2 electric buses. The Authority currently has seventeen electric buses, three manufactured by Proterra electric buses and fourteen manufactured by New Flyer. The New Flyer buses are servicing the R-Line and are charged throughout the day at the in-line charging facility located at 350 Montgomery Avenue in Cranston. The charging facility is the first of its kind in the Northeast Region.

College Hill Tunnel: The Governor recommends \$14.8 million in FY2025 and no future funding for the College Hill Tunnel project. The \$14.8 million encompasses \$14.0 million in federal funds from the FTA and \$818,000 in RIPTA operating funds as the state match. The Authority commenced construction in the Spring of 2024 and completed the project in the Fall of 2024.

The East Side Tunnel, also known as the College Hill Tunnel, required passenger amenity improvements, structural repairs, and safety improvements. The College Hill tunnel is designated as a “fixed guideway”. This designation increases the amount of funding that the State receives from the Federal Transit Administration. If repairs were not made to the tunnel, the Authority may have had to discontinue its use. This would not only have had a severe impact on the Authority’s Section 5307 funds but would also have increased RIPTA’s operating costs, as routes would have to be reconfigured. At the July 2024 Board of Directors Meeting, the Board authorized an additional \$7.5 million, or 47.5 percent of the original project cost, for the East Side Tunnel project. The Authority determined that shotcrete, the material used inside the tunnel, had concealed extensive cracks and water damage that were not included in the project’s original scope.

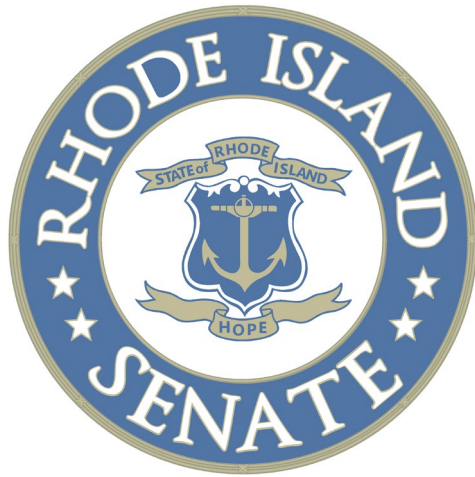
Land and Buildings Enhancement: The Governor recommends \$163.9 million in all funds from FY2025 through FY2030, including \$29.1 million in FY2025 and \$31.9 million in FY2026, for the Land and Buildings Enhancement project. The Land and Buildings Enhancement project allows the Authority’s to maintain and improve their assets as well secure federal discretionary grants to support the Transit Master Plan. The project is supported by federal funds through the Federal Highway Administration and FTA, as well as the State, by the Authority’s capital and operating funds as well as the RICAP fund.

Paratransit Vehicles: The Governor recommends \$28.6 million in all funds from FY2025 through FY2030, including \$8.3 million in FY2025 and \$4.4 million in FY2026, for the financing and purchasing of paratransit vehicles. The Authority maintains a fleet of about 100 vehicles for the paratransit program, also known as RIdE. Federal Transit Administration (FTA) guidelines recommend that Paratransit vehicles be retired at the end of their 5-year useful life. Despite uncertainties within the paratransit program, the age of the Paratransit fleet requires the continued replacement of vehicles. The Authority indicates that they did not receive any new paratransit vans in FY2024, placed an order for 50 vans in FY2025, and plan to order an additional 25 in FY2026. As of March 2025, RIPTA has received 7 of the 50 vans and have not placed the order for the additional 25.

Paratransit vehicles are funded via a fee charged for all trips provided through the paratransit program. The proceeds from this fee are put into the Paratransit Revolving Loan Fund, an internal RIPTA mechanism that funds the match for paratransit vehicles. Proceeds from this fee have fallen as the trip volume under the program has reduced. RIPTA continues to review this funding mechanism to determine the long-term impact on paratransit fleet replacement. The FTA pays 80.0 percent of each vehicle replacement cost and RIPTA pays a 20.0 percent local match from its revolving loan fund. For FY2025, the \$8.3 million total encompasses \$6.7 million from the FTA and \$1.7 million from the revolving fund. In FY2026, the \$4.4 million total includes \$3.5 million from the FTA and \$875,000 from the revolving fund.

Pawtucket Bus Hub Passenger Facility: The Governor recommends \$5.0 million in all funds for the construction of the RIPTA Bus Hub Passenger Facility located at the MBTA Pawtucket/Central Falls Train Station. The recommendation is entirely RICAP funds and includes \$3.5 million in FY2025 and \$1.5 million in FY2026. RIPTA currently operates a bus hub at the train station but it lacks passenger amenities

such as restrooms, a ticket/pass sale kiosk, and covered waiting area. This project will address those concerns as well as providing an enhanced level of security.

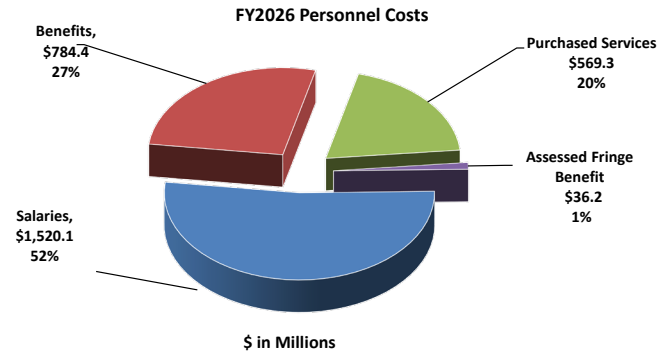


SPECIAL REPORTS

Personnel

The FY2026 Budget includes an adjusted total of \$2,909.9 million (unadjusted is \$2,809.8 million) for personnel expenditures, an increase of \$86.6 million compared to the FY2025 Budget as Enacted, and \$11.6 million more as compared to the Governor’s FY2025 Revised Budget recommendation. Salaries and benefits total \$2,304.4 million and comprise 79.2 percent of FY2026 personnel expenditures (56.3 percent of the salaries and benefits costs are supported by general revenue).

The Governor’s FY2025 Revised Budget includes an adjusted total of \$2,898.3 million (unadjusted \$2,806.1 million) for personnel expenditures, an increase of \$75.0 million compared to the FY2025 Budget as Enacted. Salaries and benefits total \$2,203.5 million and comprise 78.5 percent of FY2025 revised personnel expenditures (56.2 percent of the salaries and benefits costs are supported by general revenue).



The Office of Management and Budget continues with a presentational change on how Medicaid revenue is reorganized for better tracking Medicaid expenses in the Eleanor Slater Hospital (ESH) and Rhode Island Community Living and Supports (RICLAS) programs at the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals. This change requires an “adjusted” personnel budget to make fair comparisons between fiscal years.

The following narrative and tables illustrate the adjusted personnel expenses in both FY2025 Revised and FY2026 Budgets.

PERSONNEL EXPENDITURE TRENDS

Expenditures for salaries in FY2026 total \$1,520.1 million, comprising 52.2 percent of total personnel costs, an increase of \$97.0 million (6.8 percent) from the FY2025 Budget as Enacted. Total adjusted benefit costs, excluding assessed fringe benefits costs, amount to \$784.4 million and comprise 27.0 percent of total personnel costs. Benefits increase \$49.8 million, 6.8 percent, from the FY2025 Budget as Enacted. Purchased services costs are \$569.3 million, 19.6 percent, of the total personnel costs. Purchased services decrease by \$50.8 million, 8.2 percent, from the FY2025 Budget as Enacted.

Expenses by Description	FY2023	% of	FY2024	% of	FY2025	% of	FY2025	% of	FY2026	% of
	Actual	Total	Actual	% of Total	Enacted	% of Total	Governor	% of Total	Governor	% of Total
Salaries	\$1,274.0	52.9%	\$1,343.2	52.4%	\$1,423.0	50.4%	\$1,464.2	50.5%	\$1,520.1	52.2%
Benefits	616.2	25.6%	635.3	24.8%	734.5	26.0%	739.2	25.5%	784.4	27.0%
Purchased Services	486.5	20.2%	552.6	21.5%	620.0	22.0%	659.1	22.7%	569.3	19.6%
Assessed Fringe Benefits	33.4	1.4%	34.3	1.3%	45.7	1.6%	35.7	1.2%	36.2	1.2%
Total	\$2,410.1	100.0%	\$2,565.5	100.0%	\$2,823.3	100.0%	\$2,898.3	100.0%	\$2,909.9	100.0%

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

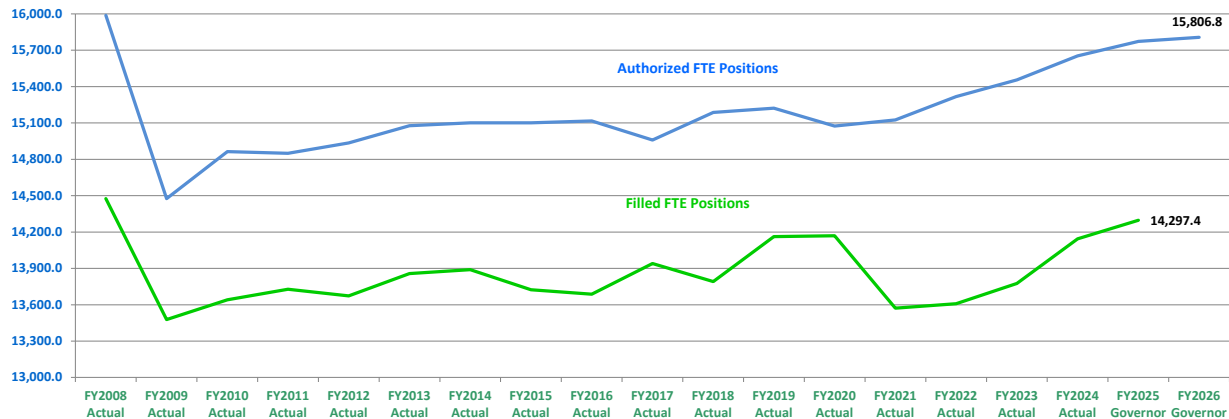
Expenses by Function	FY2023	FY2024	FY2025	FY2025	FY2026	% of Pers.	FY2026	General
	Actual	Actual	Enacted	Governor	Governor	Budget	Revenue	Revenue % of FY2026 Budget
General Government	\$290.5	\$306.2	\$367.9	\$368.0	\$391.0	13.4%	\$228.6	58.5%
Human Services	665.5	729.5	801.7	844.8	805.4	27.7%	397.9	49.4%
Education	729.4	782.7	831.8	832.6	852.2	29.3%	251.3	29.5%
Natural Resources	69.6	72.7	82.5	88.2	90.0	3.1%	46.9	52.1%
Public Safety	514.9	525.8	557.8	580.5	581.4	20.0%	520.7	89.6%
Transportation	140.1	148.5	181.6	184.2	189.9	6.5%	-	-
Total	\$2,410.1	\$2,565.5	\$2,823.3	\$2,898.3	\$2,909.9	100.0%	\$1,445.4	

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

FTE POSITIONS

The FY2025 Budget as Enacted authorizes 15,772.8 FTE positions. At the start of the fiscal year, 14,145.2 FTE positions (89.7 percent of the enacted authorized amount) were filled, leaving 1,627.6 FTE positions vacant, a rate of 10.3 percent. As of January 25, 2025, the State has a net increase of 152.2 filled FTE positions. Over the past decade, the vacancy rate has averaged 9.0 percent, or 1,373.6 FTE positions.

The Governor recommends 15,806.8 FTE positions in FY2026, 34.0 FTE positions more than the previous fiscal year.



The following table illustrates the number of FTE positions by government function.

Government Function	FY2025 Enacted	FY2025 Governor	Change to Enacted	FY2026 Governor	% of Total	Change to Enacted
General Government	2,570.3	2,570.3	-	2,584.3	16.3%	14.0
Human Services	3,848.5	3,848.5	-	3,859.5	24.4%	11.0
Education	4,269.8	4,269.8	-	4,273.8	27.0%	4.0
Public Safety	3,338.4	3,338.4	-	3,343.4	21.2%	5.0
Natural Resources	471.0	471.0	-	471.0	3.0%	-
Transportation	755.0	755.0	-	755.0	4.8%	-
Subtotal	15,253.0	15,253.0	-	15,287.0	96.7%	34.0
Sponsored Research	519.8	519.8	-	519.8	3.3%	-
Total FTE Positions	15,772.8	15,772.8	-	15,806.8	100.0%	34.0

FY2025: The FY2025 Revised Budget maintains 15,772.8 FTE positions. No net change from the FY2025 Budget as Enacted. The Budget includes:

- **A decrease of 16.0 FTE positions in the Department of Administration:** The FY2025 Revised Budget decreases 16.0 FTE positions from the authorized level in the FY2025 Budget as Enacted. The decrease reflects the shift of 16.0 FTE positions from the Department to the proposed stand-alone Office of Energy Resources.
- **An increase of 16.0 FTE positions in the Office of Energy Resources:** The Budget shifts 16.0 FTE positions from the Department of Administration to the proposed stand-alone Office of Energy Resources.

FY2026: The FY2026 Budget proposes 15,806.8 FTE positions, a net increase of 34.0 FTE positions from the FY2025 Budget as Enacted. The following are changes in the Governor’s proposal:

- **An increase of 28.0 FTE positions in the Rhode Island Cannabis Control Commission:** The Budget includes an increase of 28.0 FTE positions within the Rhode Island Cannabis Control Commission, reflecting the FY2026 recommendation to establish the Commission as a standalone agency. The Budget shifts 26.0 FTE positions from the Department of Business Regulation’s Office of Cannabis

Regulation to the Rhode Island Cannabis Control Commission, and includes an additional 2.0 FTE positions.

- **A decrease of 26.0 FTE positions in the Department of Business Regulation:** The Budget includes a decrease of 26.0 FTE positions within the Department of Business Regulation reflecting the transition of the Rhode Island Cannabis Control Commission into its own standalone agency.
- **An increase of 20.0 FTE positions in the Office of Energy Resources:** The Budget reflects the shift of 16.0 FTE positions from the Department of Administration to the proposed stand-alone Office of Energy Resources that occurred as part of the FY2025 Revised Budget and the addition of 4.0 FTE positions including: a Programming Services Officer position will be responsible for SFA program reporting requirements, including compliance with the Build America Buy America Act and Davis Bacon; a new Legal Counsel position for the agency; for a new Programming Services Officer to manage the Home Efficiency Rebate (HER) Program; and, a new Programming Services Officer to administer the State Facilities Benchmarking and Performance Standards Program.
- **A decrease of 14.0 FTE positions in the Department of Administration:** The FY2026 Budget includes a net decrease of 14.0 FTE positions to the Department, including the shift of 16.0 FTE positions to the stand-alone Office of Energy Resources, a transfer of 2.0 FTE positions to BHDDH, an increase of 2.0 FTE positions to staff the Office of Internal Audit and Program Integrity, and, an increase of 2.0 FTE positions to staff the Integrated Data Systems initiative.
- **An increase of 10.0 FTE positions in the Executive Office of Health and Human Services:** The increase includes 4.0 new FTE positions to evaluate and implement cost containment strategies in the Medicaid pharmacy program; 4.0 new FTE positions to enhance program integrity and compliance functions for Medicaid by proactively training providers to prevent fraud, waste, and abuse in the Medicaid program; and, 2.0 new FTE positions to create an integrated data system that is less reliant on contract employees.
- **An increase of 5.0 FTE positions in the Department of Revenue:** The Budget includes 5.0 new FTE positions within the Division of Taxation to assist with the implementation of several revenue initiatives proposed in Article 5 of the Governor's FY2026 Budget, including new digital advertising and whole-home short-term rental taxes. The positions include 2.0 Taxpayer Service Specialist FTEs, 1.0 Tax Aide I FTE, 1.0 Tax Aide II FTE, and 1.0 Tax Auditor I FTE.
- **An increase of 4.0 FTE positions in the Judiciary:** The increase includes 1.0 new Court Interpreter I position, 1.0 new Deputy Clerk, 1.0 new Deputy Clerk position in the Traffic Tribunal, and 1.0 new Administrative Clerk of Office Services position in the Workers' Compensation Court.
- **An increase of 2.0 FTE positions in the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals:** The Budget transfers 2.0 FTEs related to group home maintenance from the Department of Administration to the Services for the Developmentally Disabled program within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.
- **An increase of 2.0 FTE positions at Davies Career and Technical Center:** The Budget provides 2.0 new FTE positions needed to meet the new graduation requirements passed by the Board of Education in November 2022 that begin with the graduating class of 2028
- **An increase of 2.0 position in Public Higher Education:** The Budget includes an increase of 2.0 FTE positions within the Office of the Postsecondary Commissioner to support the Rhode Island Integrated Data Systems, which combines the Rhode Island Longitudinal Data System and the Executive Office of Health and Human Services Ecosystem. These positions include 1.0 Senior Data Engineer, and 1.0 Research Associate.

- **A decrease of 1.0 FTE position in the Department of Children, Youth, and Families:** The Budget shifts 1.0 Early Childhood System Coordinator out of the Department of Children, Youth, and Families to the Department of Human Services to facilitate interagency coordination.
- **An increase of 1.0 position in the Office of the General Treasurer:** The Budget includes an increase of 1.0 FTE within the Office of the General Treasurer for a new Cybersecurity Manager in Treasury. Treasury requested the Cybersecurity Manager to ensure the safekeeping of the personal identifiable information of state employees, ESRI participants, Unclaimed Property Data and Crime Victim Compensation Program details.
- **An increase of 1.0 position in the Department of Public Safety:** The Budget adds a 1.0 increase to the FTE authorization for the Department of Public Safety in FY2026. The recommendation includes \$89,972 of general revenue to support the salary and benefits of 1.0 FTE Capitol Police Screener position. The funding is allocated to internal service funds.

STATE EMPLOYEE CONTRACT AGREEMENT

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

Effective Date	Percentage Increase
30-Jun-02	4.5%
27-Jun-04	1.5%
25-Jun-05	2.5%*
26-Jun-05	4.0%
25-Jun-06	3.0%
24-Jun-07	3.0%
21-Jun-09	2.5%
2-Jan-11	3.0%
19-Jun-11	3.0%
6-Apr-14	2.0%
5-Oct-14	2.0%
4-Oct-15	2.0%
1-Jan-18	2.0%**
1-Jan-19	2.5%
1-Jul-19	2.0%
1-Jan-20	1.0%
1-Jul-20	2.5%***
2-Jul-21	2.5%***
1-Jul-22	2.5%
1-Jul-23	2.5%
1-Jul-24	5.0%
1-Jul-25	4.0%
1-Jul-26	3.0%

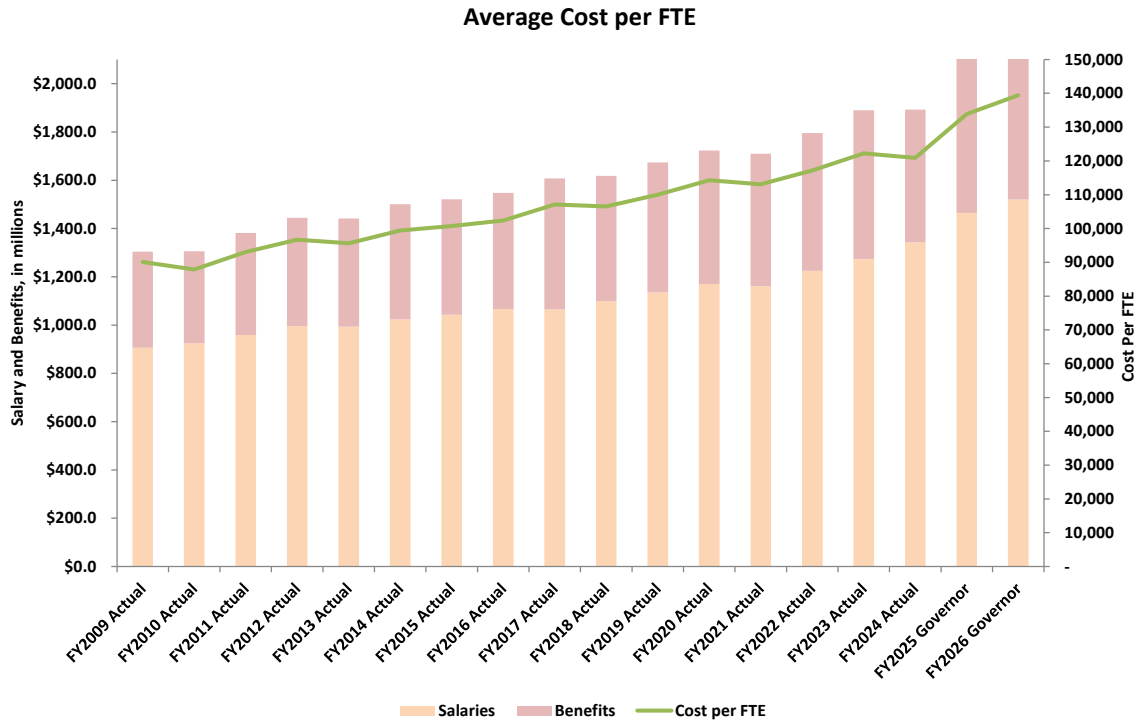
*Not compounded on 1.5%
 ** Retroactive payment to January 1, 2018
 *** Retroactive payments paid April 1 and April 29, 2022

In addition, the 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. The COLA Reserve is based on the negotiated statewide cost-of-living adjustments.

Other adjustments to personnel expenses include turnover reductions and employee health benefit rate changes, as well as other benefit increases in assessed fringe benefit FICA, Medicare, and retirement, that reflect wage changes.

AVERAGE COST PER FTE

The projected average cost per FTE position is \$139,454 in FY2026, reflecting an increase of 4.2 percent over the FY2025 Revised Budget. Statewide, total salary costs increased annually on average by 3.1 percent and benefit costs increased 3.5 percent since 2009.



TURNOVER

The FY2026 Budget lists turnover as a natural account under the personnel category. This practice started with Governor’s recommendation for the FY2020 Budget. As illustrated in the table, the FY2025 Budget as Enacted contained \$71.8 million in turnover savings, of which, \$56.3 million or 78.4 percent consisted of general revenue funds. The FY2025 Revised Budget increases total turnover to \$80.0 million, reflecting increased savings of \$8.2 million in the revised budget. For FY2026, the Budget recommends turnover savings of \$82.7 million, of which \$66.1 million, or 80.0 percent, reflects general revenue.

Turnover by Funding Source

Funding Source	FY2025 Enacted	FY2025 Governor	Change	FY2026 Governor	Change
Federal Funds	(\$7,565,348)	(\$7,417,579)	\$147,769	(\$9,345,871)	(\$1,780,523)
General Revenue	(56,312,440)	(63,480,673)	(7,168,233)	(66,124,930)	(9,812,490)
Other Funds	(7,209,548)	(7,830,637)	(621,089)	(6,199,388)	1,010,160
Restricted Receipts	(697,922)	(1,277,084)	(579,162)	(1,036,866)	(338,944)
Total	(\$71,785,258)	(\$80,005,973)	(\$8,220,715)	(\$82,707,055)	(\$10,921,797)

In FY2026, turnover is stated in 38 agency budgets, seven more than the previous fiscal year. The following table illustrates the top agencies with all fund turnover savings exceeding \$1.0 million.

Turnover by Agency	FY2025				FY2026		
	Governor FTEs	FY2025 Enacted	FY2025 Governor	FY2025 Change	Governor FTEs	FY2026 Governor	Change
BHDDH	1,221.4	(\$17,816,421)	(\$19,699,000)	(\$1,882,579)	1,223.4	(\$20,162,039)	(\$2,345,618)
Department of Corrections	1,461.0	(9,482,021)	(14,748,913)	(5,266,892)	1,461.0	(15,061,886)	(5,579,865)
Department of Human Services	1,079.0	(6,234,938)	(8,000,245)	(1,765,307)	1,079.0	(8,271,096)	(2,036,158)
Community College of Rhode Island	760.1	(6,528,425)	(6,899,461)	(371,036)	760.1	(6,870,702)	(342,277)
Department of Revenue	599.5	(5,053,266)	(5,282,523)	(229,257)	604.5	(5,379,507)	(326,241)
Department of Children, Youth, and Families	714.5	(3,870,905)	(3,238,376)	632,529	713.5	(3,317,857)	553,048
Executive Office of Health and Human Services	233.0	(2,538,769)	(2,803,315)	(264,546)	243.0	(3,126,927)	(588,158)
Department of Labor and Training	461.7	(2,653,526)	(3,274,452)	(620,926)	461.7	(3,109,224)	(455,698)
Department of Administration	667.6	(1,268,441)	(838,904)	429,537	669.6	(2,611,673)	(1,343,232)
Department of Health	572.6	(1,331,987)	(1,361,436)	(29,449)	572.6	(2,112,188)	(780,201)
Judiciary	745.3	(1,822,424)	(1,729,201)	93,223	749.3	(1,976,468)	(154,044)
Department of Transportation	755.0	(2,118,698)	(2,900,978)	(782,280)	755.0	(1,882,370)	236,328
Office of Attorney General	264.1	(1,248,916)	(1,446,975)	(198,059)	264.1	(1,668,513)	(419,597)
Elementary and Secondary Education	340.1	(1,875,784)	(1,432,823)	442,961	342.1	(1,441,964)	433,820
Department of Public Safety	633.0	(1,382,491)	(1,616,298)	(233,807)	634.0	(1,262,650)	119,841
All Other Agencies	4,745.1	(6,558,246)	(4,733,073)	1,825,173	4,754.1	(4,451,991)	2,106,255
Total	15,253.0	(\$71,785,258)	(\$80,005,973)	(\$8,220,715)	15,287.0	(\$82,707,055)	(\$10,921,797)

FTE Total excludes third-party sponsored research employees in Higher Education

PURCHASED SERVICES

Purchased services expenditures provide for contractors (non-state employees) who deliver special expertise to the State or where the work is temporary or project-specific. There are 10 categories of purchased services: 8 of the 10 categories: Management and Consultant Services, Information Technology, Training and Educational Services, Design and Engineering, Other Contracts, Medical Services, University and College Services, and Clerical and Temporary Services, comprise 95.8 percent of the total FY2026 purchased service expenditure recommendation in the Budget.

Purchased Services	FY2025		FY2026		
	Enacted	Governor	Change	Governor	Change
Management & Consultant Services	\$181,284,726	\$191,234,192	\$9,949,466	\$161,296,542	(\$19,988,184)
Information Technology	123,245,601	118,047,367	(5,198,234)	99,132,476	(24,113,125)
Training and Educational Services	100,399,675	98,699,554	(1,700,121)	88,268,236	(12,131,439)
Design and Engineering Services	76,784,620	80,629,763	3,845,143	79,431,474	2,646,854
Other Contracts	37,310,332	52,308,995	14,998,663	38,415,104	1,104,772
Medical Services	27,663,519	31,509,577	3,846,058	29,627,848	1,964,329
University and College Services	24,273,066	30,272,239	5,999,173	25,999,859	1,726,793
Clerical and Temporary Services	24,353,742	31,720,867	7,367,125	23,103,175	(1,250,567)
Buildings and Ground Maintenance	13,514,880	12,854,394	(660,486)	12,958,038	(556,842)
Legal Services	11,212,791	11,850,063	637,272	11,047,351	(165,440)
Total	\$620,042,952	\$659,127,011	\$39,084,059	\$569,280,103	(\$50,762,849)

The FY2026 Budget includes \$569.3 million for purchased service expenses, of which \$287.3 million is federal funds (50.5 percent), \$128.2 million (22.5 percent) is general revenue, \$103.3 million (18.1 percent) is restricted receipts, and \$50.5 million (8.9 percent) is other funds. The FY2026 Budget reflects a decrease of \$50.8 million from the FY2025 Budget as Enacted and a decrease of \$89.8 million from the proposed FY2025 Revised Budget.

Eleven state departments account for \$501.9 million (88.2 percent) of the appropriation for purchased services, of which three departments have significant changes; Executive Office of Health and Human Services with a decrease of \$23.5 million, Department of Human Services with a decrease of \$17.0 million, and Elementary and Secondary Education with a decrease of \$13.7 million.

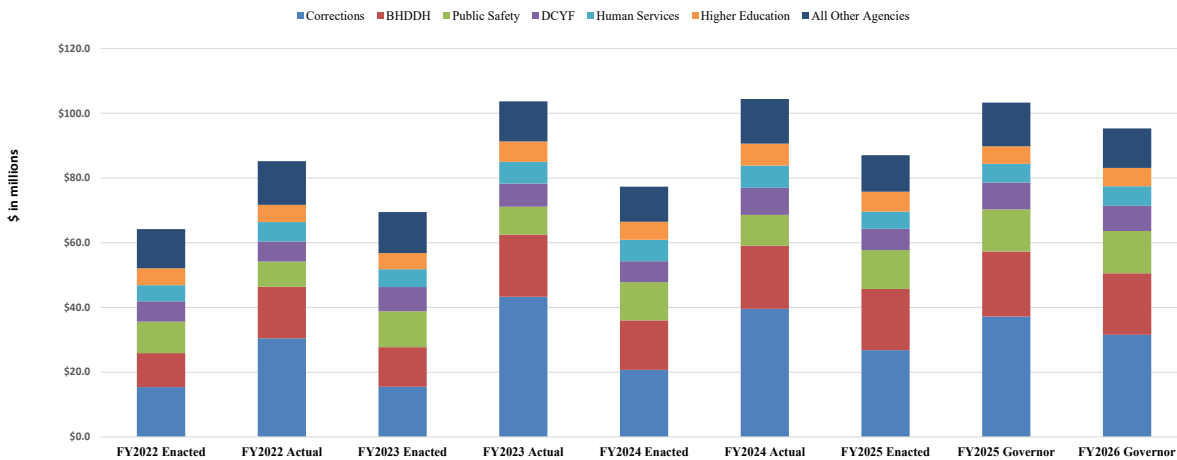
Purchased Services	FY2025 Enacted	FY2025 Governor	FY2026 Governor	Change
EOHHS	\$219,989,536	\$215,190,462	\$196,505,478	(\$23,484,058)
Elementary and Secondary Education	86,928,478	81,306,037	73,216,144	(13,712,334)
Department of Transportation	70,732,699	73,352,751	71,547,071	814,372
University of Rhode Island	30,380,328	31,916,591	31,718,918	1,338,590
Department of Human Services	45,448,267	52,973,347	28,406,095	(17,042,172)
Department of Health	30,245,574	43,416,767	24,301,836	(5,943,738)
Department of Corrections	18,354,969	19,129,145	18,775,887	420,918
Department of Environmental Management	13,748,385	17,270,365	15,951,925	2,203,540
Department of Administration	18,394,380	17,295,463	15,058,574	(3,335,806)
Department of Revenue	11,675,089	12,072,625	13,463,275	1,788,186
BHDDH	11,462,541	13,282,542	12,934,159	1,471,618
Department of Children, Youth, and Families	8,442,280	10,973,740	9,033,632	591,352
Department of Labor and Training	8,978,104	9,135,399	8,813,634	(164,470)
Office of the General Treasurer	5,134,752	5,313,252	6,543,252	1,408,500
All Other Agencies	40,127,570	56,498,525	43,010,223	2,882,653
Total	\$620,042,952	\$659,127,011	\$569,280,103	(\$50,762,849)

OVERTIME

The overtime costs in the FY2026 Budget are projected to total \$95.3 million, \$8.3 million more than the FY2025 Budget as Enacted and \$8.0 million less than proposed in the FY2025 Revised Budget.

General revenue supports 73.2 percent of overtime expenses in FY2026 and comprises 75.3 percent of the expenses in the FY2025 Revised Budget. 33.1 percent of the total FY2026 projected overtime expenditures for the State occur with the Department of Corrections. As shown in the following chart, actual overtime expenses often exceed budgeted amounts.

Overtime Costs



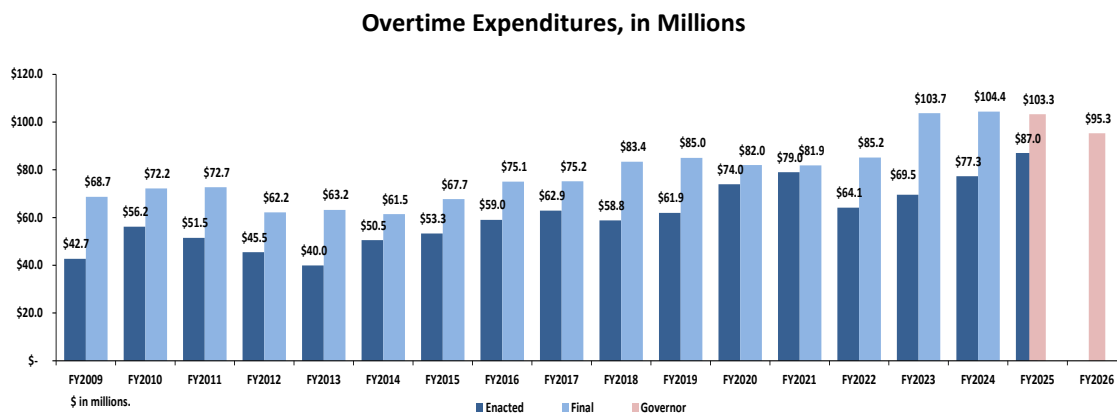
Overtime costs often result from staffing shortages, due to either high turnover rates or insufficient FTE authorizations in the enacted budget. Where there are state or federally mandated minimum staffing levels (such as at Eleanor Slater Hospital in BHDDH), or caseload-driven personnel requirements (such as inmate population levels at the Department of Corrections) agencies must use overtime or contract personnel to provide adequate coverage.

- Department of Corrections:** The FY2026 Governor’s Recommended Budget includes \$31.5 million of general revenue to support overtime expenditures for the Department, reflecting a net increase of \$4.7 million from the FY2025 enacted level. The Custody and Security program realizes the largest variance, increasing by \$3.8 million when compared to the FY2025 Enacted Budget. The increase reflects the Department’s staffing shortage within both the custody ranks and medical staff, as well as ongoing

recruitment challenges. Additionally, the Department notes that their personnel is aging and it takes a significant amount of time to bring new correctional officers onboard. There are 187 correctional officers that are immediately eligible to retire with another 30 eligible over the next few years.

- **BHDDH:** The FY2026 Budget includes \$19.0 million in all funds (\$18.9 million of general revenue), reflecting an increase of \$121,127. This is a direct reflection of the Agency request and represents their estimate for what overtime will actually be, driven primarily by hiring challenges at Eleanor Slater Hospital leading to a higher need for overtime by current staff to cover vacancies. Although the value is quite high, the agency cut expenses elsewhere in the budget to fund the high level so the value was considered acceptable.
- **Department of Public Safety:** The FY2026 Governor’s Recommended Budget includes \$13.1 million in all funds (\$6.8 million of general revenue) to support overtime expenditures in the Department, reflecting a net increase of \$1.0 million in all funds (\$247,625 general revenue decrease) from the FY2025 enacted level. Contractual overtime, which is provided to detectives, specialty unit members and adjudication members regardless of the hours worked, increased by \$146,298 when compared to the enacted level. Standard overtime increased by \$891,366 most notably within the State Police program, which has been experiencing recruitment concerns.
- **DCYF:** The FY2025 Enacted level of \$6.6 million in overtime was budgeted significantly low as compared to historical expenditures. The FY2026 value of \$7.8 million is an increase as compared to that enacted level, but actually reflects an anticipated decrease as compared to historical actuals (\$8.4 million in FY2024) and the FY2025 Governor’s Revised total (\$8.3 million). Essentially, the \$7.8 million value reflects both a correction to bring anticipated overtime levels more in line with historical actuals as well as an anticipated reduction in overtime due to an increase in hiring across the Department.

The following chart illustrates the variances between the enacted and actual expenditures for overtime costs. From FY2012 to FY2024 the State has annually spent on average \$18.0 million more than budgeted on overtime expenses.



STATE EMPLOYEE HEALTH INSURANCE RATES

The State has three different medical plan coverage levels for state employees (Anchor, Anchor Plus, and Anchor Choice) as well as three different dental plans and two vision plans. The table below shows average costs per FTE position for the various insurance benefits.

Health Insurance Rates Annual Employer Cost per Employee

Individual	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	2021*	2022*	2023*	FY2024*	FY2025	FY2026
											Governor**	Governor**
Medical	\$7,525	\$7,358	\$7,601	\$8,363	\$8,432	\$7,503	\$7,576	\$8,163	\$8,658	\$9,491	\$9,378	\$9,863
Dental	405	393	405	373	369	384	425	466	457	468	415	423
Vision	60	57	79	57	57	57	62	81	76	78	66	67
Total	\$7,990	\$7,808	\$8,085	\$8,793	\$8,858	\$7,944	\$8,063	\$8,710	\$9,191	\$10,037	\$9,859	\$10,353
Family												
Medical	\$21,093	\$20,626	\$21,307	\$23,445	\$23,637	\$21,035	\$21,182	\$22,885	\$24,274	\$26,607	\$24,307	\$26,636
Dental	1,132	1,100	1,133	963	955	994	1,101	1,208	1,184	1,213	1,075	1,095
Vision	165	157	162	157	157	158	173	223	209	217	186	186
Total	\$22,390	\$21,883	\$22,602	\$24,565	\$24,749	\$22,187	\$22,456	\$24,316	\$25,667	\$28,037	\$25,568	\$27,917

Source: 2015 - 2020 State Budget Office & 2021 - 2024 Office of Employee Benefits

*Average of the 3 Anchor Plans

** State Budget Office

State Employee Health Plan Costs

The FY2026 proposed total employer expenditure for state employee health plan costs is \$256.8 million, of which, \$143.5 million is general revenue. This is \$10.5 million more than the FY2025 Budget as Enacted, and \$15.3 million more than proposed in the FY2025 Revised Budget.

Health Plan	State Employee Health Plan Total Costs										
	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Enacted	FY2025 Governor	FY2026 Governor	FY26 to FY25 Change
Medical	\$170.1	\$164.9	\$158.9	\$162.9	\$165.1	\$188.7	\$194.1	\$235.2	\$231.0	\$246.2	\$11.0
Dental	7.9	8.0	8.5	8.9	8.5	8.1	8.1	9.6	9.0	9.2	(0.5)
Vision	1.3	1.3	1.3	1.3	1.6	1.2	1.2	1.5	1.5	1.5	(0.0)
Total	\$179.3	\$174.1	\$168.7	\$173.1	\$175.2	\$198.0	\$203.4	\$246.4	\$241.5	\$256.8	\$10.5

\$ in millions

Health Plan	State Employee Health Plan Total Costs										
	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Enacted	FY2025 Governor	FY2026 Governor	FY26 to FY25 Change
Medical	\$170.1	\$164.9	\$158.9	\$162.9	\$165.1	\$188.7	\$194.1	\$235.2	\$231.0	\$246.2	\$11.0
Dental	7.9	8.0	8.5	8.9	8.5	8.1	8.1	9.6	9.0	9.2	(0.5)
Vision	1.3	1.3	1.3	1.3	1.6	1.2	1.2	1.5	1.5	1.5	(0.0)
Total	\$179.3	\$174.1	\$168.7	\$173.1	\$175.2	\$198.0	\$203.4	\$246.4	\$241.5	\$256.8	\$10.5

\$ in millions

State Employee Health Co-shares

Since 2005, state employees are required to pay a co-share for health insurance. The rate charged to each employee is based on a percent of premium cost and assessed by salary range. These rates increased between FY2010 and FY2012, and remained constant through 2018. As of January 1, 2019, the State now has three different medical plan coverages to state employees (Anchor, Anchor Plus, and Anchor Choice) as well as three different dental plans and two vision plans. Along with the new medical plans and health cost rates, there are new employee health insurance co-share rates that are illustrated in the following tables.

Family Plan Co-share per Pay Period - Salary Ranges

	Percent of Anchor Working Rates	Anchor				Anchor Dental Plus	Anchor Dental Platinum	Anchor Vision	Anchor Vision Plus
		Anchor	Anchor Plus	Choice	Anchor Dental				
Below \$62,004	15%	\$160.48	\$171.71	\$158.86	\$6.20	\$11.24	\$18.34	\$1.05	\$4.06
\$62,004 - \$119,192	20%	213.97	228.94	211.82	8.26	13.30	20.40	1.40	4.41
Over \$119,192	25%	267.47	286.18	264.77	10.33	15.37	22.47	1.75	4.76

Individual Plan Co-share per Pay Period- Salary Ranges

	Percent of Anchor Working Rates	Anchor				Anchor Dental Plus	Anchor Dental Platinum	Anchor Vision	Anchor Vision Plus
		Anchor	Anchor Plus	Choice	Anchor Dental				
Less than \$119,192	20%	\$76.32	\$81.66	\$75.56	\$3.19	\$5.13	\$7.88	\$0.51	\$1.61
Over \$119.192	25%	95.41	102.08	94.44	3.99	5.93	8.68	0.63	1.73

Deductibles

The medical deductibles are: Anchor \$1,000/\$2,000, Anchor Plus \$500/\$1,000, and Anchor Choice \$1,650/\$3,300 for an in-network individual/ family plan. The out-of-network deductibles are: Anchor \$2,000/\$4,000, Anchor Plus \$1,000/\$2,000, and Anchor Choice \$2,250/\$4,500 for an individual/ family plan. The point of service co-payments are as follows:

Point of Service	Anchor	Anchor Plus	Anchor Choice
	CY2025	CY2025	CY2025
Primary Care	\$15	\$15	coinsurance after deductible
Specialist Visit	25	25	10% after deductible
Urgent Care	50	50	coinsurance after deductible
Emergency Co-payment (waived if admitted)	150	125	coinsurance after deductible

Pharmacy				
	Tier 1 generic	\$10	\$10	\$10 co-pay after deductible
	Tier 2 preferred brand	35	35	\$35 co-pay after deductible
	Tier 3 non-preferred brand	60	60	\$60 co-pay after deductible
	Tier 4 specialty	100	100	\$100 co-pay after deductible

STATE EMPLOYEES AND TEACHERS RETIREMENT SYSTEM ACTUARIAL VALUATION

Gabriel Roeder Smith and Company (GRS) performed the June 30, 2024, actuarial valuation analysis of the retirement system covering state employees, teachers, municipal employees, state police, judges, and the teacher survivor benefit plan. The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2027. There is no impact to the FY2026 certified employer contribution rates.

Employer Contribution Rates	FY2025	FY2026	FY2026 Post	FY2027	FY2027 Actual	Change
	Certified	Actual	Legislation	Projected Rates	Results	
State Employees	28.54%	28.70%	30.91%	30.73%	29.45%	0.75%
Teachers - State Share	10.68%	10.35%	10.48%	10.43%	10.58%	0.23%
Teachers - Local Share	14.44%	14.00%	15.71%	15.65%	14.75%	0.75%
Total Teachers	25.12%	24.35%	26.19%	26.08%	25.33%	0.98%

Source: GRS June 30, 2024, Actuarial Valuation

Projected Employer Contribution	FY2025	FY2026 Actual	FY2026 Post	FY2027 Projected	FY2027	Change
		Results	Legislation	Results	Actual Results	
State Employees	\$238.0	\$248.8	\$268.0	\$273.1	\$270.7	\$21.9
Teachers - State	128.7	127.3	136.9	136.7	134.5	7.2
Total State Cost	\$366.7	\$376.1	\$404.9	\$409.8	\$405.2	\$29.1
Teachers - Local	\$173.9	\$172.2	\$185.2	\$190.4	\$187.4	\$15.2
Total State and Local Cost	\$540.6	\$548.3	\$590.1	\$600.2	\$592.6	\$44.3

Source: GRS June 30, 2024, Actuarial Valuation
\$ in millions

The GRS analysis reflects no changes in the assumptions for investment rate assumptions or inflation, but recognized increased payroll growth. The assumed investment return remains 7.0 percent and the assumed inflation is 2.5 percent. The projected payroll growth for state employees is 3.0 to 6.0 percent, and for teachers the payroll growth is 3.0 to 12.5 percent. The GRS analysis included two additional columns for comparison to the assumptions based on the pension benefit modifications of the FY2025 Budget as Enacted. The columns are FY2026 Post Legislation and FY2027 Projected Rates. In both cases, the actual rates certified by the Board were lower than the projected rates assumed with the passage of Article 12 in the FY2025 Budget as Enacted.

Active Employee to Retiree Ratio

According to GRS, the ratio of active employees to retirees remains flat but the number of retired state employees continues to exceed active employees in 2024. This trend translates into less available payroll to spread out the impacts of volatile markets, leading to increased employer contribution rates.

Membership		1999	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Change
State Employees																	
Active	13,369	11,233	11,166	11,280	11,301	11,194	11,083	11,152	10,988	11,318	11,198	10,803	10,820	10,959	11,235	276	
Retired	9,067	11,271	11,200	11,139	11,103	11,041	11,058	11,078	11,250	11,224	11,215	11,373	11,365	11,328	11,336	8	
Active to Retiree Ratio	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.0	1.0	1.0	1.0		
Teachers																	
Active	13,282	13,381	13,212	13,193	13,266	13,272	13,206	13,310	13,473	13,511	13,474	13,372	13,537	13,554	13,497	(57)	
Retired	6,043	10,347	10,622	10,776	10,838	10,902	11,087	11,211	11,144	11,196	11,274	11,398	11,521	11,595	11,727	132	
Active to Retiree Ratio	2.2	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2		

Source: GRS June 30, 2024, Actuarial Valuation

FUND VALUE

In 1999, the funded ratio of the system was over 80.0 percent. By 2010, the pre-RIRSA funded ratio was 48.4 percent for state employees and teachers. After passage of the pension reforms in 2011, the post-RIRSA funded ratio became 59.8 percent for state employees and 61.8 percent for teachers. It was projected that there would be a continued decrease in the funded rate after passage of RIRSA, and then begin to increase. Passage of the pension settlement act in 2015 precipitated an increase in the Unfunded Actuarial Accrued Liability (UAAL) in 2016. The UAAL returned to the pre-settlement levels in 2020.

According to GRS, the June 30, 2024, funded ratio is 60.7 percent for state employees and 64.8 percent for teachers. For state employees, the unfunded actuarial accrued liability (UAAL) increased \$97.9 million, from \$1,983.6 million to \$2,081.5 million. Regarding teachers the UAAL increased \$101.2 million, from \$2,511.1 million to \$2,612.3 million.

The increase in the UAAL for state employees and teachers is attributable to the pension benefit changes enacted as part of the FY2025 Budget. The increase was reduced by increased payroll assumptions and better than projected return on investments.

ERSRI Fund Value History	State Employees	Prev Yr Chg	Teachers	Prev Yr Chg
1999	84.5%		82.1%	
2000	81.6%		80.6%	
2001	77.9%		77.4%	
2002	71.7%		73.2%	
2003	64.5%		64.2%	
2004	59.6%		59.3%	
2005	56.3%		55.4%	
2006	54.6%		52.7%	
2007	57.5%		55.4%	
2008	61.8%		60.3%	
2009	59.0%		58.1%	
2010	48.4%		48.4%	
2010*	59.8%		61.8%	
2011	57.4%		59.7%	
2012	56.3%		58.8%	
2013	56.5%		59.0%	
2014	56.1%		58.2%	
2015	56.6%		58.8%	
2016	56.0%		58.3%	
2017	52.9%		54.8%	
2018	52.9%		54.9%	
2019**	53.3%		55.3%	
2020	54.2%		56.2%	
2021	56.7%		58.7%	
2022	58.8%		61.5%	
2023	60.4%	0.0%	64.5%	0.0%
2024	60.7%	-1.6%	64.8%	-1.5%
2025	63.2%	-1.2%	66.9%	-1.1%
2026	66.0%	-3.5%	69.0%	-0.8%
2027	68.7%	-0.8%	71.1%	-1.1%
2028	71.6%	-1.2%	73.4%	-1.4%
2029	74.7%	-1.8%	75.7%	-1.9%
2030	78.0%	-2.5%	78.1%	-2.5%
2031	81.4%	-2.7%	80.7%	-2.5%
2032	85.0%	-2.9%	83.4%	-2.6%
2033	88.9%	-3.1%	86.3%	-2.7%
2034	93.2%		89.5%	

Source: GRS June 30, 2024, Actuarial Valuation

Date reflects valuation year

* Reflects post-RIRSA values

** After change of actuarial assumptions

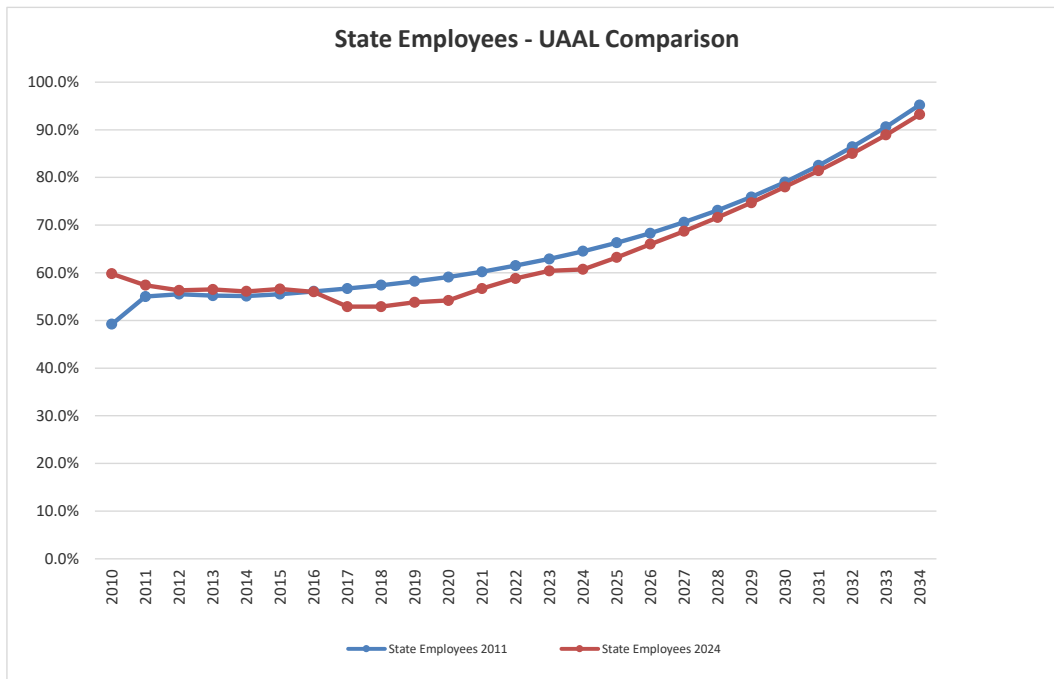
SUMMARY OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

The Unfunded Actuarial Accrued Liability (UAAL) liability for state employees is \$2,081.5 million, reflecting an increase of \$97.9 million from last year. The amortization payment for FY2025 is \$217.0 million and \$225.5 million in FY2026. The amortization payment for FY2027 is \$237.7 million. The following table illustrates the components of the UAAL payment over three fiscal years.

State Employees					
Purpose	Remaining Balance as of June 30, 2024	FY2025 Amortization Payment	FY2026 Amortization Payment	FY2027 Amortization Payment	Amortization Years Remaining
Original 2011 RIRSA Base	\$1,539.9	\$168.9	\$173.9	\$182.8	9
2014 Experience Study Base	(43.2)	(4.6)	(4.8)	(4.9)	10
2014 Mediation Settlement	103.5	10.9	11.5	11.8	10
2015 Experience Base	(31.4)	(3.1)	(3.3)	(3.4)	11
2016 Experience Base	43.7	4.0	4.3	4.4	12
2016 Assumption Change - FY20 Stagger	31.2	2.8	2.9	3.0	13
2016 Assumption Change - FY21 Stagger	71.8	6.4	6.8	6.9	13
2016 Assumption Change - FY22 Stagger	77.5	6.9	7.3	7.5	13
2016 Assumption Change - FY23 Stagger	83.8	7.4	7.9	8.1	13
2016 Assumption Change - FY24 Stagger	90.9	8.1	8.6	8.8	13
2017 Experience Base	16.6	1.5	1.6	1.6	13
2018 Experience Base	25.4	2.2	2.3	2.3	14
2019 Experience Base	7.7	0.6	0.7	0.7	15
2020 New Assumptions - FY23 Stagger	(30.2)	(2.7)	(2.8)	(2.9)	13
2020 New Assumptions - FY24 Stagger	(32.7)	(2.9)	(3.0)	(3.2)	13
2020 Experience Base	20.1	1.6	1.7	1.7	16
2021 Experience Base	(77.9)	(5.8)	(6.2)	(6.4)	17
2022 Experience Base	4.6	0.3	0.4	0.4	18
2022 Assumption Change	(15.4)	-	(1.2)	(1.3)	19
2023 Experience Base	28.4	-	2.3	2.3	19
2023 Benefit Enhancements	192.5	14.5	14.9	15.3	18
New Experience Base - This Fiscal Year	(25.3)	-	-	2.2	20
UAAL	\$2,081.5	\$217.0	\$225.5	\$237.7	

Source: GRS 2024 Actuarial Valuation
 \$ in millions. Totals may vary due to rounding.

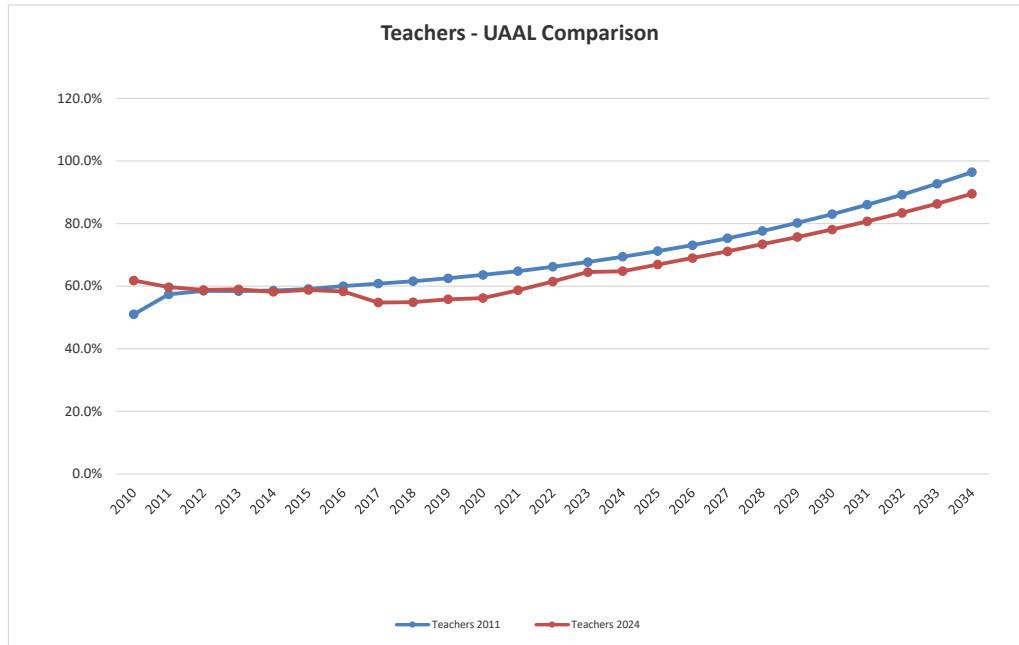
The following charts compare the current June 30, 2024, actuarial valuation report for state employees and teachers produced by GRS to the valuation report issued by GRS on November 14, 2011, for the Rhode Island Retirement System Act (RIRSA of 2011).



The Unfunded Actuarial Accrued Liability (UAAL) liability for teachers is \$2,612.3 million, reflecting an increase of \$101.2 million from last year. The amortization payment for FY2025 is \$279.8 million and is \$279.9 million in FY2026 and in FY2027. The following table illustrates the components of the UAAL payment from FY2025 to FY2027.

Purpose	Remaining Balance as of June 30, 2024	FY2025 Amortization Payment	FY2026 Amortization Payment	FY2027 Amortization Payment	Amortization Years Remaining
Original 2011 RIRSA Base - State	829.6	95.8	100.2	102.2	9
Original 2011 RIRSA Base - Local	1,416.9	129.8	136.8	139.5	13
2014 Experience Base - State	(14.2)	(1.5)	(1.6)	(1.6)	10
2014 Experience Base - Local	(23.1)	(2.1)	(2.2)	(2.3)	13
2014 Mediation Settlement - State	58.2	6.3	6.6	6.7	10
2014 Mediation Settlement - Local	94.6	8.6	9.1	9.3	13
2015 Experience Base	(45.2)	(4.6)	(4.8)	(4.9)	11
2016 Experience Base	30.5	2.9	3.1	3.2	12
2016 Assumption Change - FY20 Stagger	60.5	5.5	5.8	6.0	13
2016 Assumption Change - FY21 Stagger	92.4	8.5	8.9	9.1	13
2016 Assumption Change - FY22 Stagger	99.9	9.1	9.6	9.8	13
2016 Assumption Change - FY23 Stagger	108.3	9.9	10.5	10.7	13
2016 Assumption Change - FY24 Stagger	117.9	10.8	11.4	11.6	13
2017 Experience Base	63.9	5.9	6.2	6.3	13
2018 Experience Base	7.7	0.7	0.7	0.7	14
2019 Experience Base	(16.0)	(1.3)	(1.4)	(1.5)	15
2020 New Assumptions - FY23 Stagger	(39.4)	(3.6)	(3.8)	(3.9)	13
2020 New Assumptions - FY24 Stagger	(42.9)	(3.9)	(4.1)	(4.2)	13
2020 Experience Base	(0.0)	(0.0)	(0.0)	(0.0)	16
2021 Experience Base	(122.0)	(9.5)	(10.1)	(10.3)	17
2022 Experience Base	(99.9)	(7.5)	(8.0)	(8.2)	18
2022 Assumption Change Base	(107.3)	-	(9.0)	(9.2)	19
2023 Experience Base	(53.1)	-	(4.5)	(4.5)	19
2023 Benefit Enhancements	256.9	20.2	20.6	21.0	18
New Experience Base - This Fiscal Year	(61.8)	-	-	(5.6)	20
UAAL	\$2,612.3	\$279.8	\$279.9	\$279.9	

Source: GRS 2024 Actuarial Valuation
 \$ in millions. Totals may vary due to rounding



10-YEAR PROJECTIONS

The following tables illustrate the 10-year projection of State Employee and Teacher fund value and contribution rates, providing all factors remain steady as projected in the June 30, 2024, valuation.

Analyst Note: The FY2025 Budget as Enacted included language reducing the COLA threshold to reinstate COLAs from the current 80.0 percent funded ratio to 75.0 percent, for members who retired on or after July 1, 2012. The change impacted state employees, teachers, municipal employees, judges, and state police who retired on or after July 1, 2012. Members will receive the full COLA when all plans exceed 75.0 percent, which is estimated to occur in FY2030.

State Employees

Fiscal Year	UAAL	Funded Ratio	Contribution Rate	Actuarial Value of		Employer Contribution	Employee Contribution	Benefit Payments	Net Cash Flow
				Fund	Payroll				
2024	2,081.6	60.7%	30.75%	3,212.1	875.0	269.1	42.9	369.3	(57.3)
2025	1,962.9	63.2%	30.91%	3,377.6	896.9	277.2	42.9	384.1	(64.0)
2026	1,827.9	66.0%	29.45%	3,547.8	919.3	270.7	43.2	394.6	(80.7)
2027	1,690.5	68.7%	28.99%	3,712.7	942.3	273.2	43.6	403.5	(86.7)
2028	1,540.4	71.6%	28.64%	3,882.9	965.9	276.6	44.1	411.6	(90.9)
2029	1,376.4	74.7%	28.40%	4,060.7	990.0	281.1	44.7	418.6	(92.8)
2030	1,196.4	78.0%	28.17%	4,249.0	1,014.8	285.9	45.4	425.0	(93.7)
2031	1,018.4	81.4%	27.95%	4,449.4	1,040.1	290.8	46.2	432.7	(95.7)
2032	823.1	85.0%	27.75%	4,661.7	1,066.1	295.9	47.1	438.7	(95.7)
2033	609.2	88.9%	27.71%	4,889.0	1,092.8	302.8	48.1	443.3	(92.4)
2034	373.6	93.2%	27.68%	5,135.6	1,120.1	310.0	49.2	447.1	(87.9)

Source: GRS 2024 Actuarial Valuation

\$ in millions

Totals may vary due to rounding.

Teachers

Fiscal Year	UAAL	Funded Ratio	Contribution Rate	Actuarial Value of		Employer Contribution	Employee Contribution	Benefit Payments	Net Cash Flow
				Fund	Payroll				
2024	2,612.3	64.8%	29.96%	4,813.9	1,221.6	329.4	50.4	512.6	(132.8)
2025	2,480.9	66.9%	26.19%	5,013.5	1,246.1	326.3	50.6	522.4	(145.5)
2026	2,343.6	69.0%	25.33%	5,214.0	1,271.0	321.9	50.9	529.5	(156.7)
2027	2,201.4	71.1%	25.05%	5,416.9	1,296.4	324.8	51.2	536.9	(160.9)
2028	2,045.4	73.4%	24.81%	5,629.6	1,322.3	328.0	51.6	543.8	(164.2)
2029	1,874.3	75.7%	24.60%	5,853.9	1,348.8	331.8	52.1	550.3	(166.4)
2030	1,704.5	78.1%	24.41%	6,091.6	1,375.8	335.8	52.8	559.1	(170.5)
2031	1,518.4	80.7%	24.22%	6,341.7	1,403.3	339.9	53.5	568.1	(174.7)
2032	1,314.9	83.4%	24.15%	6,605.0	1,431.3	345.6	54.4	577.2	(177.2)
2033	1,090.9	86.3%	24.08%	6,884.0	1,460.0	351.5	55.2	586.5	(179.8)
2034	844.9	89.5%	24.01%	7,179.9	1,489.2	357.5	56.2	595.3	(181.6)

Source: GRS 2024 Actuarial Valuation

\$ in millions

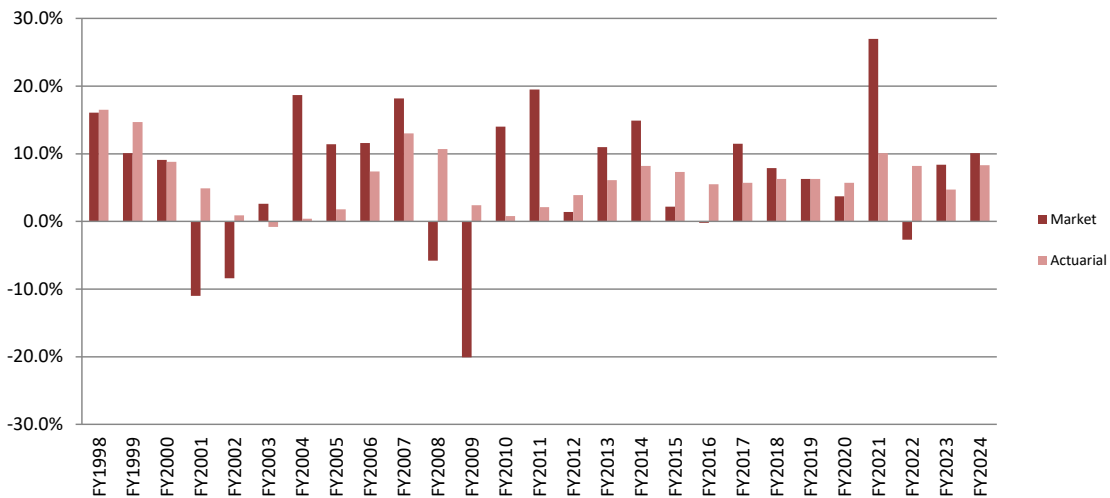
Totals may vary due to rounding.

The projected UAAL continues to decrease after FY2024.

RETURN ON INVESTMENTS

The market rate on the return on investments was 10.1 percent in FY2024, up from 8.4 percent as reported for FY2023. The actuarial rate of return was 8.3 percent, up from 7.7 percent as reported in FY2023. This is based on a 5-year average smoothing rate.

25-year Return on Investments



GRS Actuarial Summation

- The FY2027 projected employer contribution costs are \$7.6 million lower than the previous projections for FY2027.
- The 2024 market investment return was 10.1 percent and the actuarial investment performance was 8.3 percent.
- The cost of living adjustments (COLA) limit for 2025 is 2.89 percent, on the first \$31,507.
- For members retiring after June 30, 2012, the COLA is reduced to 25.0 percent of the COLA, or 0.72 percent, while the plans remain less than 75.0 percent funded.
- Retirees who retired prior to July 1, 2012, are no longer subject to the funded ratio requirements and will receive a full COLA.
- As of June 30, 2030, the state employee plan is projected to be 78.0 percent funded and the teacher plan is expected to be 75.7 percent funded by June 30, 2029. Both of the plans will be above the revised 75.0 percent threshold established in the FY2025 Budget as Enacted.
- Members who retired after June 30, 2012, but before June 30, 2015, and are in units that are less than 75.0 percent funded, will receive an interim COLA of 0.72 percent on the first \$36,746 of annual benefit, if the member retired before June 30, 2015.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION

GRS presented the June 30, 2024, actuarial valuation analysis of the retirement system covering municipal employees. The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2027. There are 129 units participating in MERs, of which 74 units cover municipal general employees and 55 units cover police and fire employees. The GRS analysis indicates there were no new legacy units joining MERs in 2024. There was one closed unit (North Rhode Island Collaborative), and no merged unit changes. Also, there were no new COLA elections in the units participating under the Municipal Employees' Retirement System (MERS). For MERS, the 2024 UAAL for all units, excluding the legacy units, is \$295.0 million, compared to last year's figure of \$286.0 million, an increase of \$9.0 million. The funded ratio for all MERS continued to improve and is 88.1 percent, as compared to 87.8 percent last year.

The average employer contribution rate for general employees is 11.09 percent and for police and fire personnel, the average employer contribution rate is 19.13 percent.

There are six units that entered MERs through the Pathway to MERs legislation. They are:

Unit	Market Val of Assets	Actuarial Val of Assets	Actuarial Accrued Liability	Unfunded	
				Actuarial Accrued Liability	Funded Ratio
Central Falls Police & Fire	\$21.9	\$21.1	\$45.5	(\$24.3)	46.5%
Town of West Warwick	9.1	8.8	52.0	(43.2)	16.9%
West Warwick School	15.5	15.0	34.4	(19.4)	43.5%
Town of West Warwick Library	1.0	1.0	3.2	(2.2)	30.5%
West Warwick Police Dept.	14.8	14.3	54.7	(40.4)	26.1%
West Warwick Fire Dept.	19.3	18.6	61.4	(42.8)	30.3%
Total	\$81.6	\$78.8	\$251.1	(\$172.4)	31.4%

Source: GRS June 30, 2024 Actuarial Report
\$ in millions

GRS Actuarial Summation

- According to the actuary, 100 units possess a funding ratio exceeding 80.0 percent, an increase of 1 unit from last year and 36 units have a funding ratio over 100.0 percent, a decrease of 3 units from last year. 103 units now have a funded ratio over 75.0 percent.

JUDICIAL RETIREMENT BENEFITS TRUST

GRS presented the June 30, 2024, actuarial valuation analysis of the retirement system covering judges. The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2027. There is no impact to the previously certified FY2026 employer contribution rate. The analysis does not include benefits for state judges hired before January 1, 1990, as they are funded on a pay-as-you-go basis from the State's general assets. A separate valuation is performed for these active and retired judges.

Certified Employer Contribution Rates	FY2026	FY2027	
	Certified	Certified	Certified
Judges	17.75%	17.47%	
Membership	30-Jun-23	30-Jun-24	Change
Active	60	62	2
Retiree and Beneficiaries	36	36	0
Inactive	1	1	0
Total	97	99	2
Projected Payroll for Contributions	\$12.9	\$14.2	\$1.3
Unfunded Liability	(\$2.3)	(\$4.0)	(\$1.6)
GASB Funded Ratio	102.3%	103.7%	1.4%

Source: GRS June 30, 2024, Actuarial Valuation

RHODE ISLAND JUDICIAL RETIREMENT FUND TRUST

GRS provided the June 30, 2024, actuarial valuation analysis of the retirement system covering judges, who were hired before January 1, 1990, and who are currently employed or retired from employment by the State. These judges do not participate in the Judicial Retirement Benefits Trust and are financed by annual contributions to equal the benefit payment. These seven judges were previously referred to as “pay-as-you-go” judges, of which three are now retired.

RIJRFT	30-Jun-23	30-Jun-24
Accrued Liability	\$18.2	\$17.6
Market Value of Assets	1.5	1.7
Unfunded Accrued Liability	\$16.7	\$15.9
Funded Ratio	8.2%	9.6%
<i>\$ in millions</i>		
<i>Source: GRS June 30, 2024, Actuarial Valuation</i>		

STATE POLICE RETIREMENT BENEFIT TRUST

GRS presented the June 30, 2024, actuarial valuation summary regarding the retirement systems covering the State Police. The actuarial valuation impacts the employer contribution rates certified by the Board for FY2027. The analysis reflects all recent pension changes enacted since 2008, but does not include benefits for State Police hired before July 1, 1987, as they are funded on a pay-as-you-go basis from annual general revenue appropriations. The GRS analysis decreased the employer contribution rates reflecting market gains.

	FY2026	FY2027	
Certified Employer Contribution Rates	Certified	Certified	
State Police	22.98%	20.59%	
Membership	30-Jun-23	30-Jun-24	Change
Active	238	264	26
Retiree and Beneficiaries	116	116	0
Inactive	73	76	3
Total	427	456	29
Projected Payroll for Contributions	\$32.0	\$32.3	\$0.3
Unfunded Liability	\$34.3	\$27.1	(\$7.2)
GASB Funded Ratio	85.5%	89.0%	3.5%
<i>Source: GRS June 30, 2024, Actuarial Valuation</i>			

STATE POLICE RETIREMENT FUND TRUST

GRS provided the June 30, 2024, actuarial valuation analysis of the retirement system covering members of the state police, who were hired before July 1, 1987, and who have all retired from employment by the State. These members of the state police do not participate in the State Police Retirement Benefits Trust and are financed by annual contribution of \$16.4 million until the unfunded accrued liability is fully funded, which is expected to be by 2034. These retirees were previously referred to as “pay-as-you-go” state police retirees.

SPRFT	30-Jun-23	30-Jun-24
Accrued Liability	\$153.7	\$147.5
Market Value of Assets	27.1	32.3
Unfunded Accrued Liability	\$126.5	\$115.2
Funded Ratio	17.7%	21.9%
<i>\$ in millions</i>		
<i>Source: GRS June 30, 2024, Actuarial Valuation</i>		

TEACHER SURVIVOR BENEFIT PLAN

GRS presented the June 30, 2024, actuarial valuation summary regarding the retirement systems covering the Teacher Survivor Benefit Plan (TSBP). The TSBP provides survivor benefits for teachers who do not participate in Social Security. Participation is mandatory for all eligible teachers within the 24 school districts that are not covered by Social Security (see table). The annual contribution is 2.0 percent of salary, up to \$230 per year. The contribution is split equally between the member and the employer, i.e. each contributing \$115 per year.

Membership	30-Jun-23	30-Jun-24	Change
Active	7,387	7,438	51
Retirees and Beneficiaries	3,222	3,253	31
Survivors	616	637	21
Inactive nonretired vested	874	995	121
Inactive nonretired nonvested	1,293	1,464	171
Total	13,392	13,787	395
Unfunded Liability	(\$191.5)	(\$218.2)	(\$26.8)
GASB Funded Ratio	182.0%	192.0%	10.0%

Source: GRS Actuarial Valuation June 30, 2024

Because the asset value for the TSBP is at 192.0 percent, exceeding the Plan's value of benefits, current member and employer contribution are sufficient; the Plan does not have an Annual Required Contribution (ARC) incurred by the employer.

School Districts Not Covered by Social Security

Barrington	Johnston
Bristol/Warren	Lincoln
Burrillville	Little Compton
Central Falls Collaborative	Middletown
Coventry	Newport
Cranston	North Smithfield
Cumberland	Northern RI Collaborative
East Greenwich	Portsmouth
East Providence	Scituate
Foster	Smithfield
Foster-Glocester	Tiverton
Glocester	Westerly

Revenue Changes

The Governor's FY2026 Budget increases net general revenue collections by an estimated \$267.1 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
Tax Expenditure Changes	0.2
Electric Vehicle Registration Fee	0.1
Total	\$267.1

\$ 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 (HLF) required of private hospitals is determined from 2022 to 2023 (the state hospital is also 2023). This would make it consistent with government-owned hospitals, and hospitals are required to pay the tax prior to June 25 of the fiscal year, instead of June 30. In addition, the Governor recommends changing which hospitals are required to pay the HLF to those licensed on or before July 1, 2024, instead of July 1, 2022. The HLF is estimated to generate \$215.7 million in FY2025, consistent with the enacted budget, and \$232.5 million in FY2026, an increase of \$16.8 million.
- DSH Payment:** 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 DSH payments are required under federal statute and intended to offset uncompensated care costs for hospitals in order to improve access for Medicaid and uninsured patients, as well as improving the financial stability of safety-net hospitals. Article 8 of the Governor's FY2026 Budget adds a base year to allow payments in FY2026 and amends payments for FY2025 and FY2026. In FY2025, the article provides an aggregate limit of \$27.7 million in DSH payments, while capping the allowable payment to government-owned hospitals at \$12.9

million. The cap represents an increase of \$2.6 million in general revenue (\$5.9 million all funds) relative to the FY2025 Budget as Enacted and the November 2024 Caseload Estimating Conference (CEC).

- **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).

Article 8 of the Governor’s FY2026 Budget 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 requires rate changes based on national price indices, would have increased payments to hospitals by 3.4 percent for fee-for-services and 2.9 percent for managed care, while nursing facility payments were set to increase by 4.2 percent. This 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. The reduction in expenditures, however, lowers the taxable receipts of the facilities under the state’s 5.5 percent health care provider tax. This results in a \$365,750 reduction in revenue in FY2026.

History of Rate Adjustments and State Revenue Growth

Hospitals		Nursing Facilities		State General Revenue Growth	
Date	Rate Increase ¹	Date	Rate Increase	Fiscal Year	Percentage Growth
SFY2021	2.6%	1-Oct-20	2.4%	2021	9.1%
SFY2022	2.4%	1-Oct-21	2.7%	2022	17.4%
SFY2023	5.0%	1-Oct-22	4.0%	2023	0.1%
SFY2024	4.1%	1-Oct-23	6.9%	2024	3.0%
SFY2025	3.3%	1-Oct-24	14.5%	2025	3.5%
Average	3.5%		6.1%		6.6%

¹ for Inpatient and Outpatient services

- **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 in Medicaid. Rhode Island makes Medicaid payments available to certain qualified individuals who low-income family caregivers under its structured family care-giving program. These payments are made through the state’s Medicaid managed care sub-program. The correction results in \$2.6 million in general revenue (\$4.5 million all funds) savings in FY2026. This adjustment however also 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. This decision results in \$15.1 million savings in the State’s Medicaid managed care sub-program. The reduction in expenditures, however, also 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 a new tax on a company's annual gross revenue derived from digital advertising services in Rhode Island. The initiative is estimated to generate \$9.5 million in FY2026 based on a January 1, 2026, effective date. This grows to \$19.6 million in FY2027 with a full year of the tax.

The digital advertising gross revenues tax (DAT) is equal to 10.0 percent of the assessable base for a taxpayer with annual gross revenues exceeding \$1.0 billion. The proposal also prohibits a business that derives income from digital advertising services in the state from directly passing on the cost of the tax to a customer who purchases the digital advertising by means of a separate fee, surcharge, or line-item. Businesses with annual gross revenues below \$1.0 billion are exempt from the tax. Taxpayers must apportion their digital advertising revenue based on the number of devices accessing the advertising in Rhode Island compared to the total number accessing it outside of the state.

The Governor's proposal is based on Maryland's digital advertising tax, the only state currently with one, but has some important differences meant to address potential federal legal challenges.

On February 3, 2025, the Governor requested an amendment to Article 5 (GBA 2) intending to exempt broadcasters and news media entities from the DAT. According to OMB the GBA does not result in a change in the fiscal impact because the impact estimate is based on Maryland's model, which also exempts broadcast and news media entities.

Fiscal Impact: The new digital advertising tax is estimated to generate \$9.5 million in FY2026 based on a January 1, 2026, start date. The revenue is estimated to grow to \$19.6 million with a full year of effect in FY2027. The Office of Revenue Analysis used actual digital advertising tax collection data from Maryland to arrive at these estimates. The Maryland law and the Rhode Island proposal differ slightly, notably in that the proposal uses a flat tax rate and Maryland employs tiered rates. ORA assumes, however, that the difference between the two relative to revenue would be minimal based on a Maryland fiscal note that indicates that 90.0 percent of large companies that receive digital advertising revenue have global revenue over \$15.0 billion. ORA scaled-down Maryland's collections of \$82.5 million, using population and internet use assumptions.

The Governor recommends 1.0 Taxpayer Service Specialist and 1.0 Tax Aide I along with \$218,059 in additional personnel expenditures and \$350,000 in operations costs to implement the new tax.

- **Financial Institutions Data Matching Initiative**

The Governor recommends that the 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 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.

Fiscal Impact: The ORA estimates that the data matching program will yield an additional \$5.3 million in general revenue in FY2026, and \$8.0 million in FY2027, based on an October 15, 2026, program start date. The estimate is further broken down by tax type:

Tax	FY2026	FY2027
Personal Income	\$2,216,590	\$3,377,660
Corporate Tax	1,073,532	1635858
Sales Tax	1,550,607	2,362,830
Other	409,271	623,651
Total	\$5,250,000	\$8,000,000

Analyst Note: Section 16 of Article 5 has an effective date of July 1, 2025. The Division of Taxation indicates that is working on a Request for Proposal ahead of the start of FY2026, and then would award and contract with a vendor as soon as possible after receiving authorization. The realization of revenue collection would be delay to October based on the timeline to stand up the program.

According to the Division of Taxation, its compliance unit is already engaged in matching data with financial institutions, only that it is done manually. It indicates that there are no additional personnel costs associated with the initiative. Operationally, there would be a small licensing and administration cost for utilizing the system each year, on a contingent fee basis.

■ 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. The floor stock tax would also be raised similarly.

At \$4.50 per pack, Rhode Island has the third highest state cigarette excise tax rate in the nation, with New York and Maryland having higher taxes (excluding local taxes). However, the total cost of a pack of cigarettes can vary based on minimum markup and other pricing provisions. A comparison of per-pack costs is included in the section below.

State	Average Retail Price Per Pack (Including taxes)	Cigarette Excise Tax Per Pack	Excise Tax Rank*	State Sales Tax Rate	State Sales Tax Per Pack	Total State Tax Per Pack	Total Tax Rank*
New York	\$14.55	\$5.35	1st	4.0%	\$0.56	\$5.91	1st
Rhode Island†	\$13.84	\$5.00	2nd	7.0%	\$0.91	\$5.91	1st
Maryland	\$14.17	\$5.00	2nd	6.0%	\$0.80	\$5.80	2nd
Rhode Island	\$13.26	\$4.50	3rd	7.0%	\$0.87	\$5.38	3rd
Connecticut	\$13.24	\$4.35	5th	6.4%	\$0.79	\$5.14	4th
Massachusetts	\$12.54	\$3.51	6th	6.3%	\$0.74	\$4.25	6th
Vermont	\$11.91	\$3.08	9th	6.0%	\$0.67	\$3.75	10th
Maine	\$10.52	\$2.00	20th	5.5%	\$0.55	\$2.55	19th
New Hampshire	\$9.34	\$1.78	26th	0.0%	\$0.00	\$1.78	33rd
North Dakota	\$8.24	\$0.44	49th	5.0%	\$0.39	\$0.83	50th
National Average	\$9.74	\$1.97	-	5.3%	\$0.50	\$2.47	-

Source: Data provided by Office of Revenue Analysis and the Campaign for Tobacco Free Kids

* Highest Tax = 1

† Proposed increase

Fiscal Impact: ORA estimates that the tax increase in Article 5 will generate \$4.4 million in FY2026 and \$3.3 million in FY2027, assuming an implementation date of September 1, 2025. The \$1.0 million decrease in revenue from FY2026 to FY2027 can be attributed to a negative year-over-year growth rate and floor tax revenue collected in FY2026. To account for the normal decline in

Revenue Item	FY2026	FY2027
Cigarette Excise Tax	\$3.3	\$3.7
Cigarette Floor Tax	1.3	-
Sales and Use Tax	(0.3)	(0.3)
Total	\$4.4	\$3.3

\$ in millions. Totals may vary due to rounding

Source: Office of Management and Budget

smoking behavior and the elasticity caused by the price increase, ORA used a -10.2 percent year-over-year growth rate. Additionally, the FY2026 revenue estimate includes \$1.3 million in floor tax revenue that will not occur in FY2027.

▪ **Sales Tax Exemption for Firearm Safety Devices**

The Governor recommends exempting firearm safety and storage devices from the State's 7.0 percent sales and use tax. For purposes of exemption the following terms are defined in Section 6 of Article 5:

Firearm Safety Device: Firearm safety device means a device that, when installed on a firearm, is designed to prevent the firearm from being operated without first deactivating the device, or a device to be equipped or installed on a firearm that is designed to prevent the operation of the firearm by anyone who does not have authorized access to the firearm.

Firearm Storage Device: Firearm storage device means a container or enclosure that is designed and marketed for the principle purpose of safely storing or displaying a firearm and that is secured by a combination lock, key lock, or lock based on biometric information which, once locked, is incapable of being operated without the combination, key, or biometric information, respectively.

Fiscal Impact: The ORA estimates that exempting firearm safety and storage devices from the 7.0 percent sales and use tax would result in loss of \$85,714 in revenue in FY2026 and a loss of \$115,438 in FY2027 based on an October 1, 2026, start date.

The ORA used information from a FY2023 fiscal note on similar legislation proposed in Tennessee as a starting point for the estimate. ORA used firearm safety and sales data and population data from Tennessee and scaled them down to arrive at an estimate of FY2023 device sales in Rhode Island. ORA adjusted for the prevalence of gun ownership for each state and then grew the numbers by personal consumption growth since FY2023 to get a FY2026 estimate.

Indirect Cost Recovery to 15.0 Percent

\$6.8 million

State law permits the assessment of an indirect cost recovery charge on most state restricted receipt accounts, in order to support the administrative overhead costs associated with the collection of funds and administration of the accounts. RIGL 35-4-27 enumerates those restricted receipts exempted from this assessment. The Governor recommends increasing the indirect cost recovery charge provisions on restricted receipt accounts from 10.0 percent to 15.0 percent, matching the new federal rate that went into effect on October 1, 2024. All existing exempt accounts will remain exempt.

Fiscal Impact: This is projected to increase general revenue receipts by \$6.8 million in FY2026, and increasing to \$7.0 million, based on inflationary growth rate (less food and energy) in FY2027. ORA utilized the November 2024 Revenue Estimating Conference estimates for indirect cost recovery accounts within the departmental receipts category and then grossed it up by dividing by 10 to get the underlying restricted receipt totals and then 15.0 percent is applied. ORA uses the adopted forecast inflation growth of 2.5 percent.

Adopted REC FY2026			Projected New		
ICR Receipts	ICR	Gross Receipts	New ICR	ICR Receipts	Change
\$13,664,838	10.0%	\$136,648,380	15.0%	\$20,497,257	\$6,832,419

Source: State Budget Office

Reserve Transfer – RISLA

\$2.9 million

The Governor recommends that the Rhode Island Student Loan Authority transfer \$2.9 million in FY2026 from their unrestricted fund balance to the General Fund to fund Rhode Island's Dual and Concurrent Enrollment. This is in addition to a proposed \$2.7 million transfer in the current year. Pursuant to RIGL 16-100, Rhode Island began offering the Dual Enrollment program, which allows students to take college courses to earn credits at both secondary and higher education institutions. In 2015, the Board of Education

adopted provisions that ensure that all Rhode Island high school student have the opportunity to access college level work while still in high school. All three of the State institutions offer dual enrollment courses.

Office of the Postsecondary Commission indicated that the Dual and Concurrent Enrollment has faced a budget gap of \$300,000 in previous fiscal years, but, were able to close that gap with RI Higher Education Assistance Authority (RIHEAA) funds. However, the fund had been depleted in FY2024. The RISLA transfer will close the gap and ensure that the program will continue.

Tax Expenditure Changes

The Governor recommends making changes to several existing tax expenditures, including:

- **Research and Development Tax Expenditures Changes:** Making several changes to the State's research and development (R&D) tax expenditures. These include:
 - **R&D Credit for Qualified Research Expenses - Carryforward:** Extending the period of time that R&D expense tax credits may be carried forward by a taxpayer from seven years to fifteen. The State allows a taxpayer to claim a credit against certain business taxes for certain research expenses. Unused amounts of the credit earned in a taxable year may be carried forward up to seven succeeding tax years. The 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 - Sunset:** Sunsetting the New R&D Facilities Deduction and Property Credit as of January 1, 2026. It also permits deductions and credit allowed for tax years ending on or before December 31, 2025 to be carried forward three taxable years. The State has allowed eligible taxpayers to deduct expenditures related to the development of any new tangible property related to research and development, including construction and acquisition costs. Eligible taxpayers may also claim a 10.0 percent credit against certain business taxes for tangible property primarily used for R&D. Taxpayers must choose either the deduction or the credit. According to the ORA, these tax expenditures are underutilized, as fewer than 30 taxpayers were projected to claim the deduction in 2024. The fiscal impact of repealing them is shown below.

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

- **Small Business Investment Deduction/Modification - Sunset:** Sunsetting the Small Business Investment Deduction and Modification as of January 1, 2026. Taxpayers may take a deduction or modification to offset their business or income tax liability if they have made a qualifying investment in a certified venture capital partnership. According to the Office of Revenue Analysis (ORA) this is an underutilized tax expenditure. The revenue impact of repealing this tax expenditure is \$6,551 in FY2026 and \$13,102 in FY2027.
- **Jobs Growth Act - Sunset:** Sunsetting the Job Growth Act (JGA) tax incentive as of January 1, 2026. The JGA incentive allows eligible employees of qualified companies lower their adjusted gross income for tax purposes by up to 50.0 percent of their income earned from bonuses. According to ORA, the modification is taken by fewer than 10 taxpayers annually. The revenue impact of eliminating this underutilized tax expenditure for FY2026 is \$1,489 and is \$2,979 in FY2027.
- **Specialized Mill Building Investment Tax Credit – Sunset:** Sunsetting the obsolete Specialized Mill Building Investment Tax Credit as of January 1, 2026. It does; however, permit credits allowed for tax years ending on or before December 31, 2025, to be carried forward seven taxable years. The State has provided a credit of 10.0 percent of the rehabilitation and reconstruction costs of a certified rehabilitated

mill building. The credit was associated with the Mill Building and Economic Revitalization Act, which sunset in 2009. ORA indicates the credit has not been used since tax year 2019. There is no revenue impact.

- **Welfare Bonus Tax Credit - Sunset:** Sunsetting the Welfare Bonus Tax Credit as of January 1, 2026. The State has provided employers participating the Welfare Bonus Program (WBP) a credit equal to \$250 per eligible employee. The WBP was created to provide payments to individuals who came off welfare (Aid to Families with Dependent Children, or AFDC). The credit was designed to incentivize employers to hire previous welfare recipients. AFDC was replaced in 1997 by Temporary Assistance for Needy Families (TANF) through federal legislation making the tax credit statutorily obsolete. ORA indicates that there have been no credits issued since at least TY2019. There is not a fiscal impact.
- **Small Business Capital Investment Wage Credit/Deduction/Modification - Sunset:** Sunsetting the Small Business Capital Investment Wage Credit as of January 1, 2026. The State has provided eligible entrepreneurs of qualifying businesses a tax credit for 3.0 percent of employee wages in excess of the \$50,000. It has also provided an elective deduction or modification equal to the taxpayers' qualifying investment in a certified capital partnership or an entrepreneur's investment in a qualifying business entity. According to the ORA, these tax expenditures are statutorily obsolete. There has been no activity related to this tax expenditure since at least TY2019. There is no fiscal impact.

Fiscal Impact: The ORA estimates the following impact of the tax expenditures changes described above:

Tax Incentive	FY2026	FY2027
New R&D Facilities Deduction/Property Tax Credit - Sunset	\$211,835	\$423,667
New R&D Facilities Deduction/Property Tax Credit - Carryforward	-	-
Small Business Investment Deduction/Modification - Sunset	6,551	13,102
Jobs Growth Act Tax - Sunset	1,489	2,979
Specialized Mill Building Investment Tax Credit - Sunset	-	-
Welfare Bonus Tax Credit - Sunset	-	-
Small Business Capital Investment Wage Credit - Sunset	-	-
Total	\$219,875	\$439,748

Electric Vehicle Fee

\$90,497

The Governor 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

- **Underground Storage Tank Trust Fund:** The Governor recommends that the Department of Environmental Management transfer \$3.0 million from the Underground Storage Tank Trust Fund to the State Controller by June 30, 2025. The Fund is used in the event of a leakage in one of the 1,822 registered and active underground fuel storage tanks. This fund is capitalized from a \$0.005 per gallon surcharge on motor fuel to owners/operators of underground storage tanks (however, the surcharge will be suspended once the balance of the fund reaches \$8.0 million).

UST	Current Balance (1.27.2025)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	AVERAGE	
								FY2025 (as of 1.27.2025)	FY2019 to FY2024
	\$6,054,088								
Expenditures		\$1,034,157	\$913,690	\$756,260	\$804,406	\$882,077	\$640,177	\$887,609	\$838,461
Receipts		2,108,431	1,830,778	1,767,545	1,838,247	1,331,015	1,318,699	731,433	1,699,119
<i>difference</i>		<i>\$1,074,275</i>	<i>\$917,088</i>	<i>\$1,011,285</i>	<i>\$1,033,842</i>	<i>\$448,938</i>	<i>\$678,522</i>	<i>(\$156,177)</i>	<i>\$860,658</i>
Transfers to the State							(\$2,000,000)		

Source: RIDEM

- **Rhode Island Student Loan Authority:** The Governor recommends that RISLA to transfer \$2.7 million in FY2025 from their unrestricted fund balance to the General Fund to fund Rhode Island’s Dual and Concurrent Enrollment.
- **Rhode Island Infrastructure Bank (RIIB):** The Governor recommends that the Rhode Island Infrastructure Bank (RIIB) transfer \$2.0 million to the General Fund by June 30, 2025. RIIB is a quasi-public agency that assists municipalities, businesses, and homeowners with financing infrastructure improvements through a revolving fund. It supports water and wastewater projects, roads and bridges, energy efficiency and renewable energy projects, and brownfield remediation.

According to the Office of Management and Budget, the \$2.0 million represents 6.1 percent of RIIB’s unrestricted fund balance of \$32.6 million at the end of FY2024. RIIB indicates that \$16.4 million of that amount consists of long-term loans receivable and capital assets which are not readily available for operations. Moreover, \$11.2 million in reserves are restricted to specific programs at the Bank and are similarly unavailable. RIIB further indicates that only \$8.6 million is in unrestricted cash.

- **Department of Revenue – Marijuana Trust Fund:** The Governor recommends that the Department of Revenue transfers \$579,788 from the Marijuana Trust Fund restricted receipt account to the State Controller by June 30, 2025. Pursuant to RIGL 23-28-11.13, restricted receipt accounts were established in the Office of the Attorney General and the Judiciary, appropriating a total of \$1.4 million in restricted receipts. These funds facilitated the implementation of the automatic expungement provision of the Rhode Island Cannabis Act, which authorized the automatic expungement of any convictions for cannabis possession, use, or purchase. Rhode Island expunged more than 23,000 cannabis convictions under the Cannabis Act. All cannabis expungements were completed by July 1, 2024.

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.

Governor's Recommended Estimated Revenues		
	FY2025	FY2026
	Supplemental	Governor
Personal Income Tax	\$1,913.5	\$1,991.5
General Business Taxes		
Business Corporations	342.6	357.4
Public Utilities Gross Earnings	105.3	106.9
Financial Institutions	39.5	25.3
Insurance Companies	167.5	171.9
Bank Deposits	5.7	5.9
Health Care Provider Assessment	44.4	46.5
Digital Advertising Tax	-	9.5
Sales and Use Taxes		
Sales and Use	1,704.0	1,761.7
Cigarettes	115.3	114.8
Alcohol	21.2	21.2
Other Taxes		
Inheritance and Gift	65.5	62.7
Racing and Athletics	0.7	0.7
Realty Transfer	17.2	18.2
Total Taxes	4,542.4	4,694.1
Departmental Receipts	549.4	560.3
Taxes and Departmentals	5,091.8	5,254.4
Other Sources		
Other Miscellaneous	30.1	26.5
Lottery	424.0	432.7
Unclaimed Property	21.3	20.5
Other Sources	475.4	479.7
Total General Revenues	5,567.2	5,734.1
<i>\$ in millions</i>		

Municipal Aid

The Governor recommends \$408.7 million in state aid to municipalities in FY2026. This is \$2.1 million less than the FY2025 enacted level. The decrease is related to two adjustments. The first is a small sales tax adjustment made to the Motor Vehicle Excise Tax reimbursement state aid that is required to be calculated under current law (Governor recommends a proposal in Article 5 to end the calculation in subsequent years). The second is an updated appropriation amount for the Tangible Tax Reimbursement state aid program that is based on actual documentation submitted by municipalities and certified by the Division of Municipal Finance. FY2025 Budget as Enacted included a \$28.0 million placeholder for the program. The actual amounts come in at \$25.9 million, resulting in a decrease of \$2.1 million.

The Distressed Community Relief program is level funded at \$12.4 million. The Payment in Lieu of Taxes program is also level funded at \$49.2 million, representing 25.9 percent of value of eligible properties (state law allows up to 27.0 percent). Meal and Beverage Tax revenue is projected to increase by a total of \$1.3 million for FY2026 and the Hotel Tax is projected to increase by \$1.0 million over the FY2025 enacted level. Tables showing impacts by community are included at the end of this analysis.

Program	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
Payment in Lieu of Taxes	\$49.2	\$49.2	-	-	\$49.2	-	-
Distressed Communities	12.4	12.4	-	-	12.4	-	-
Motor Vehicle Excise Tax	234.7	234.7	-	-	234.9	0.2	0.0
Tangible Tax Reimbursement	28.0	25.9	(2.1)	-8%	25.9	(2.1)	(0.1)
State Aid to Libraries							
Grant-in-Aid	11.9	11.9	-	-	11.9	-	-
Library Construction	2.2	2.2	-	-	2.1	(0.1)	-4.5%
Total Direct Aid	\$338.4	\$336.3	(\$2.1)	-0.6%	\$336.4	(\$2.0)	-0.6%
Public Service Corporations Tax	\$15.5	\$15.5	-	0.0%	\$14.8	(0.7)	(0.0)
Meals & Beverage Tax	40.1	39.6	(0.5)	-1.2%	41.4	1.3	3.2%
Hotel Tax	14.0	14.6	0.6	4.3%	15.0	1.0	7.1%
Airport Impact Aid	1.0	1.0	-	0.0%	1.0	-	0.0%
Total Indirect Aid*	\$70.7	\$70.8	\$0.1	0.1%	\$72.3	\$1.6	2.3%
Total Aid	\$409.1	\$407.1	(\$2.0)	-0.5%	\$408.7	(\$0.4)	-0.1%

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

*Values are based on estimates made at the time of the Budget's passage and are subject to revision.

DIRECT AID TO LOCAL GOVERNMENT

Payment in Lieu of Taxes (PILOT)

The Payment in Lieu of Taxes (PILOT) program was established in 1986 to reimburse cities and towns for property taxes that would have been due on real property owned by entities that are statutorily exempt from paying taxes. These entities include private nonprofit institution of higher education, nonprofit hospitals, or any state-owned property such as hospitals, veterans' residential facilities, or correctional facilities. The objective is to offset the costs to the community for providing public safety or other municipal services to these properties. The following table lists the properties that are counted towards the PILOT program:

PILOT Properties by Municipality

Municipality	Properties
Barrington	RI School of Design
Bristol	Brown University Roger Williams University RI Veterans Home
Burrillville	Zambarano Hospital
Cranston	Brown University Johnson & Wales University State Hospital and Prisons
East Greenwich	Kent County Memorial Hospital New England Institute of Technology Women & Infants Hospital of Rhode Island
East Providence	Bradley Hospital
Newport	International Yacht Restoration School Newport Hospital Salve Regina College
North Kingstown	South County Hospital
Pawtucket	Miriam Hospital
Providence	Brown University Butler Hospital Home & Hospice Care of RI Johnson & Wales University Miriam Hospital Providence College Rhode Island Hospital Rhode Island School of Design Women & Infants Hospital of Rhode Island
Smithfield	Bryant University
South Kingstown	South County Hospital
Warwick	Bradley Hospital Kent County Memorial Hospital New England Institute of Technology
Westerly	Westerly Hospital Women & Infants Hospital of Rhode Island
Woonsocket	Landmark Hospital

The Budget includes \$49.2 million in general revenue for the State’s PILOT program in FY2026, level with the FY2025 enacted level.

Current law requires reimbursement at 27.0 percent of for gone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The Governor’s recommendation for the program for represents 25.9 percent.

PILOT Funding Trends			
Fiscal Year	Total Funding	% Change	% Reimbursed
2022	\$46.1	-9.1%	26.0%
2023	48.4	5.0%	27.0%
2024	49.2	1.7%	27.0%
2025	49.2	0.0%	26.7%
2026	49.2	0.0%	25.9%

\$ in millions.

* includes additional federal pandemic relief funds

Distressed Community Relief

The Distressed Community Relief program was established in 1990 to provide State assistance to communities with the highest property tax burdens relative to the wealth of taxpayers. The Budget includes \$12.4 million in general revenue for the Distressed Community Relief Fund in FY2026, level with the FY2025 enacted level.

Seven communities are eligible to receive funds under the program in FY2026. Distribution is based upon annually updated data related to the local tax levy and is certified by the Division of Municipal Finance.

When a community is determined to no longer be eligible for the program, it is permitted to receive a transitional amount that is 50.0 percent of its proportional share.

The Budget requires that any community classified as “distressed” be mandated to participate in the Division of Taxation’s income tax refund offset program, allowing the Division to recover unpaid State and local taxes and/or fines through an intercept of an individual’s income tax refund. The program assists communities with maximizing their collection of revenue thereby reducing or eliminating their distressed condition. All seven communities are currently participating.

Municipality	FY2025 Enacted	FY2026	
		Governor	Change
Central Falls	\$268,136	\$254,105	(\$14,031)
Coventry	-	\$669,342	669,342
North Providence	1,140,776	1,061,533	(79,243)
Pawtucket	1,808,532	1,682,212	(126,320)
Providence	7,107,546	6,810,734	(296,812)
West Warwick	1,157,378	1,077,937	(79,441)
Woonsocket	902,090	828,595	(73,495)
Total	\$12,384,458	\$12,384,458	-

Motor Vehicle Excise Tax

In FY2023, the General Assembly phased-out the local motor vehicle excise tax, one year earlier than originally planned in a phase-out process that began in FY2018.

With the phase-out complete, the General Assembly enacted legislation in FY2023 that repealed the now obsolete statutory provisions related to the original phase-out halted in FY2008 and the subsequent provisions resulting in the complete phase-out. The legislation also repeals the formula for the reimbursement amounts over the course of the phase-out period and replaces it with the specific amounts each municipality will receive in FY2024 (the amounts total \$234.7 million). The legislation advancing the phase-out preserved the formula for reimbursements in FY2025 and beyond, specifically retaining a sales tax adjustment, that would modify reimbursements based on growth in the state’s 7.0 percent sales tax. The legislation also repealed the statutory sections establishing a permanent vehicle valuation oversight commission, since it is no longer needed.

Analyst Note: The FY2026 Budget includes \$234.9 million in MVET state aid, \$140,866 more than the FY2025 enacted level. This increase is related to the Governor’s proposal to eliminate the annual sales tax growth adjustment that is provided to municipalities as part of the Motor Vehicle Excise Tax State Aid program.

Under the proposal, the adjustment is allowed for FY2025 only, with subsequent distributions for FY2026 and beyond, being based on the higher of either FY2024 or FY2025. The reason the distribution amount received by a municipality in FY2025 may be slightly lower despite growth in the sales tax is related to the nature of the calculation, which requires rounding the distribution to the nearest 0.01 percent. This rounding requirement in some instances may decrease a distribution in comparison to the FY2024 amount.

The elimination of the adjustment results in \$9.7 million less in reimbursements in FY2026.

Tangible Tax Changes

In FY2024, the General Assembly provided for a state aid program that reimburses municipalities the foregone revenue associated with a statewide tangible property tax exemption. Tangible personal property (TPP) comprises property that can be moved or touched, and commonly includes items such as business equipment and furniture. It is one of four classifications of property that typically are taxed by municipalities, the others being residential real estate, commercial/industrial, and motor vehicles. The latter has been completely phased out in Rhode Island as of FY2023.

The program provides an exemption on the first \$50,000 in tangible property value from the TPP statewide, as of the assessment date of December 31, 2023. The exemption does not apply to public service corporations or certain renewable energy resources and associated equipment. All ratable tangible personal property valued above \$50,000 remains taxable. The change is estimated to positively impact all taxpayers (except those noted above) and eliminate the TPP tax liability altogether for 30,152 business, or 75.0 percent of taxpayers.

To offset the revenue loss to municipalities associated with the exemption, the state provides aid through a program within the Department of Revenue’s Division of Municipal Finance (DMF). DMF reimburses municipalities at 100.0 percent of the revenue foregone due to the exemption that would have been collected for FY2025. Municipalities had until August 15, 2024 to document, certify, and file their tangible property tax assessments with the DMF in order for reimbursement. No adjustments are made to this baseline in future fiscal years. Reimbursement payments are to be made by September 30th of each year. Reimbursements are not to be made until a municipality or fire district has provided DMF with its certified tax roll and any other required information.

The Analyst Note: As noted above, municipalities had until August 15, 2024, to document, certify, and file the assessment with the Division of Municipal Finance. Based on this schedule, actual reimbursement amounts would not be known until the FY2025 Supplemental Budget.

The FY2024 Budget as Enacted included \$28.0 million in general revenue within the Department of Revenue for the new state aid program with the provision that any unused funds be subject to automatic reappropriation to the following fiscal year. These funds were appropriated as a placeholder with the understanding that implementation and reimbursements do not take place until FY2025. The Governor’s FY2025 Supplemental Budget includes \$25.7 million for the program based on the actual documentation submitted by municipalities and certified by DMF.

State Aid to Libraries

Grant-in-Aid: State aid to libraries is distributed based on the city or town’s expenditure level as a percentage of the total expenditures by all communities statewide. In order to be eligible for these funds, cities and towns must maintain their level of support for public library services at 100.0 percent of the previous year’s funding from the local tax base. The Budget provides cities and towns with \$11.9 million in total direct library aid in FY2026. This includes a \$1.1 million in funding for the Statewide Reference Library Resource Grant that supports interlibrary services for all municipal libraries. Distribution of direct library aid is based on qualifying data from the statutory reference year. Current law requires reimbursement of 25.0 percent of second prior year expenses, but allows for a ratable reduction if the appropriation is less than this amount. The FY2026 appropriation is funded at 24.5 percent.

Fiscal Year	Grant in Aid*	Library Aid		Total Aid	% Change
		Construction			
2022	\$9.6	\$2.1		\$11.7	-4.9%
2023	11.0	1.9		12.9	9.8%
2024	11.5	2.1		13.6	5.8%
2025	11.5	2.2		13.7	0.8%
2026	11.5	2.1		13.6	-0.7%

\$ in millions

**Inclusive of the Statewide Reference Library Resources Grant*

Construction Reimbursement: Rhode Island law grants authority to the Office of Library and Information Services (OLIS) to award grants to a municipality or a free public library for construction or capital improvements. Grants are limited to a maximum of 50.0 percent of the total eligible costs as determined by the Office of Library and Information Services and are paid on an installment basis, based on a community’s debt service requirement, for a period of up to 20 years.

For FY2026, the Budget includes \$2.1 million for Library Construction Aid, \$117,191 less than the FY2025 Enacted level. According to OLIS, the decrease reflects planned reimbursement costs.

INDIRECT AID TO LOCAL GOVERNMENT

Public Service Corporation Tax

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations is exempt from local taxation. It is, however, subject to taxation by the State. The State Tax Administrator applies the average assessment ratio and the average tax rate to the value of tangible personal property of each company to calculate the amount of tax due. The “average assessment ratio” is the total assessed valuation divided by the full market value of the valuation. The “average property rate” is the total statewide property levy divided by the total statewide assessed valuation.

The revenue from this tax flows through the State; it is not appropriated. The State is allowed to keep 0.75 percent of the tax for administrative fees. The remainder of the revenue is deposited into a restricted receipt account and apportioned to the cities and towns based on the ratio of each municipality’s population relative to the total population of the State.

In 2009, the General Assembly passed legislation freezing the tax rate on telecommunications tangible personal property at a rate equal to or greater than the rate that applied in FY2008. For each year thereafter, the tax rate applied to telecommunications tangible property can be no less than the rate that applied in FY2008.

The Governor’s FY2026 Budget includes the estimated amount of \$14.8 million to be distributed to municipalities on July 30, 2026.

Meals and Beverage Tax

During the 2003 session, the General Assembly enacted a 1.0 percent gross receipt tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The revenue from this tax flows through the State; it is not appropriated. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered.

For FY2025, the Office of Revenue Analysis anticipates \$39.6 million in collections, increasing to \$41.4 million in FY2026.

Hotel Tax

The State levies a 5.0 percent gross receipts tax on charges for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised, or held out to the public to be a space where living quarters are supplied for pay for transient use (30 days or less). This tax is collected by the hotel and remitted to the Division of Taxation on a monthly basis.

This tax is in addition to all other taxes and fees currently imposed. The Division of Taxation collects the tax and is responsible for distribution, except for the City of Newport, which is authorized to collect and disburse taxes from all hotels physically located in the City. 25.0 percent of the revenue from the 5.0 percent hotel tax is distributed to the city or town where the hotel which generated the tax is physically located.

The FY2016 Budget as Enacted expanded the hotel tax to include vacation home rentals, small bed and breakfasts, hotel room resellers, and unlicensed lodging rentals (such as those listed on the Airbnb.com website).

Public Service Corporation		
Fiscal Year	Total Funding	% Change
2022	\$12.6	-4.5%
2023	13.1	4.0%
2024	14.5	10.7%
2025	15.5	6.9%
2026	14.8	-4.5%

\$ in millions

Meals & Beverage Tax		
Fiscal Year	Total Funding	% Change
2022	\$32.4	33.8%
2023	35.7	10.1%
2024	38.5	7.8%
2025	39.6	2.9%
2026	41.4	4.5%

\$ in millions

Hotel Tax Distribution		
Fiscal Year	Total Distribution	% Change
2022	\$11.8	119.5%
2023	13.8	16.6%
2024	13.5	-1.8%
2025	14.6	8.1%
2026	15.0	2.7%

\$ in millions

The Budget includes \$14.6 million in estimated hotel tax distribution in FY2025 and \$15.0 million in FY2026. The significant increase in hotel tax collections from FY2020 is related to the impact of ending pandemic restrictions on travel.

OTHER AID TO LOCAL GOVERNMENT

Warwick Rental Car Tax Revenue

The RI Airport Corporation levies a customer service charge (CSC) of \$5.00 per day for all vehicle rentals from companies operating at T.F. Green Airport in Warwick. Revenues from the CSC are to be used to pay for the construction, expansion, reconfiguration, operation and maintenance of the Warwick Intermodal Transit Station. The CSC is applied prior to the application of the sales tax and rental vehicle surcharge. Since 2003, per RIGL 1-2-17.1, all sales taxes (7.0 percent) and rental vehicle surcharges (6.0 percent) collected from the application of the CSC have been deposited into a restricted receipt account for the City of Warwick. The Budget includes \$995,120 in CSC payments to the City in both FY2025 and FY2026.

Airport Impact Aid

The Budget provides \$1.0 million in funding for the Airport Impact Aid program in FY2026. The Airport Impact Aid program provides State aid funds to municipalities which host airports. Under current law, the aid is distributed according to a statutory formula that provides 60.0 percent of the first \$1.0 million, or \$600,000, for communities with airports serving more than 1.0 million passengers per year. T.F. Green in Warwick is the only airport in the State that meets this threshold. The remaining 40.0 percent is distributed to communities based on each airport's share of total landings in a calendar year, including T.F. Green. Under current law, no community that hosts an airport can receive less than \$25,000.

The following table shows the estimated distribution of Airport Impact Aid for FY2025 and FY2026:

Airport	FY2025*	FY2026^	Change
Warwick T.F. Green	\$742,618	\$768,857	\$26,239
Block Island	47,267	44,623	(2,643)
Middletown - Newport Airport	35,601	33,437	(2,164)
North Central - Smithfield	25,000	25,000	-
North Central - Lincoln	25,000	25,000	-
North Kingstown - Quonset	64,642	56,255	(8,386)
Westerly	59,974	55,492	(4,482)
Grand Total	\$1,000,100	\$1,008,664	\$8,564

*FY2025 Airport Impact Aid is based on Calendar Year 2024 landing data that is made available in May 2025.

^FY2026 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in May 2026.

Property Revaluation Reimbursement

In 1997, the General Assembly enacted legislation requiring municipalities to conduct full property revaluations every nine years and statistical updates at year 3 and year 6. Communities are responsible for appropriating funds to cover the costs of full property revaluations; however, the State reimbursed municipalities for 100.0 percent of the first statistical update. Reimbursements for subsequent updates were set at 80.0 percent (up to \$16 per parcel) for the second statistical update and 60.0 percent (up to \$12 per parcel) for the third and subsequent statistical

Fiscal Year	Property Revaluation Program	
	Total Distribution	Change
2022	\$1.5	36.4%
2023	0.4	-62.3%
2024	0.9	-39.6%
2025	1.9	108.3%
2026	0.7	-62.3%

\$ in millions

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

FY2026 - Direct Municipal Aid to Cities and Towns

Municipality	FY2025 Enacted ⁴	Distressed Communities				Motor Vehicle Excise Tax	Tangible Property	FY2026 Governor	Change from FY2025
		Payment in Lieu of Taxes	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 Grant

²ILG: Grant-in-Aid to Institutional Libraries

³LCA: Library Construction Aid

⁴At 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.

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 May 2026.

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

FY2025 - Direct Municipal Aid to Cities and Towns

Municipality	FY2025 Enacted	Distressed Communities				Motor Vehicle Excise Tax	Tangible Property	FY2025 Governor	Change from FY2025
		Payment in Lieu of Taxes	Relief Fund	Library Aid					
Barrington	\$6,371,907	\$18,976	-	\$374,472	\$5,891,868	\$83,638	\$6,368,954	(\$2,954)	
Bristol	4,596,713	1,324,937	-	218,673	2,910,724	147,284	4,601,619	4,906	
Burrillville	5,424,751	60,737	-	237,425	5,046,819	72,656	5,417,637	(7,114)	
Central Falls	2,735,313	-	268,136	37,296	2,089,148	351,907	2,746,487	11,174	
Charlestown	1,107,383	-	-	68,182	1,009,366	18,324	1,095,871	(11,511)	
Coventry	6,507,745	-	-	269,635	5,868,395	365,715	6,503,744	(4,001)	
Cranston	28,889,700	4,037,181	-	801,676	22,323,373	1,738,596	28,900,826	11,126	
Cumberland	6,940,855	-	-	362,208	6,079,657	505,178	6,947,043	6,188	
East Greenwich	3,936,750	819,440	-	153,342	2,417,779	546,636	3,937,196	446	
East Providence	14,071,455	296,967	-	457,226	11,431,633	1,883,783	14,069,609	(1,846)	
Exeter	2,360,044	-	-	65,245	2,229,990	53,418	2,348,653	(11,391)	
Foster	1,795,928	-	-	42,989	1,643,150	100,687	1,786,827	(9,101)	
Glocester	2,684,522	-	-	99,016	2,370,831	203,566	2,673,413	(11,110)	
Hopkinton	1,863,296	-	-	44,300	1,619,677	189,737	1,853,714	(9,583)	
Jamestown	767,799	-	-	121,534	633,787	23,473	778,793	10,993	
Johnston	11,904,200	-	-	130,296	10,375,322	1,391,119	11,896,737	(7,463)	
Lincoln	6,440,032	-	-	273,980	5,680,606	483,036	6,437,622	(2,410)	
Little Compton	447,331	-	-	44,558	375,577	35,997	456,133	8,802	
Middletown	2,457,372	-	-	180,903	1,971,781	300,020	2,452,704	(4,667)	
Narragansett	2,154,632	-	-	246,158	1,830,939	77,223	2,154,320	(312)	
Newport	4,419,882	1,773,418	-	500,366	2,229,990	304,205	4,807,978	388,096	
New Shoreham	677,845	-	-	118,589	164,315	14,181	297,085	(380,760)	
North Kingstown	6,034,422	50	-	325,575	5,375,449	329,980	6,031,054	(3,368)	
North Providence	11,910,456	-	1,140,776	243,155	9,624,167	907,238	11,915,337	4,881	
North Smithfield	4,946,190	-	-	98,289	4,389,559	449,370	4,937,218	(8,972)	
Pawtucket	20,197,901	3,087	1,808,532	513,563	16,501,926	1,377,212	20,204,320	6,419	
Portsmouth	2,722,357	-	-	139,256	2,417,779	168,858	2,725,893	3,536	
Providence	86,142,245	37,273,505	7,107,546	1,528,268	34,130,583	6,101,330	86,141,232	(1,013)	
Richmond	1,586,007	-	-	32,604	1,455,362	104,948	1,592,914	6,907	
Scituate	2,261,709	-	-	137,687	1,971,781	146,895	2,256,363	(5,347)	
Smithfield	10,022,892	1,217,452	-	375,697	7,089,021	1,331,050	10,013,219	(9,673)	
South Kingstown	4,590,615	186,342	-	262,439	3,920,088	211,379	4,580,248	(10,368)	
Tiverton	2,051,926	-	-	150,750	1,737,045	153,001	2,040,796	(11,130)	
Warren	2,349,062	-	-	78,191	2,089,148	179,960	2,347,300	(1,762)	
Warwick	30,943,692	1,691,043	-	925,461	25,257,570	3,080,934	30,955,008	11,316	
Westerly	6,473,128	151,026	-	453,238	5,774,500	485,171	6,863,935	390,807	
West Greenwich	1,706,126	-	-	71,408	1,337,994	163,578	1,572,980	(133,146)	
West Warwick	8,114,297	-	1,157,378	210,823	5,680,606	829,938	7,878,745	(235,553)	
Woonsocket	11,644,406	347,251	902,090	235,701	9,319,011	834,588	11,638,640	(5,766)	
SRL ¹	1,145,585	-	-	1,145,585	-	-	1,145,585	-	
ILG ²	79,671	-	-	79,671	-	-	79,671	-	
LCA ³	2,232,819	-	-	2,232,819	-	-	2,232,819	0	
Fire Districts	421,271	-	-	-	445,998	157,419	603,417	182,146	
Total	\$336,132,233	\$49,201,412	\$12,384,458	\$14,088,248	\$234,712,313	\$25,903,228	\$336,289,658	\$157,426	

¹SRL: Statewide Reference Library Resources Grant

²ILG: Grant-in-Aid to Institutional Libraries

³LCA: Library Construction Aid

⁴At 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.

FY2025 - Indirect Municipal Aid to Cities and Towns

Municipality	FY2025 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	FY2025 Governor	Change from
							FY2025 Enacted
Barrington	\$443,580	\$242,251	\$4,310	\$168,588	\$0	\$415,149	(\$28,431)
Bristol	1,124,216	317,229	102,585	714,557	-	1,134,370	10,154
Burrillville	509,179	229,290	260	265,144	-	494,694	(14,485)
Central Falls	549,085	316,365	781	277,566	-	594,713	45,628
Charlestown	442,097	113,167	98,406	228,976	-	440,549	(1,548)
Coventry	1,258,218	504,509	119,696	590,335	-	1,214,541	(43,677)
Cranston	4,084,890	1,170,024	55,520	2,780,908	-	4,006,452	(78,438)
Cumberland	1,254,096	513,282	1,005	715,471	-	1,229,759	(24,337)
East Greenwich	1,245,529	202,124	3,984	1,104,421	-	1,310,529	65,000
East Providence	2,232,558	665,190	88,863	1,418,339	-	2,172,391	(60,167)
Exeter	265,783	98,366	722	161,766	-	260,855	(4,928)
Foster	92,948	63,545	1,822	23,720	-	89,087	(3,861)
Glocester	262,888	142,045	3,755	126,799	-	272,599	9,711
Hopkinton	194,185	118,883	2,879	60,752	-	182,514	(11,671)
Jamestown	269,916	78,586	60,564	143,320	-	282,469	12,553
Johnston	1,503,372	418,043	17,022	1,063,116	-	1,498,180	(5,192)
Lincoln	1,554,252	318,021	220,031	985,825	25,034	1,548,911	(5,341)
Little Compton	159,548	51,249	42,974	54,679	-	148,903	(10,645)
Middletown	2,903,992	240,666	1,609,145	1,105,030	33,482	2,988,323	84,331
Narragansett	1,591,633	206,906	419,109	966,121	-	1,592,137	504
Newport	7,707,451	354,965	4,099,144	3,580,502	-	8,034,611	327,160
New Shoreham	1,497,829	13,612	892,420	579,233	44,684	1,529,948	32,119
North Kingstown	1,504,552	392,206	158,303	908,572	56,332	1,515,413	10,861
North Providence	1,137,190	480,300	4,353	696,327	-	1,180,980	43,790
North Smithfield	654,160	177,362	5,795	461,409	-	644,567	(9,593)
Pawtucket	2,577,052	1,063,692	117,282	1,297,262	-	2,478,237	(98,815)
Portsmouth	718,822	252,509	38,855	449,634	-	740,999	22,177
Providence	13,146,755	2,684,345	2,467,232	8,191,705	-	13,343,282	196,527
Richmond	372,814	114,284	45,924	206,767	-	366,975	(5,839)
Scituate	258,566	147,210	11,598	105,419	-	264,227	5,661
Smithfield	1,793,630	312,503	252,818	1,195,141	25,034	1,785,495	(8,135)
South Kingstown	2,087,518	451,761	372,406	1,192,474	-	2,016,640	(70,878)
Tiverton	697,790	230,974	17,347	443,619	-	691,941	(5,849)
Warren	673,063	157,298	3,328	553,519	-	714,146	41,083
Warwick	7,557,900	1,171,326	1,442,028	3,980,085	769,903	7,363,343	(194,557)
Westerly	3,026,270	330,204	1,397,805	1,334,506	55,567	3,118,081	91,811
West Greenwich	428,449	92,466	154,001	174,424	-	420,891	(7,558)
West Warwick	1,196,404	437,342	178,426	544,971	-	1,160,740	(35,664)
Woonsocket	1,522,435	608,833	72,796	787,360	-	1,468,988	(53,447)
Total	\$70,500,615	\$15,482,934	\$14,585,297	\$39,638,361	\$1,010,036	\$70,716,628	\$216,013

¹*FY2025 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in March 2026.

Final FY2025 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2025. The state aid for each municipality is an estimate provided by the Senate Fiscal Office.

Education Aid

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, the distribution of state funds changes annually based on shifts in enrollment. This formula applies to all public schools, charter schools, the Davies Career and Technical School, and the Metropolitan Career and Technical Center. The Act does not change the funding methodology for the School for the Deaf, since it is an education program that already has a state, federal, and local share.

Beginning in FY2012, the formula established a per-pupil spending amount and allocated this funding based on student enrollment, adjusting for poverty (as measured by the number of families whose income is below 185.0 percent of the federal poverty guidelines). Beginning in FY2025, the formula was amended to provide additional support for English Learners. The formula also adjusts for local revenue generating capacity and overall poverty level, as well as the concentration of children living in poverty.

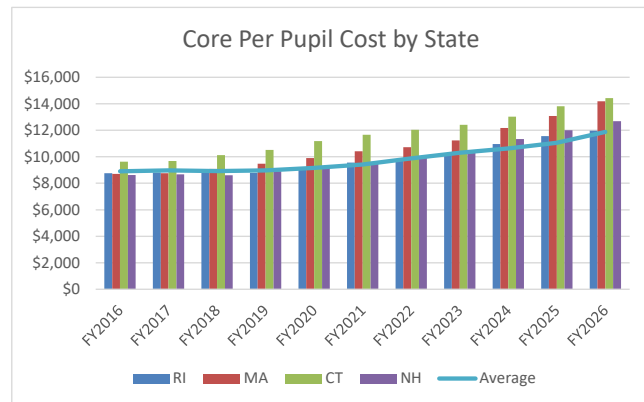
The Act included a multi-year transition plan to ease districts into the new formula, allowing time for school districts and municipal governments to adjust for gains or losses in education aid. The plan provided a transition period of ten years from the formula implementation in FY2012 for those districts projected to receive less school aid than they did in the previous year, and seven years for those districts projected to receive more. FY2021 was the final year of the transition plan. However, the FY2024 Budget as Enacted provided a Poverty Loss Stabilization Fund and a Transition Fund for enrollment loss.

In FY2026, the formula aid to the districts, charter schools, and state schools increases by \$46.1 million to fully fund the formula, partially offset by a decrease of \$9.2 million in Enrollment Transition funding and an increase of \$3.5 million in the Poverty Loss Stabilization Fund. An additional increase of \$2.3 million is provided through categorical aid, including stabilization funding for Central Falls, Davies, and the Met.

HOW THE FORMULA WORKS

Step 1 - Student Enrollment: Student enrollment is based on resident average daily membership (RADM), which refers to the average number of students who are residents of the community and were enrolled in the school district during the prior school year. The Budget is based on enrollment data as of October 2024, adjusted for projected charter and state school enrollments.

Step 2 - Core Instruction Amount: The core instruction amount provides a base level of funding per pupil derived from the average of northeast regional expenditure data from Rhode Island, Massachusetts, Connecticut and New Hampshire, as published by the National Center for Education Statistics (NCES). In the FY2026 Budget, the core-instructional amount is \$13,322, an increase of \$705 or 5.6 percent.



Step 3 - High Need Student Weight (40.0 percent): The Act includes a single factor to adjust the core instruction amount to address the effects of poverty and other factors influencing educational need. The weight provides an additional \$5,728 ($\$13,322 \times 0.40 = \$5,728$) for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines. Article 7 of the Governor's recommended FY2026 Budget would increase the student success factor weight from 40.0 percent to 43.0 percent, an additional \$400 per student, for those districts with a pre-kindergarten through

6th grade poverty density at or above 60.0 percent. This is the poverty density indicator used in calculating the state share ratio for a district. The amendment impacts five districts in FY2026: Central Falls, Newport, Pawtucket, Providence, and Woonsocket, as well as those charter and state schools with students from these districts.

The statute requires that the weight be applied to each child whose family income is at or below 185.0 percent of the federal poverty guidelines. Traditionally, these students were tracked primarily through eligibility for the federal free and reduced lunch program (FRLP); however, Article 10 of the FY2023 Budget as Enacted required the Department of Elementary and Secondary Education (Department) to submit, as part of its FY2024 budget request, a poverty measure that does not rely on the administration of the school lunch programs. The Governor recommended and the General Assembly agreed to using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP). The counts from this data source are then multiplied by a factor of 1.6, as recommended by the U.S. Department of Agriculture (USDA) and the U.S. Department of Education for the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010.

Article 7 Fiscal Impact	
District	3.0% Additional SSF
Central Falls	\$544,152
Newport	200,801
Pawtucket	1,443,255
Providence	4,278,415
Woonsocket	1,404,602
District Total	\$7,871,225
Charter Schools	2,519,512
Davies	82,207
Met School	127,731
Nowell Academy	41,297
Urban Collaborative	42,687
Youth Build Academy	34,041
Total	\$10,718,700

Step 4: Multilingual Learner Factor (20.0 percent): Article 8 of the FY2025 Budget as Enacted shifts English Learners (EL) categorical aid into the funding formula, changes the name to Multilingual Learner (MLL), and increases the weight from 15.0 percent to 20.0 percent. The weight still applies to the three lowest proficiency categories as identified through the World-class Instructional Design and Assessment (WIDA) assessments tool. Local education agencies (LEAs) are required to report annually by September 1 to the Department of Elementary and Secondary Education outlining the planned and prior use of the MLL funds to provide services to MLL students as required by the Commissioner of Elementary and Secondary Education. While the funds are no longer distributed on a reimbursement basis, the Department is required to ensure consistency with best practices.

Step 5 - Total Foundation Budget: The total foundation budget for each school district is calculated by adding the product of the total core instruction amount and the total student success factor weight.

$$\text{Total Foundation Budget} = (\$13,322 \times \text{RADM}) + (0.4 \times \$13,322 \times \text{students in poverty}) + (0.2 \times \$13,322 \times \text{MLL students})$$

Pursuant to Article 7, for those districts with a pre-kindergarten through 6th grade poverty density at or above 60.0 percent, the student in poverty would be calculated as $(0.43 \times \$13,322 \times \text{students in poverty})$.

Step 6 - State Share Ratio: The Education Adequacy Act creates a share ratio by adding a wealth measure, based on the concentration of children living in poverty, to the single State Share Ratio for the Community (SSRC) previously used to determine a district's ability to pay for the cost of education. In FY2024, the Governor uses the direct certification data discussed under the SSF above to measure the percentage of Pre-Kindergarten through sixth grade students living in poverty, instead of the free and reduced-lunch data used traditionally.

The total foundation budget equals the student enrollment and the high-need student weight of the district multiplied by the core instruction amount. The State's share of the total foundation budget is the state share ratio calculated as follows:

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{\text{SSRC}^2 + \%PK - 6 \text{ poverty}^2}{2}}$$

Pursuant to the FY2024 Budget as Enacted, however, if a district has a PK through 6 poverty rate greater than 50.0 percent and the SSR calculation results in a ratio less than the SSRC, then the SSRC will be used. In FY2025, this adjustment impacts Pawtucket, Providence, West Warwick, Woonsocket, and Central Falls, as highlighted in the table.

By squaring each factor, the formula amplifies the greater of the two variables. Consequently, school districts with less capacity to raise revenue than the State as a whole and a higher concentration of child poverty look relatively poorer, while districts with a higher capacity to raise revenue and lower concentrations of poverty look relatively wealthier. Those poorer districts with the higher SSR will receive a greater portion of the calculated education costs as state aid than the wealthier districts.

The SSRC calculation is based on each community's total assessed property value and median family income, relative to districts across the State. The total community property value includes motor vehicles, personal property and State payments in lieu of taxes. These values are brought to full market value based on market experience and then adjusted by the median family income. The higher the EWAV share ratio, the less capacity the community has relative to the rest of the state for generating locally derived revenue to support schools and the more state aid the community will receive. While similar to the share ratio used in the school construction formula to determine the state's share of debt service obligations, the Education Adequacy Act adjusted the SSRC calculation to increase the State share of the total education budget.

Analyst Note: Beginning with the FY2027 education aid calculation, the community property values may no longer contain motor vehicle values since FY2023 is the last year vehicles can be taxed. It has yet to be determined if a motor vehicle value will be used in the assessed community property value. Another adjustment will occur for the FY2028 aid calculation due to the tangible property tax exemption enacted in the FY2024 Budget as Enacted.

The distribution includes an update to the median family income (MFI) component of the EWAV based on the socio-economic data from the American Community Survey (ACS) provided by the United States Census Bureau. The index used to adjust for MFI is the ratio of the median family income of the municipality relative to the median family income statewide as reported in the American Community Survey (ACS) provided by the United States Census Bureau.

Step 7 - State Share of Foundation Budget: The State's share of the total foundation budget equals the state share ratio, discussed above, times the total foundation budget. Unlike many foundation formulas, the statute neither requires a minimum nor sets a maximum local spending level beyond the limits in the maintenance of effort requirements found in RIGL 16-7-23 and 16-7-23.1. Nonetheless, a municipality is responsible, to some degree, for the difference between the state share and the total foundation amount.

Article 8 of the FY2024 Budget as Enacted promulgated RIGL 16-7.2-3(f)(3) requiring the Department to report and compare local contributions to education aid and to report compliance to each school committee and city or town council. Based on information provided by the Department, in FY2023 four districts did not fund the full local share: Central Falls, Pawtucket, Providence, and Woonsocket.

Poverty Loss Stabilization Fund: The FY2024 Budget as Enacted established funding to reduce the impact of a reduction in the community state share ratio. If the share ratio decreases by more than 2.0 percent, relative to the prior year, the formula provides 50.0 percent of the resulting reduction in funding formula aid.

Enrollment Transition Fund: To address the significant enrollment declines seen across the State, the FY2024 Budget as Enacted established an Enrollment Transition Fund providing 40.0 percent of the funding formula aid lost as a result of enrollment declines, relative to the previous year, in year one and 25.0 percent in year two.

TABLE

The table on the following page provides a step-by-step calculation of each district's formula distribution for FY2026.

FY2026 Education Aid Calculator - Governor Recommendation

Districts	PK-12 RADM	Direct Cert	Direct Factor (1.6)	MILL (prof 1-3)	Core Instruction Funding	Student Success Factor Poverty Concentration Adjustment	Student Success Factor Funding (F = 0.4*\$13,322 = \$5,329 or 0.43*\$13,322 = \$5,728)	MILL Funding (Y = 0.2*\$13,322 = \$2,664)	Total Foundation	PK6 factor	EMAW	State Share RIGL 16-7.2-A	Foundation Budget	State Share of Home and categories	FY2025 Enacted (excludes group)	Change in State Funding
A	B	X	A*C=D	B*F=G	D+G+Z=H	P	W	I	I, unless P=0.5 and W<then W=Z	H7Z-J	K	J-K-L				
Barrington	3,295	113	181	54	\$43,895,990	40.0%	\$563,447	\$143,878	\$45,003,315	7.1%	30.5%	22.1%	\$9,965,262	\$11,418,578	(\$1,453,316)	
Burrillville	2,011	268	429	12	26,790,542	40.0%	2,284,989	31,973	29,107,504	28.5%	59.0%	46.3%	13,485,997	13,266,956	219,041	
Charlestown	668	64	102	2	8,899,096	40.0%	545,669	5,329	9,450,094	21.7%	15.3%	47.8%	1,514,709	1,514,709	(64,666)	
Coxeury	4,072	571	914	24	54,247,484	40.0%	4,868,392	63,946	59,179,521	28.8%	61.1%	47.8%	28,266,044	26,569,935	1,696,108	
Granston	9,712	1,822	2,915	956	129,383,264	40.0%	15,534,518	2,547,166	147,464,948	39.4%	64.6%	53.5%	78,900,776	77,102,194	1,798,582	
Cumberland	4,819	401	642	229	64,198,718	40.0%	3,418,958	610,148	68,227,824	17.5%	55.9%	41.4%	28,259,253	26,341,736	1,917,517	
East Greenwich	2,488	116	186	35	33,145,136	40.0%	989,025	93,254	34,227,415	7.3%	17.2%	13.2%	4,522,230	6,243,354	(1,721,124)	
East Providence	4,989	1,077	1,723	244	66,463,458	40.0%	9,182,588	650,114	76,296,160	40.4%	59.9%	51.1%	38,978,938	37,431,252	1,547,686	
Foster	238	22	35	1	3,170,636	40.0%	187,574	2,664	3,360,874	21.9%	47.1%	36.7%	1,234,411	1,178,178	56,233	
Glocester	564	37	59	4	7,513,608	40.0%	315,465	10,658	7,839,731	12.4%	52.0%	37.8%	2,963,460	2,902,861	60,599	
Hopkinton	1,109	134	214	4	14,774,098	40.0%	1,142,495	10,658	15,927,250	26.3%	59.2%	45.8%	7,295,593	6,709,736	585,857	
Jamestown	555	17	27	1	7,393,710	40.0%	144,943	2,664	7,541,318	7.1%	5.0%	5.0%	378,609	297,632	80,977	
Johnston	3,346	633	1,013	256	44,575,412	40.0%	5,397,009	682,086	50,654,507	37.8%	56.0%	47.8%	24,200,028	23,368,076	831,953	
Lincoln	3,281	420	672	80	43,709,682	40.0%	3,580,954	213,152	47,503,388	25.0%	57.3%	44.2%	20,999,299	18,481,613	2,517,687	
Little Compton	263	13	21	4	3,503,666	40.0%	110,839	10,658	3,625,183	12.0%	8.5%	8.5%	307,607	326,439	(18,832)	
Middletown	1,888	250	400	149	25,151,936	40.0%	2,131,520	396,996	27,680,452	30.6%	7.9%	22.3%	6,722,115	6,722,115	(536,385)	
Narragansett	932	108	173	3	12,416,104	40.0%	920,817	7,993	13,344,914	18.5%	13.1%	13.1%	1,745,712	1,757,494	(11,783)	
Newport	1,723	655	1,048	319	22,953,806	43.0%	6,003,426	849,944	29,807,176	67.8%	47.9%	47.9%	14,971,108	14,971,101	(681,593)	
New Shoreham	126	4	6	10	1,678,572	40.0%	34,104	26,644	1,739,320	8.0%	5.7%	5.7%	98,391	74,570	23,821	
North Kingstown	3,570	476	762	59	47,559,540	40.0%	4,058,414	157,200	51,775,154	25.1%	23.5%	24.3%	12,588,179	13,120,180	(532,001)	
North Providence	3,424	666	1,066	339	45,614,238	40.0%	5,678,369	903,232	52,196,129	40.6%	70.1%	57.3%	29,898,793	29,606,271	292,521	
North Smithfield	1,636	126	202	38	21,794,792	40.0%	1,074,286	101,247	22,910,325	18.3%	54.5%	40.7%	9,337,854	7,857,620	1,480,233	
Pawtucket	7,737	2,703	4,325	1,622	103,072,314	43.0%	24,774,444	4,321,657	132,168,415	66.3%	83.5%	75.0%	110,360,626	107,328,506	3,032,120	
Portsmouth	2,012	164	262	29	26,803,864	40.0%	1,398,277	77,268	28,279,409	14.0%	9.9%	9.9%	2,799,519	2,830,867	(31,349)	
Providence	18,790	7,918	12,669	7,117	250,320,380	43.0%	72,572,714	18,965,535	341,855,629	84.0%	84.5%	84.5%	288,868,006	284,752,093	4,115,914	
Richmond	1,062	114	182	7	14,147,964	40.0%	971,973	18,651	15,138,588	21.9%	54.9%	41.8%	6,327,151	6,228,750	98,401	
Situate	1,170	75	120	5	15,586,740	40.0%	639,456	13,322	16,239,538	12.4%	35.3%	26.5%	4,296,342	3,357,790	938,552	
Smithfield	2,336	171	274	25	31,120,192	40.0%	1,457,960	66,610	32,644,762	15.1%	42.5%	31.9%	10,411,223	9,812,560	598,663	
South Kingstown	2,343	255	408	39	31,213,446	40.0%	2,174,150	103,912	33,491,508	21.3%	0.00	15.1%	5,044,782	4,997,562	47,220	
Tiverton	1,573	185	296	10	20,955,506	40.0%	1,577,325	26,644	22,559,475	22.9%	23.6%	23.3%	5,245,672	5,361,007	(115,335)	
Warwick	7,961	1,342	2,147	227	106,056,442	40.0%	11,441,999	604,819	118,103,260	34.2%	46.4%	40.8%	48,137,765	44,822,207	3,315,558	
Westerly	2,215	357	571	46	29,508,230	40.0%	3,043,811	122,562	32,674,603	35.5%	25.1%	25.1%	8,202,074	7,912,662	289,412	
West Warwick	3,515	932	1,491	147	46,826,830	40.0%	7,946,307	391,667	55,164,803	56.4%	75.7%	66.8%	41,759,756	39,595,027	2,164,729	
Woonsocket	5,458	2,457	3,931	1,012	72,711,476	43.0%	22,519,722	2,696,373	97,927,571	85.0%	89.4%	87.5%	87,547,248	82,151,150	5,396,098	
Bristol-Warren ¹	2,732	358	573	54	36,395,704		3,052,337	143,878	39,591,918				10,577,437	10,538,060	39,377	
Exeter-West Greenwich ²	1,533	114	182	12	20,422,626		971,973	31,973	21,426,572				7,144,314	5,395,150	1,749,164	
Charlton																
Foster-Glocester ³	1,011	62	99	6	13,468,542		528,617	15,986	14,013,145				5,250,433	5,590,751	(340,319)	
Central Falls	2,407	880	1,408	1,206	32,066,054	43.0%	8,065,672	3,213,266	43,344,992	72.3%	96.7%	85.4%	41,914,607	42,508,401	(593,794)	
District Total	118,564	26,080	41,728	14,387	\$1,579,509,608	43.0%	\$217,040,537	\$38,332,723	\$1,849,546,868				\$1,019,239,271	\$990,445,746	\$28,793,525	
Charter School Total	14,159	5,035	8,056	2,727	188,626,198		45,851,127	7,265,819	241,743,144				194,069,700	178,322,887	15,746,813	
Davies	897	178	285	35	11,949,834		1,612,282	93,254	13,655,370				9,804,084	10,117,360	481,447	
Met School	812	282	451	85	10,817,464		2,557,824	226,474	13,601,762				2,802,638	2,311,758	490,879	
Novell Academy	189	87	139	69	2,517,858		781,844	348,343	3,483,543				2,262,135	2,111,614	150,521	
Urban Collaborative	141	79	126	28	1,878,402		724,077	74,603	2,677,083				1,825,270	2,137,890	(312,621)	
Youth Build Academy	115	63	101	19	1,532,030		577,429	50,624	2,160,082				1,194,952	1,194,952		
Total	134,877	31,804	50,886	17,350	1,796,831,394		285,809,117	46,227,340	2,126,867,851				\$1,240,601,903	\$1,194,528,153	\$46,073,751	

¹ based on October 2024 enrollment updated for projected 2024-2025 charter school growth.
² Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et al.
 Source: Rhode Island Department of Education

CHARTER AND STATE SCHOOLS

The education funding formula calculation for charter and state schools funds students as if they were still in the sending district, with the same core instruction amount, high-need student weight, and state share ratio. The aid, however, is distributed directly to the charter or state school. In FY2026, the Governor’s recommended budget provides \$201.0 million in funding formula aid to charter schools, an increase of \$16.1 million or 8.7 percent. This increase is primarily driven by enrollment. In FY2025, charter school enrollment increases by 442 students, or 3.1 percent, relative to the FY2025 Budget as Enacted.

Sending District Tuition: Under the formula, the funding mechanism for charter and state schools changed significantly. Previously sending district tuition per-student was based on the per-pupil expenditure of the sending district, without deductions, the formula allowed sending districts to retain 5.0 percent of the per-pupil expenditure as indirect aid. The indirect aid was intended to cover residual costs from the transfer of the student from the district to the charter school. Today, the sending district tuition is calculated by dividing the local appropriation to education from property taxes, net debt service and capital projects, by the district resident average daily membership (RADM), or enrollment: there is no indirect aid retained by the sending district.

$$\text{Tuition} = (\text{local appropriation to education} - \text{debt service} - \text{capital projects} / \text{District RADM}) - \text{local tuition reduction}$$

Local Charter and State School Tuition Reduction: Article 11 of the FY2017 Budget changed the above calculation to subtract a district-specific amount from the tuition paid for each student attending a charter or state school. The per-pupil amount is then reduced by the greater of:

1. 7.0 percent of the district’s per-pupil funding, or
2. The district’s per-pupil cost of certain, unique expenditures, such as non-public textbooks, transportation for non-public students, retiree health benefits, out-of-district special education tuition and transportation, services for students age eighteen to twenty-one, pre-school screening and intervention, career and technical education tuition and transportation costs, debt service, and rental, minus the average charter school per-pupil cost for these items, as reported in the uniform chart of accounts.

If a district triggers option 2, then there is an additional reduction for tuition payments to mayoral academies where teachers do not participate in the state teacher’s retirement system equal to the per-pupil cost of the unfunded liability for the preceding year.

There is a two-year lag in the data such that FY2026 tuition rates are based on FY2024 contributions and expenditures. The local tuition rate reductions pursuant to RIGL 16-7.2-5(c) were not available in time for the publication of this report.

To address “the budgetary uncertainty that current law creates for local districts, charter schools, and mayoral academies”, Article 7 caps the reduction in local tuition to charter schools and mayoral academies at 14.0 percent, beginning in FY2026. For illustrative purposes, the table to the right shows additional costs for districts had the cap been in place in FY2025. FY2026 costs to districts from the proposal are unknown at this time.

The following table shows the districts that have triggered the Option 2 reduction in the last five years, as well as the FY2025 charter and state school enrollment for these districts and the average tuition reduction over the five-year period.

Article 7 - Local Tuition Reduction Capped at 14.0 Percent (Based on FY2025 Data)

District	Local Tuition Costs
Jamestown	\$26,760
Johnston	-
Woonsocket	737,504
Bristol-Warren	-
Exeter-West Greenwich	-
Foster-Glocester	-
Central Falls	857,945
District Total	\$1,622,208

Districts	FY2025 Enrollment		FY2021 through FY2025		
	Charter and State Schools	Mayoral Academy	Number of Times Triggered Option 2	Average Charter and State School Tuition Reduction	Average Mayoral Academy Tuition Reduction
Jamestown	12		5	-15.9%	
Johnston	81		4	-11.5%	
Newport	31		3	-9.3%	
North Providence ¹	127	133	1	-10.8%	-10.8%
Pawtucket ¹	1,382	1,064	1	-8.9%	-34.8%
Woonsocket ¹	332	518	3	-17.1%	-51.9%
Bristol-Warren	29		3	-10.8%	
Exeter-West Greenwich	57		3	-8.4%	
Foster-Glocester	2		5	-14.5%	
Central Falls ¹	1,065	682	2	-13.1%	-32.5%

¹ District is currently within the catchment area of a mayoral academy.

In FY2011, the State paid the total tuition costs of students attending the Davies and Met Schools, while the local districts provided transportation. Pursuant to the new funding formula, however, the State payment to these state schools is calculated by the same method used to calculate school district and charter school payments. The formula requires local districts to pay state school tuition, but allows the districts to charge the state and charter schools for transportation costs. Local payments are made to the charter or state school on a quarterly basis. Failure to make a payment could result in the withholding of state education aid to the district of residence.

In FY2011, prior to the implementation of the current funding formula, charter school funding was based on the per-pupil expenditure of the sending district; however, the State paid 5.0 percent of the per-pupil expenditure as indirect aid to the sending district, and a portion of the remaining 95.0 percent based on the share ratio of the sending district. The expenditure was based on the reference year as defined in RIGL 16-7-16(11) providing a two-year lag. Each quarter, the charter school billed the sending district for the portion of the per-pupil expenditure not paid by the State.

Please see the following examples for further clarification of the charter school formula used in FY2011.

Calculation	District A	District B
Per Pupil Expenditure:	\$8,000	\$8,000
Share Ratio:	70.0%	30.0%
Indirect Aid to Sending District:	\$400 (5.0% of \$8,000)	\$400 (5.0% of \$8,000)
State Share to Charter School:	\$5,320 (70.0% of (\$8,000 minus 5.0%))	\$2,280 (30.0% of (\$8,000 minus 5.0%))
District Share to Charter School:	\$2,280 (30.0% of (\$8,000 minus 5.0%))	\$5,320 (70.0% of (\$8,000 minus 5.0%))

NON-FORMULA PROVISIONS

Group Homes: The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount. The Group Home aid category provides \$17,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which receive \$26,000 per bed. The FY2026 Budget includes \$1.9 million to fund group home beds. This is \$24,312 more than the FY2025 Budget as Enacted.

This adjustment represents the most recent update on the number of group home beds per district and the decrease required pursuant to statute to reduce the average daily membership of a district by the number of

group home beds used in the group home aid calculation. Article 8 of the FY2025 Budget as Enacted amended the average daily membership calculation to exclude beds at the CRAFT program at Bradley Hospital from the decrease applied to Group Home beds pursuant to RIGL 16-7-22(1)(ii); consequently, these beds receive the per-pupil funding formula aid in addition to the \$22,000 per bed categorical aid.

Based on the final December 31, 2024, report from the Department of Children, Youth, and Families, the FY2025 Revised Budget increases by 18 beds and \$306,000.

District	FY2025 Enacted		Group Home Aid ¹ FY2026			FY2025 Revised		
	Total Aid	Number of Beds	FY2026 Number of Beds	Net Change (bed amount - formula adjustment)		FY2026 Total Aid	Revised Total Aid	Change from Enacted
				Change in Number of Beds				
Coventry	\$70,815	8	8	-	(\$6,081)	\$64,734	\$70,815	\$0
East Providence ²	611,557	36	35	(1)	(16,541)	595,016	611,557	-
Lincoln	78,157	8	8	-	(8,115)	70,042	78,157	-
Newport	72,064	9	7	(2)	(15,654)	56,410	72,064	-
North Providence	108,452	16	8	(8)	(57,920)	50,532	108,452	-
North Smithfield	-	-	4	4	37,672	37,672	68,000	68,000
Pawtucket	38,736	19	20	1	(10,205)	28,531	55,736	17,000
Portsmouth	272,726	18	30	12	181,884	454,610	476,726	204,000
Providence	109,622	57	58	1	(37,698)	71,924	126,622	17,000
Smithfield	69,601	6	5	(1)	(14,342)	55,259	69,601	-
Warwick	249,560	25	24	(1)	(24,005)	225,555	249,560	-
Bristol-Warren	96,083	10	10	-	1,709	97,792	96,083	-
Exeter-West Greenwich	101,477	9	9	-	(6,391)	95,086	101,477	-
Total	\$1,878,849	221	226	5	\$24,312	\$1,903,161	\$2,184,850	\$306,000

¹ Based on final 12/31/2024 report from the Department of Children, Youth and Families. In the FY2025 Revised Budget, a total of 18 beds were added relative to the enacted level, including 4 in North Smithfield, 1 in Pawtucket, 12 in Portsmouth, and 1 in Providence.

² Article 8 of the FY2025 Budget as Enacted eliminated the funding formula adjustment for group home beds associated with the CRAFT program at Bradley Hospital.

Categorical Programs: When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. In the FY2024 Budget, the Density Aid Fund was replaced with the Enrollment Transition fund, which is included in the funding formula distribution. The FY2025 Budget moved English Learners into the formula distribution. The FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers at public middle and high schools, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the Department of Elementary and Secondary Education section of this analysis.)

The FY2026 Budget includes funding for all of the active categories, except the Regionalization Bonus. The total decrease in categorical aid is \$1.7 million for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met).

- **Transportation:** This fund provides funding to districts that use the statewide transportation contract for transporting students to out-of-

Categorical	FY2026 Governor's Education Aid	
	Change from Enacted	Total Funding
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	(\$1.7)	\$62.8

\$ in millions

district, non-public schools within the resident district's transportation region as defined by RIGL 16-21.1-2, and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget fully funds this category at \$12.5 million in FY2026, an increase of \$1.2 million over the FY2025 Budget as Enacted.

Early Childhood Education: This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds are distributed through a request for proposals (RFP) process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. These funds are paid to providers through the RFP process and, consequently, are not included in the distribution tables. Provisory language in Article 1 of the budget requires the Department to prioritize funding to four-year olds whose family income is at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low-performing schools. The Budget funds this category at \$28.9 million in FY2026, a decrease of \$1.0 million in general revenue to align with program costs. According to the Department, \$25.9 million of the funding supports seats in schools, while \$3.0 million provides support for professional development, technical assistance, early childhood mental health supports, and program monitoring including Bright Stars. The \$1.0 million removed from the fund was previously used to support infant and toddler programs in the Department of Human Services. Article 10 of the FY2023 Budget as Enacted required the Department of Education (RIDE), the Department of Human Services, and the Children's Cabinet to develop the [Rhode Island Pre-K expansion plan](#) to expand the Pre-K program to 5,000 seats over five years beginning in FY2024, including children ages three and four.

RI Pre-K Districts	FY2025 Pre-K Enrollment			
	Number of classrooms	Total seats	Low-Income seats	Percentage Low-Income
Bristol-Warren	3	56	28	50.0%
Central Falls	9	163	152	93.3%
Coventry	4	76	38	50.0%
Cranston	14	256	128	50.0%
Exeter-West Greenwich	1	20	10	50.0%
East Providence	11	214	107	50.0%
Johnston	3	54	27	50.0%
Lincoln	3	56	28	50.0%
Middletown	4	76	38	50.0%
Newport	2	36	18	50.0%
North Kingstown	1	18	9	50.0%
North Providence	3	54	27	50.0%
Pawtucket	15	282	201	71.3%
Portsmouth	1	20	10	50.0%
Providence	40	740	640	86.5%
Smithfield	2	38	19	50.0%
South Kingstown	1	18	18	100.0%
Warwick	7	126	63	50.0%
West Warwick	5	90	45	50.0%
Westerly	3	56	37	66.1%
Woonsocket	20	360	300	83.3%
Statewide Total	152	2,809	1,943	69.2%

Source: Rhode Island Department of Education

- High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed four times the combined core instruction and student success factor funding (currently \$74,600 for FY2026). The FY2024 Budget as Enacted lowered this threshold from five times. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$15.0 million in FY2026, consistent with the FY2025 Budget as Enacted and \$15.6 million less than the \$30.6 million in eligible reimbursements.
- Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2026, a decrease of \$2.0 million from the FY2025 Budget as Enacted.

The FY2025 Budget as Enacted provided \$2.0 million to support new career and technical education programs, not currently offered in any school, that address high growth, high-wage careers. The funds are being distributed through a competitive process. The deadline to apply was February 28, 2025. The funding will be obligated by June 30, 2025. Program planning is expected to occur in FY2026 with the new programs opening in FY2027.

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that may regionalize in the future. In the first year, the bonus is 2.0 percent of the State’s share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State’s share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. This category has not been funded since FY2014, as no new regional districts have been formed.
- **English Learners/Multilingual Learners:** The FY2025 Budget as Enacted shifted the English Learners (EL) categorical aid into the funding formula, changed the name to Multilingual Learners (MLL), and increased the weight from 15.0 to 20.0 percent of the per-pupil core instruction amount for each qualified EL student multiplied by the state share ratio. When established through Article 11 of the FY2017 Budget as Enacted, the EL categorical fund provided a 10.0 percent weight and was often not fully funded to meet the qualified reimbursements. The FY2024 Budget as Enacted increased the weight to 15.0 percent and eliminated the ratable reduction clause, requiring the category to be fully funded.

EL students are identified through the WIDA (World-Class Instructional Design and Assessment) Kindergarten-MODEL and the WIDA Screener 1-12 grade. The WIDA ACCESS (Assessing Comprehension and Communication in English State to State) is used for monitoring and growth in grade K-12. WIDA is a consortium of state departments of education that developed the ACCESS test that is administered annually to English Learners to monitor the student’s language development. The models classify student into six proficiency categories. The 20.0 percent weight is applied to students in the three lowest categories: entering, emerging, and developing.

While included as part of the funding formula, the calculation used is provided below.

(Per-pupil core instruction amount x 20.0 percent) x number of EL students x state share ratio = additional state support per MLL student

While no longer distributed on a reimbursement basis, districts are required to report annually to the Department of Elementary and Secondary Education on the planned and prior year use of MLL funds to provide services in accordance with the requirements set forth by the Commission of Elementary and Secondary Education. The Department is responsible for reviewing the use of funds to ensure consistency with established best practices.

Analyst Note: The Council on Elementary and Secondary Education approved updated MLL/EL regulations on February 26, 2025. Updates include extending the deadline for districts to meet the updated MLL/EL regulation requirements from FY2030 to FY203, clarifying professional learning requirements, encouraging the expansion of bilingual/dual language programs, and increasing family and student engagement. The deadline was extended in response to public feedback requesting more time, flexibility, and supports for the implementation of the regulations. The presentation to the Council regarding the new regulations can be found [here](#).

Article 8 of the FY2024 Budget as Enacted required the Department to report, as part of the FY2025 budget submission, the number of EL students whose family income is at or below 185 percent of federal poverty guidelines and segment the populations by proficiency. In addition, the Department was required to prepare an expense report for EL education and recommend a funding solution. While the

full report is available upon request, the report noted that 79.0 percent of the multilingual learner students (MLL) are enrolled in Central Falls, Providence, Pawtucket, and Woonsocket schools and the charter schools that draw from these districts. In addition, approximately 80.0 percent of the enrolled MLL students qualify for free or reduced lunch. The “recommended changes (to categorical aid) are:

- Increase weight from 15% to 25% of core expenses for the three lowest proficiency categories, approximately 80% of the students.
 - Entering -Emerging -Developing
- Add a 15% weight to the next three proficiency categories (there are six in total).
 - Expanding -Bridging -Reaching English Proficiency
- Add 15% weight for the first two years after exiting the MLL program.
 - Monitoring
- All MLL students are included in the weight allocation, including those that may be included in other formula categories such as the student success factor and special education.”

The following table shows the education aid including the formula distribution, categorical aid, and group home aid.

FY2026 Education Aid - Governor's Recommendation¹

District	FY2025 Enacted (excludes group home and categoricals)	FY2026 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education (>\$74,600)	Group Home Aid ²	Stabilization Funding	FY2026 Aid
Barrington	\$11,418,578	(\$1,453,316)	\$75,442	\$1,046,175	\$248,979	\$307,387	\$0	\$0	\$11,643,245
Burrillville	13,266,956	219,041	92,008	-	101,798	294,729	-	-	13,974,532
Charlestown	1,514,709	(64,666)	27,522	40,093	-	-	-	-	1,517,658
Coventry	26,569,935	1,696,108	349,912	-	10,669	517,917	64,734	-	29,209,275
Cranston	77,102,194	1,798,582	553,276	-	1,004,724	1,281,642	-	-	81,740,418
Cumberland	26,341,736	1,917,517	-	-	42,137	154,297	-	-	28,455,687
East Greenwich	6,243,354	(1,721,124)	36,132	1,015,657	118,752	538,203	-	-	6,230,974
East Providence	37,431,252	1,547,686	182,630	-	10,046	658,817	595,015	-	40,425,446
Foster	1,178,178	56,233	-	34,996	16,264	4,086	-	-	1,289,757
Glocester	2,902,861	60,599	32,927	78,913	40,906	58,813	-	-	3,175,019
Hopkinton	6,709,736	585,857	18,450	-	-	-	-	-	7,314,044
Jamestown	297,632	80,977	6,321	-	-	175,116	-	-	560,046
Johnston	23,368,076	831,953	-	407,149	255,166	577,693	-	-	25,440,036
Lincoln	18,481,613	2,517,687	-	-	-	241,669	70,042	-	21,311,011
Little Compton	326,439	(18,832)	8,421	5,127	-	283	-	-	321,438
Middletown	6,722,115	(536,385)	125,271	263,269	-	162,000	-	-	6,736,269
Narragansett	1,757,494	(11,783)	62,739	-	-	106,239	-	-	1,914,690
Newport	14,971,701	(681,593)	346,653	442,614	-	-	56,409	-	15,135,784
New Shoreham	74,570	23,821	1,044	-	-	-	-	-	99,435
North Kingstown	13,120,180	(532,001)	50,592	741,833	-	81,851	-	-	13,462,454
North Providence	29,606,271	292,521	245,245	-	202,936	509,885	50,532	-	30,907,390
North Smithfield	7,857,620	1,480,233	0	-	28,505	131,324	37,672	-	9,535,355
Pawtucket	107,328,506	3,032,120	728,269	-	277,971	795,111	28,532	-	112,190,509
Portsmouth	2,830,867	(31,349)	26,309	79,986	-	235,669	454,610	-	3,596,093
Providence	284,752,093	4,115,914	4,125,374	-	726,751	4,275,595	71,924	-	298,067,651
Richmond	6,228,750	98,401	47,098	98,298	-	-	-	-	6,472,548
Scituate	3,357,790	938,552	10,808	-	75,024	58,033	-	-	4,440,208
Smithfield	9,812,560	598,663	164,284	-	90,472	64,980	55,259	-	10,786,218
South Kingstown	4,997,562	47,220	150,168	-	177,916	469,255	-	-	5,842,120
Tiverton	5,361,007	(115,335)	79,088	162,380	-	379,323	-	-	5,866,463
Warwick	44,822,207	3,315,558	200,326	-	47,750	687,569	225,555	-	49,298,965
Westerly	7,912,662	289,412	137,891	-	-	355,916	-	-	8,695,881
West Warwick	39,595,027	2,164,729	204,344	-	54,826	-	-	-	42,018,926
Woonsocket	82,151,150	5,396,098	833,791	-	0	483,613	-	-	88,864,652
Bristol-Warren ³	10,538,060	39,377	235,945	239,481	2,786,555	674,318	97,793	-	14,611,529
Exeter-West Greenwich ³	5,395,150	1,749,164	23,883	-	1,796,117	427,493	95,085	-	9,486,891
Chariho	-	-	-	-	3,328,715	97,843	-	-	3,426,558
Foster-Glocester ³	5,590,751	(340,319)	163,053	142,562	971,266	33,288	-	-	6,560,602
Central Falls	42,508,401	(593,794)	947,301	-	56,557	125,991	-	10,826,174	53,870,631
District Total	\$990,445,746	\$28,793,525	\$10,292,514	\$4,798,533	\$12,470,802	\$14,965,950	\$1,903,162	\$10,826,174	\$1,074,496,415
Charter School Total	178,322,887	15,746,813	-	-	-	34,050	-	-	194,103,750
Davies	10,117,360	481,447	-	-	-	-	-	8,173,655	18,772,462
Met School	9,080,898	723,186	-	-	-	-	-	3,173,244	12,977,328
Nowell Academy	2,311,758	490,879	-	-	-	-	-	-	2,802,638
Urban Collaborative	2,111,614	150,521	-	-	-	-	-	-	2,262,135
Youth Build Academy	2,137,890	(312,621)	-	-	-	-	-	-	1,825,270
Total	\$1,194,528,153	\$46,073,751	\$10,292,514	\$4,798,533	\$12,470,802	\$15,000,000	\$1,903,162	\$22,173,073	\$1,307,240,000

¹ Based on October 2024 enrollment updated for projected PSOC.

² Based on the final 12/31/2024 report from the Department of Children, Youth and Families. In the FY2025 Revised Budget, a total of 18 beds were added relative to the enacted level, including 4 in North Smithfield, 1 in Pawtucket, 12 in Portsmouth, and 1 in Providence.

³ Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.

The following table shows the difference in education aid relative to the FY2025 Budget as Enacted.

FY2026 Governor Recommended Education Aid - Change to FY2025 Budget as Enacted²

Districts	FY2025 Enacted (includes group home and categoricals)	FY2025 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education REVISED (>\$74,600)	Group Home ¹	Stabilization Funding	Total Change	FY2026 Education Aid
Barrington	\$12,112,556	(\$1,453,316)	(\$73,590)	\$1,046,175	\$37,066	(\$25,647)	\$0	\$0	(\$469,311)	\$11,643,245
Burrillville	13,955,064	219,041	(228,063)	-	71,757	(43,266)	-	-	19,468	13,974,532
Charlestown	1,548,074	(64,666)	(5,843)	40,093	-	-	-	-	(30,416)	1,517,658
Coventry	27,882,720	1,696,108	(243,473)	-	(41,223)	(78,778)	(6,081)	-	1,326,554	29,209,274
Cranston	79,545,544	1,798,582	(255,668)	-	215,842	436,117	-	-	2,194,873	81,740,418
Cumberland	26,537,195	1,917,517	-	-	21,779	(20,803)	-	-	1,918,493	28,455,688
East Greenwich	7,073,215	(1,721,124)	(16,098)	1,015,657	(15,119)	(105,557)	-	-	(842,241)	6,230,974
East Providence	39,085,945	1,547,686	45,432	-	10,046	(247,120)	(16,542)	-	1,339,502	40,425,446
Foster	1,305,398	56,233	(18,524)	12,018	2,822	(68,190)	-	-	(15,641)	1,289,757
Glocester	3,111,364	60,599	(19,756)	78,913	11,007	(67,109)	-	-	63,654	3,175,019
Hopkinton	6,787,526	585,857	(59,340)	-	-	-	-	-	526,517	7,314,044
Jamestown	709,899	80,977	(6,214)	(16,747)	-	(207,868)	-	-	(149,853)	560,046
Johnston	24,750,928	831,953	(82,269)	407,149	38,160	(505,885)	-	-	689,109	25,440,037
Lincoln	18,783,935	2,517,687	-	-	-	17,504	(8,115)	-	2,527,076	21,311,010
Little Compton	343,653	(18,832)	(8,793)	5,127	-	283	-	-	(22,215)	321,438
Middletown	7,396,997	(536,385)	(71,076)	(32,042)	-	(21,223)	-	-	(660,727)	6,736,270
Narragansett	2,206,347	(11,783)	(56,665)	(124,828)	-	(98,382)	-	-	(291,658)	1,914,690
Newport	15,725,702	(681,593)	(273,411)	442,614	-	(61,873)	(15,655)	-	(589,918)	15,135,784
New Shoreham	90,884	23,821	(3,496)	(11,774)	-	-	-	-	8,550	99,435
North Kingstown	13,494,792	(532,001)	(180,807)	741,833	-	(61,362)	-	-	(32,337)	13,462,454
North Providence	30,451,686	292,521	214,984	-	63,843	(57,724)	(57,920)	-	455,704	30,907,391
North Smithfield	8,034,416	1,480,233	(46,957)	-	(16,025)	46,017	37,672	-	1,500,940	9,535,356
Pawtucket	111,563,255	3,032,120	(1,968,682)	-	24,707	(450,686)	(10,204)	-	627,255	112,190,510
Portsmouth	3,588,844	(31,349)	(65,940)	79,986	-	(157,332)	181,884	-	7,250	3,596,093
Providence	294,316,535	4,115,914	(3,387,976)	-	126,722	2,934,154	(37,698)	-	3,751,116	298,067,651
Richmond	6,370,367	98,401	(94,518)	98,298	0	-	-	-	102,181	6,472,548
Scituate	3,690,303	938,552	(70,798)	(111,517)	37,938	(44,270)	-	-	749,905	4,440,208
Smithfield	10,126,170	598,663	103,949	-	37,654	(65,876)	(14,342)	-	660,048	10,786,218
South Kingstown	6,008,520	47,220	(144,329)	-	37,243	(106,535)	-	-	(166,400)	5,842,120
Tiverton	5,850,781	(115,335)	(97,913)	53,452	-	175,478	-	-	15,683	5,866,463
Warwick	46,787,158	3,315,558	(763,043)	-	7,642	(24,344)	(24,005)	-	2,511,807	49,298,965
Westerly	8,785,308	289,412	(269,313)	(82,745)	0	(26,782)	-	-	(89,427)	8,695,880
West Warwick	40,104,938	2,164,729	(93,854)	-	3,467	(160,354)	-	-	1,913,987	42,018,926
Woonsocket	85,082,626	5,396,098	(1,223,823)	-	(13,308)	(376,942)	-	-	3,782,025	88,864,652
Bristol-Warren	14,832,851	39,377	(195,090)	(126,163)	172,278	(113,433)	1,710	-	(221,322)	14,611,529
Exeter-West Greenwich	7,673,651	1,749,164	(72,137)	(76,163)	159,842	58,927	(6,392)	-	1,813,240	9,486,891
Charlton	3,455,443	-	-	-	148,187	(177,072)	-	-	(28,885)	3,426,558
Foster-Glocester	6,710,115	(340,319)	24,192	109,351	118,847	(61,584)	-	-	(149,513)	6,560,602
Central Falls	54,365,495	(593,794)	539,987	-	(17,071)	(123,986)	-	(300,000)	(494,864)	53,870,631
District Total	\$1,050,246,199	\$28,793,525	(\$9,168,917)	\$3,548,687	\$1,244,103	\$108,498	\$24,312	(\$300,000)	\$24,250,209	\$1,074,496,404
Charter School Total	178,465,435	15,746,813	-	-	-	(108,495)	-	-	15,638,318	194,103,753
Davies	18,131,389	481,447	-	-	-	-	159,626	-	641,073	18,772,462
Met School	11,131,142	723,186	-	-	-	-	1,123,000	-	1,846,186	12,977,328
Nowell Academy	2,311,758	490,879	-	-	-	-	-	-	490,879	2,802,638
Urban Collaborative	2,111,614	150,521	-	-	-	-	-	-	150,521	2,262,135
Youth Build Academy	2,137,890	(312,621)	-	-	-	-	-	-	(312,621)	1,825,270
Total	\$1,264,535,427	\$46,073,750	(\$9,168,917)	\$3,548,687	\$1,244,103	\$0	\$24,312	\$982,626	\$42,704,565	\$1,307,240,000

¹ Based on final 12/31/2024 report from the Department of Children, Youth and Families. In the FY2025 Revised Budget, a total of 18 beds were added relative to the enacted level, including 4 in North Smithfield, 1 in Pawtucket, 12 in Portsmouth, and 1 in Providence.

² Based on October 2024 adjusted for projected 2025-26 PSOC.

Source: Rhode Island Department of Education

SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public-school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2026, the minimum state share is 35.0 percent and the maximum is 95.7 percent for Central Falls; the state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio for traditional school districts from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation that required RIDE to develop recommendations for cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public-school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

The Budget provides \$119.9 million, an increase of \$13.7 million over the FY2025 Budget as Enacted. Based on December 2024 projections, housing aid entitlements are projected to increase to \$131.8 million in FY2027, \$158.9 million in FY2028, and \$174.9 million in FY2029. While the entire amount is expected to be used for housing aid entitlements, any surplus will be deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA).

Prior to FY2023, the school construction program funding of \$80.0 million was effectively built into the base budget; however, with the issuance of state general obligation bonds stimulating increased construction, in the FY2023 Budget as Enacted the aid projection was estimated at \$88.5 million, and a surplus of \$3.8 million was transferred to the Capital Fund. Subsequent transfers include \$2.7 million in FY2024 and \$416,527 in FY2025.

The FY2025 Budget as Enacted included \$1.0 million in federal funds and 3.0 new FTE positions to reflect the award of a \$5.0 million, five-year grant from the United States Department of Education to support the Healthy Environments Advance Learning (HEAL) program in enhancing the indoor environmental conditions in public schools to reduce chronic absenteeism and improve student health. The focus of the program is on the five LEAs with the greatest need: Central Falls, Providence, Pawtucket, West Warwick, and Woonsocket.

School Building Authority Capital Fund: Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State's School Building Authority (SBA) and charged the Department with implementing a system of state funding for school facilities,

managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC).

	Transfers to the Capital Fund		
	Foundation Program	Other General Revenue	Total
FY2016 Actual	\$0.0	\$20.0	\$20.0
FY2017 Actual	11.0	-	11.0
FY2018 Actual	10.9	-	10.9
FY2019 Actual	14.7	-	14.7
FY2020 Actual	1.0	-	1.0
FY2021 Actual	1.0	-	1.0
FY2022 Actual	9.0	-	9.0
FY2023 Actual	3.8	50.0	53.8
FY2024 Actual	2.7	-	2.7
FY2025 Projected	0.4	-	0.4
Total	\$54.5	\$70.0	\$79.5

Source: Budget databases. \$ in millions

The FY2019 Budget as Enacted required the SBA to provide technical assistance and guidance to school districts on the necessity of school construction application process; and provided that for FY2019 and FY2020 the amount transferred from the Foundation Program was to be used for this purpose. According to the SBA, each of the 38 LEA's that requested technical assistance in FY 2019 and FY 2020 were provided with an award for a total of \$3.7 million.

In FY2022, the Budget as Enacted provided \$590,814 in general revenue from the surplus construction aid to the Capital Fund; however, the revised budget provided a total of \$9.0 million in surplus funds. The increase was due to construction delays, caused by the COVID-19 pandemic, and bond refinancing. Several communities refinanced to take advantage of the low interest rates, saving a total of \$8.5 million in total debt service payments that was shared between the municipalities and the State.

In FY2023, in addition to the \$250.0 million school building bond referendum in Article 5, the FY2023 Budget as Enacted provided \$50.0 million in general revenue to the School Building Authority to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

In FY2024, \$104.2 million was appropriated to the foundation program; however, \$101.5 was spent leaving \$2.7 million to be transferred to the Capital Fund in the FY2024 Revised Budget. Of these funds \$1.7 million was used for the [Get the Foam Out!](#) program and \$995,610 went toward the [WELL Initiative](#).

School Construction Services (restricted receipts): Through Article 9, the FY2019 Budget as Enacted shifted the 3.0 FTE positions responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and added 1.0 FTE Director of School Construction Services.

The restricted receipt account, named "School Construction Services", is funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. There is no limit on the amount or type of expenses that will be funded; however, Article 9 limited the fee that RIHEBC can impose on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond. The shortfall between the revenue and the transfer is funded from RIHEBC reserves. In addition to the transfers to the SBA, since 2006, RIHEBC has transferred \$14.3 million to the state general fund, including \$6.0 million in FY2018.

The FY2026 Budget provides \$752,840 in total funding, including \$530,574 in general revenue and

	School Construction Services		
	RIHEBC Bond Fee Revenue	Transferred to SBA	Difference
FY2019 Actual	\$681,447	(\$737,735)	(\$56,288)
FY2020 Actual	71,840	(770,946)	(699,106)
FY2021 Actual	303,180	(677,945)	(374,765)
FY2022 Actual	222,990	(257,613)	(34,623)
FY2023 Actual	85,000	(255,752)	(170,752)
FY2024 Actual	269,990	(242,491)	27,499
FY2025 Projected	541,400	(275,000)	266,400
Total	\$2,175,847	(\$3,217,482)	(\$1,041,635)

Source: RIHEBC February 10, 2025.

\$222,266 in restricted receipts, a total decrease of \$246,919 (24.7 percent) from the FY2025 Budget as Enacted. The FY2025 Revised Budget provides \$749,329 in total funding, including \$528,116 in general revenue and \$221,213 in restricted receipts from RIHBC, a net decrease of \$250,430 (25.0 percent) from the enacted. In FY2023 2.0 new positions and increased contracted services cost were added to manage the increased volume of applications related to the bond initiative.

Facility Equity Initiative Pilot Program: At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rates over 65.0 percent, including Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. This project would focus on high priority projects to improve the health and safety of students and promote equity across the State. The new Capital Fund will provide up-front funding instead of increasing the school construction allocation in the annual budget and reduce costs by eliminating interest payments on the funded projects.

The projects approved by the Council for FY2022 are supported with the \$9.0 million, from construction delays and bond refinancing, plus an additional \$3.0 million from prior year surpluses, and \$1.5 million in support from the Office of Energy Resources (OER) fund to the Facility Equity Initiative pilot program. The funding was distributed, in partnership with OER and the Division of Equity, Diversity, Inclusion (DEDI). After evaluating 53 applications from 5 LEAs, the funds were awarded to 5 districts on a priority basis designed to have the greatest impact on facility gaps between districts.

FY2022 SBA Capital Fund	
Facility Equity Initiative	
Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
Total	\$13.4

\$ in millions

While this program was only a pilot, with the approval of the \$250.0 million school construction bond in November 2022, Article 10 of the FY2023 Budget provided that \$50.0 million be transferred to the School Building Authority Capital Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students. The SBA expanded the pilot program to include the ten LEAs with a base reimbursement rate over 45.0 percent, thus doubling the number of eligible schools.

Of the \$50.0 million appropriated in FY2023, \$49.1 million was distributed as follows:

- \$26.0 million funded the Facility Equity Initiative, an additional \$4.0 million was contributed by the Office of Energy Resources.
- \$14.0 million (plus \$1.0 million from the career and technology school fund) was distributed through the 21st Century Technology and Equipment Funds to provide LEAs funds to ensure that learning spaces are equipped with technology, furniture, and equipment that support science technology, engineering, and math project-based learning.
- \$7.5 million was used for the Inside Out program to provide outdoor classrooms.
- \$1.6 million was awarded through the Menu for Success program providing students with the opportunity to design and operate food trucks.
- \$850,000 is being used toward the new W.E.L.L. Initiative to meet the holistic needs of student in the wake of the pandemic. Local education agencies will be eligible for up to \$150,000 depending on enrollment. LEAs will be provided with \$5,000 to conduct professional development to support the award. Additional funding for this initiative includes \$1.6 million in federal ESSER II funds and \$500,000 in Opioid Settlement funding.

FY2023 SBA Capital Fund	
Facility Equity Initiative Program	
Burrillville	\$0.3
Central Falls	4.2
Coventry	3.2
Cranston	1.9
East Providence	2.2
North Providence	2.8
Pawtucket	2.8
Providence	9.3
West Warwick	0.6
Woonsocket	2.9
Total	\$30.2

\$ in millions

FY2025 Supplemental Budget

DEPARTMENT OF ADMINISTRATION

COLA Reserve for Non-Ratified Unions

\$11.2 million

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

The Budget includes \$11.2 million in general revenue 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. In addition, there are corresponding COLA reserve increases of \$567,862 in federal funds, \$217,471 in other funds, and \$132,476 in restricted receipts.

Debt Service -General Obligation Bond Changes

(\$4.9 million)

The Budget includes \$101.3 million in general revenue for debt service expenses, reflecting a decrease of \$4.9 million from delaying debt service projected in FY2025. The FY2026 Capital Budget assumes a Spring 2025 issuance for \$250.0 million in bonds that were approved by the voters on November 5, 2024 referendum.

Retirement Savings Contributions

(\$510,405)

The Budget decreases general revenue by \$510,405 for additional retirement contributions into the state retirement fund, pursuant to RIGL 36-10-2(e)(1) for state employees and RIGL 36-10-2(e)(2) for the state share for teachers. RIGL requires the Governor in proposing the budget, to include an appropriation equal to 20.0 percent of the proposed savings occurring in the employer contributions for State employees and for the State's share of the teacher contributions.

The recommendation removes \$510,405 for the Retirement Contribution for state employees and teachers. Based on information provided in the Employees' Retirement System Actuarial Valuation Report as of June 30, 2023, the enacted budget, after adjustments for voluntary contributions, assumed lower FY 2025 rates than for FY2024.

However, Article 12 of the enacted FY2025 Budget made changes to pension plans affecting state employee and teacher retirees and active members, including cost of living adjustments, pension benefit calculations, and post-retirement employment. ERSRI subsequently provided new contribution rates to reflect the modified benefit provisions. The revised FY2025 rates are higher than the FY2024 rate, and as a result no additional appropriation to ERSRI is necessary.

	FY2025 Enacted	FY2025 Governor	Change
Retirement Contributions			
Retirement Contribution (State Employees)	\$167,072	\$0	(\$167,072)
Retirement Contribution (State Share for Teachers)	343,333	-	(343,333)
Total	\$510,405	\$0	(\$510,405)

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

Energy Resources (all funds)**\$44.8 million**

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

The FY2025 Revised Budget reflects a reduction of \$500,000 in general revenue (\$44.8 million all funds), as illustrated in the following table.

Energy Resources	FY2025 Enacted	FY2025 Governor	Change
Federal Funds	\$15,042,632	\$0	(\$15,042,632)
General Revenue	500,000	-	(500,000)
Other Funds	4,064,322	-	(4,064,322)
Restricted Receipts	25,217,475	-	(25,217,475)
Total	\$44,824,429	\$0	(\$44,824,429)

IT Systems Support**\$141,639**

The Budget adds \$141,639 in general revenue in the Office of Management and Budget to support a contractor who will perform the duties of a Data Analyst I position in the Budget Office in FY2025.

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

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

ARPA CPF: Municipal and Higher Education Matching Grant (federal funds)**\$79.6 million**

The FY2025 Revised Budget includes \$79.6 million in federal American Rescue Plan Act (ARPA) funds for the ARPA Capital Project Funds (CPF) Municipal and Higher Ed Matching Grant Program, reflecting an increase of \$79.6 million from unspent ARPA CPF funds from FY2024. Only \$2.1 million was spent from the project's FY2024 total allocation of \$81.7 million.

The FY2024 Budget as Enacted included these funds, of which \$35.0 million was added from repurposed ARPA Capital Project Funds (CPF) originally planned for the construction of a Student Services Center at Rhode Island College, to the ARPA CPF Municipal and Higher Ed Matching Grant Program, to renovate or construct community wellness centers that meet the U. S. Treasury's guidance for workforce development, education, and health maintenance.

ARPA SFRF: Municipal Public Safety Infrastructure (federal funds)**\$7.3 million**

The Budget includes \$7.3 million in federal ARPA SFRF funding to support improvements to municipal public safety infrastructure. The FY2024 Budget as Enacted includes \$11.0 million in matching support to cities and towns to make undertake new construction, prioritizing projects based on readiness. The maximum grant award is \$1.0 million to any municipality, or limited to \$5.0 million for projects that serve a regional purpose.

The Department of Administration (DOA) began accepting grant proposals from municipalities on December 14, 2023, and closed the process on February 2, 2024. A total of 16 communities with 19 projects totaling \$18.9 million was submitted to DOA. An evaluation committee was and reviewed the proposals. On March 15, 2024, DOA announced the award decisions to be made to 9 municipalities.

Actual expenditures in FY2024 totaled \$3.7 million leaving a balance of \$7.3 million, which according to law, is reappropriated into FY2025 for the same purpose.

ARPA SFRF: Public Health Response Warehouse Support (federal funds)**\$1.2 million**

The Budget includes \$1.9 million in federal ARPA SFRF funding for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. This reflects an increase of \$1.2 million from unspent ARPA CPF funds from FY2024, reappropriated into FY2025.

The FY2025 Budget as Enacted included \$778,347 in federal ARPA SFRF funding for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. In addition, \$1.6 million was transferred into the account, for a total FY2024 Final appropriation of \$3.0 million. Currently, the State is leasing two warehouses; one located at 2700 Plainfield Pike, in Cranston, and owned by EIM Plainfield Pike LLC; and the other is located at 100 Higginson Avenue, in Lincoln, and owned by Waterloo Way LLP. The costs of the warehouse, including lease payments, etc., are no longer eligible for FEMA reimbursement at 90.0 percent. The current plan is to use the appropriation to cover the warehouse costs until the funds are exhausted.

Information Technology Restricted Receipt Account (restricted receipts)**\$8.2 million**

The Budget includes \$11.6 million in restricted receipts for the Information Technology Restricted Receipt Account (ITRR), formerly known as the Information Technology Investment Fund (ITIF), which is a restricted receipt account for the State's technology initiatives and improvement projects. This reflects an increase of \$8.2 million in restricted receipts from the FY2025 Budget as Enacted, primarily reflecting work on the Enterprise Resource Planning (ERP) development.

DEPARTMENT OF BUSINESS REGULATION**Dental Loss Ratio****\$150,000**

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

DEPARTMENT OF LABOR AND TRAINING**FY2024 Reappropriations****\$2.2 million**

The Governor includes general revenue reappropriations of \$2.2 million in the FY2025 Revised Budget. The funding encompasses: \$1.9 million of general revenue for the Skills for Rhode Island's Future (Skills RI) program and \$287,919 of general revenue for the Real Jobs RI program.

Skills RI partners with Rhode Island healthcare systems to address the heightened need for healthcare services in the State by facilitating the outreach, recruitment, screening, placement, onboarding, supportive services, training curriculum assistance, and outcome reporting of medical personnel. The funding was a one-time appropriation in FY2023. Real Jobs RI is the primary workforce development and training program offered by the Department.

Unemployment Insurance Administration**\$250,000**

The Governor recommends \$14.3 million of federal funds and \$250,000 of general revenue to support the administration of unemployment insurance in FY2025, reflecting a \$4.0 million increase of federal funds and \$250,000 increase of general revenue. The administration of unemployment insurance is generally supported entirely with federal funds; however, the Department indicates there is a gap between the federal funding received and the program's operating cost. The recommended general revenue will resolve the gap.

Unemployment Insurance Benefits (other funds)**\$8.2 million**

The Governor recommends \$231.1 million in other funds for projected unemployment insurance benefit payments, reflecting an increase of \$8.2 million from the FY2025 enacted level. The Department indicates that the calculation determining the benefit figures is based off of actual financial statements through August of 2024.

Unemployment Insurance Benefits	FY2025 Enacted	FY2025 Governor	Change from Enacted
Unemployment Insurance (other funds)	\$205,000,000	\$211,000,000	\$6,000,000
Reimbursable Employers UI Benefits (other funds)	8,500,000	11,000,000	2,500,000
State Employees (other funds)	1,300,000	1,050,000	(250,000)
Trade Readjustment Act (federal funds)	135,005	100,000	(35,005)
Federal and Veteran Employment (other funds)	1,400,000	1,400,000	-
Payments to Other States (other funds)	6,500,000	6,500,000	-
Total	\$222,835,005	\$231,050,000	\$8,214,995

Governor's Workforce Board Grants (restricted receipts)**\$3.9 million**

The Governor recommends \$15.4 million in restricted receipts to the Governor's Workforce Board (GWB) for education services, reflecting an increase of \$3.9 million from the FY2025 enacted level. The GWB is primarily funded with restricted receipts collected by the Job Development Fund and supports workforce training programs. In FY2024 the GWB administered programs such as Real Jobs RI and Real Skills for Youth, in addition to launching Career Exploration Equity Grants. Career Exploration Equity Grants support equitable access to high-quality career exploration activities for youth and young adults while providing complete reimbursement for eligible costs up to \$5,000 per calendar year.

Executive Climate Change Coordinating Council Projects (restricted receipts)**\$170,000**

The Governor recommends \$170,000 in restricted receipts collected through the Regional Greenhouse Gas Initiative (RGGI) to fund small grants for youth career exploration in Science Technology Engineering Arts and Mathematics (STEAM) careers. The Executive Climate Change Coordinating Council's (EC4) FY2025 Spending Plan approved by the Board, provides \$170,000 to the Department of Labor and Training to fund youth programs that focus on environmental education, professional development, and youth career exploration. The EC4's FY2024 Spending Plan provided the Department with \$150,000 in restricted receipts, which funded a STEAM focused robotics program and an apprenticeship readiness program.

SECRETARY OF STATE**Election Expenses****(\$90,000)**

The FY2025 Revised Budget decreases by \$90,000 in general revenue from the FY2025 Budget as Enacted, reflecting a \$60,000 decrease in temporary services and a decrease of \$30,000 for clerical services reflecting lower state election costs.

OFFICE OF THE GENERAL TREASURER**Cash Management System****\$140,000**

The Budget includes \$140,000 in general revenue to hire a consultant to implement the cash management functions with the new Enterprise Resource Planning (ERP) system. This project is a direct response to the material weakness finding from the Auditor General's Office (2022-010a). Treasury has engaged a consultant to evaluate current processes, make recommendations, and assist in developing an RFP for comprehensive banking services. The contract encompasses reviews of the day-to-day execution of all cash movement.

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

The Budget includes \$250,000 in restricted receipts for claims and settlement payouts in FY2025, reflecting a decrease of \$130,000 from the FY2025 Budget as Enacted, and is consistent with the amount requested by Treasury. This decrease reflects continued lower projected receipts from court ordered restitution payments to victims of violent crime. There is a corresponding increase of \$15,000 in federal funds for claims and settlement payments. The following table illustrates the trend of declining revenue from the court fees from FY2013 to FY2024. Note that the projection for FY2025 is Treasury's annualized projection.

Court Revenue	Amount
FY2012	\$1,079,792
FY2013	858,955
FY2014	809,288
FY2015	785,967
FY2016	838,621
FY2017	584,405
FY2018	536,217
FY2019	425,746
FY2020	368,660
FY2021	214,052
FY2022	409,804
FY2023	317,640
FY2024	209,990
<i>FY2025</i>	<i>215,000</i>

Projected revenue in italics

EXECUTIVE OFFICE OF COMMERCE**ARPA SFRF Initiatives (federal funds)****\$93.5 million**

The Budget includes the reappropriation of \$93.5 million in unspent ARPA State Fiscal Recovery Funds for various initiatives within the EOC's Commerce Programs in FY2025.

Project	FY2022	FY2023	FY2024	FY2025 Enacted	FY2025 Supplemental
Bioscience Investments	-	45,000,000	-	-	42,999,400
Port of Davisville	-	6,000,000	59,000,000	-	45,635,990
Small Business Assistance	18,414,433	10,997,715	1,887,852	-	2,457,517
Minority Business Accelerator	-	1,000,061	4,999,940	-	2,406,662
Total	\$18,414,433	\$62,997,776	\$65,887,792	\$0	\$93,499,569

- Bioscience Investments:** According to the RILSH, its board has been fully in place and meeting monthly, with special meetings as needed since January 2024. An Interim President and Vice President were hired in July 2024. On January 21, 2025, the RI Senate confirmed Marc Turco to be the RILSH's first chief executive officer. The hiring of Grant Manager, Office Manager, and Business Development positions are in progress. The RILSH conducted an Inaugural Summit in May 2024 with 400+ attendees, including state leadership, invited officials, university faculty and scientists, and regional life science partners in attendance. Working groups for attendees included sessions on workforce development, life science infrastructure, access to capital, and tech transfer. Vendors have been engaged for various required services including public relations/communications, legal, auditing, human resources, incubator project management and developer, IT, and insurance. RILSH also successfully completed and submitted its FY2024 Annual Report and Annual Audit to the General Assembly. The following table shows the spending status related to the initiative as of the end of the first quarter of FY2025 (as reported by the state's Pandemic Recovery Office):

Project/Program	Agency	Treasury Category	Risk Level	Total Approps.	Total Transfers	Total Expenses	Remaining Approps.	Unexpended Transfers
Bioscience Investments	EOC	RR	N/A	\$45.0	\$2.0	\$1.0	\$43.0	\$1.0

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

- Port of Davisville:** The SFRF-funded Port of Davisville initiative supports the improvement and expansion of port infrastructure and services at the Port of Davisville in Quonset in accordance with the Quonset Development Corporation’s (QDC) master plan. There is a total of \$65.0 million in SFRF funds appropriated to the Port.

Infrastructure improvement at the Port is governed by a Port Master Plan. The plan calls for multiple projects required to modernize the existing infrastructure, expand new piers and terminals, and customize the infrastructure to meet the demands of the off-shore wind energy industry. The total cost of the plan is \$234.5 million, of which \$120.2 million is funded. The following table shows the spending status related to the initiative as of the end of the first quarter of FY2025 (as reported by the state’s Pandemic Recovery Office):

Project/Program	Agency	Treasury Category	Risk Level	Total Approps.	Total Transfers	Total Expenses	Remaining Approps.	Unexpended Transfers
Port of Davisville	QDC	RR	N/A	\$65.0	\$32.4	\$20.3	\$32.6	\$12.0

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

Small Business Assistance: The Small Business Technical Assistance program is authorized to provide resources to businesses for purposes of building their long-term capacity in the wake of the pandemic. Technical assistance services may include accounting and bookkeeping, legal services, and marketing, communications, and public relations. Grants are capped at \$10,000 per business. The program originally received a total of \$10.5 million in SFRF appropriations, which has subsequently been revised to \$8.7 million. The program originally was appropriated \$10.5 million in FY2023; however, the EOC modified its expenditures based on revised demand data from businesses. The General Assembly reduced the appropriation to \$8.7 million and reallocated the balance to other programs, including a new aid initiative aimed at businesses impacted by the Washington Bridge closure. The following table shows the spending status related to the initiative as of the end of the first quarter of FY2025 (as reported by the state’s Pandemic Recovery Office):

Project/Program	Agency	Treasury Category	Risk Level	Total Approps.	Total Transfers	Total Expenses	Remaining Approps.	Unexpended Transfers
Small Business Technical Assistance	EOC	NEI	N/A	8.7	8.7	8.6	-	0.1

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

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

The Minority Business Accelerator program supports and invests resources to enhance the growth of minority business enterprises as defined in RIGL 37-14.1. The initiative supports a range of assistance and programming, including financial and technical assistance, entrepreneurship training, space for programming and co-working, and assistance accessing low-interest loans. Commerce works with minority small business associations, including the Rhode Island Black Business Association (RIBBA), to advance this program. The following table shows the spending status related to the initiative as of the end of the first quarter of FY2025 (as reported by the state’s Pandemic Recovery Office):

Project/Program	Agency	Treasury Category	Risk Level	Total Approps.	Total Transfers	Total Expenses	Remaining Approps.	Unexpended Transfers
Minority Business Accelerator	EOC	NEI	N/A	\$5.2	\$2.8	\$2.1	\$2.4	\$0.7

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

ARPA CPF - Broadband (federal funds)

\$25.8 million

The Budget includes the reappropriation of \$25.8 million of unspent ARPA Capital Projects Funds for Broadband initiatives within the EOC's Commerce Programs in FY2025. This drop reflects one-time SFRF appropriations in FY2024 that does not reoccur in FY2025.

ConnectRI is the State's primary broadband development program. Administered by the Commerce Corporation in concert with the State's Broadband Advisory Council, it coordinates the planning, and implementation of expanded internet capacity in the State. It has created a statewide strategic plan and is in the process of engaging federal agencies to access funding; create grant and other programs; and coordinate stakeholder and governmental organizations. ConnectRI finished taking public comment on its draft proposals for the federal Broadband Equity, Access, and Deployment (BEAD) Program and its Digital Equity Plan in December and February, respectively. Final proposals informed by the public comment period are currently being completed. The proposals are the first steps required to securing nearly \$110.0 million in federal Infrastructure and Jobs Act and Digital Equity Act funding.

DEPARTMENT OF HOUSING

ARPA SFRF Housing and Homelessness Initiatives (federal funds)

\$154.6 million

The FY2025 Revised Budget includes an increase of \$154.6 million for the Department's various ARPA SFRF initiatives. It was previously determined that in order to meet U.S. Department of Treasury requirements, all ARPA SFRF funding must be obligated by the end of CY2024. In order to meet this deadline, all funding for SFRF projects was shifted to FY2024 or earlier in the FY2024 Budget as Enacted. The FY2025 Budget as Enacted reallocated \$17.3 million from underspending projects to an existing project, the Homelessness Assistance initiative, to align funding with the demonstrated levels of need and ensure that funds are able to meet the U.S. Treasury deadlines. The FY2025 Revised Budget reallocates unspent funding from previous years into FY2025, a total increase of \$154.6 as compared to the enacted level. The below table illustrates project funding levels for the FY2025 Enacted and Revised budgets, including total project appropriations since the onset of ARPA SFRF funds in FY2022. For detailed funding information including expenditures and remaining transfers through the first quarter of FY2025, see the Senate Fiscal Office's [SFRF Update report](#).

ARPA SFRF Initiative	FY2025 Enacted	FY2025 Revised	Change	Total Appropriation
Development of Affordable Housing	\$0.0	\$60.1	\$60.1	\$100.0
Homelessness Infrastructure	0	17.6	17.6	45.0
Targeted Housing Development	0	26.0	26.0	26.0
Down Payment Assistance	0	0.0	0.0	30.0
Site Acquisition	0	0.0	0.0	25.0
Home Repair and Community Revitalization	0	17.5	17.5	24.5
Homelessness Assistance Programs	17.3	23.1	5.8	38.8
Workforce and Middle-Income Housing	0	16.3	16.3	20.0
Affordable Housing Predevelopment Program	0	0.0	0.0	10.0
Housing Related Infrastructure	0	3.0	3.0	3.0
Municipal Homelessness Support	0	1.9	1.9	2.2
Municipal Planning	0	2.3	2.3	2.3
Statewide Housing Plan	0	2.0	2.0	2.0
Predevelopment and Capacity Building	0	0.3	0.3	1.5
Proactive Housing Development	0	1.4	1.4	1.4
Preservation of Affordable Housing Units	0	0.5	0.5	0.5
Total	17.3	\$171.9	\$154.6	\$332.2

- Development of Affordable Housing:** The FY2025 Budget as Enacted included no additional funding for this initiative. The FY2025 revised proposal includes \$60.1 million, representing a shift of unspent funds from previous years. This initiative has a total appropriation of \$100.0 million to provide an enhanced gap-financing subsidy for affordable housing developments serving households earning no more than 80.0 percent of area median income (AMI). The funding also includes a requirement to provide \$10.0 million for the establishment of a pilot program supporting low-income public housing through project-based rental assistance vouchers and financing for pre-development, improvement, and housing production costs. This project has begun awarding grants for technical assistance and predevelopment funding on a rolling basis.
- Homelessness Infrastructure:** The FY2025 Budget as Enacted included no additional funding for this initiative. The FY2025 revised proposal includes \$17.6 million, representing a shift of unspent funds from previous years. This initiative has a total appropriation of \$45.0 million to expand the capacity of the shelter system to address homelessness in the State, including allocating \$10.0 million to increase permanent supportive housing through Crossroads Rhode Island.
- Targeted Housing Development:** The FY2025 Budget as Enacted included no additional funding for this initiative. The FY2025 revised proposal includes \$26.0 million, representing a shift of unspent funds from previous years. This initiative originally included a total appropriation of \$31.0 million for two sub-programs related to the development of housing in targeted areas and/or priority projects, including development of permanent supportive housing and housing in transit-oriented districts.

The project originally included \$27.0 million for a priority projects fund to provide funding for the development of new supportive housing and multi-family units for housing that is difficult to build with traditional financing tools. The FY2024 Revised Budget decreased funding for this portion of the initiative by \$5.0 million, bringing the total available funding to \$22.0 million and shifting the \$5.0 million reduction into the Homelessness Assistance project.

\$4.0 million is also included to provide funding for the development of housing in areas designated by municipalities as Transit-Oriented zones due to their proximity to public transit. Projects that receive

this funding must have at least 10.0 percent of units designated for households earning at or below 80.0 percent of average median income (AMI), with priority given to projects with a higher percentage of units at or below AMI.

- **Down Payment Assistance:** The Budget includes no additional funding for this initiative in FY2025, consistent with the enacted level. This initiative has a total appropriation of \$30.0 million to provide financial resources to eligible first-time home buyers to help lower down payment costs and promote homeownership.
- **Site Acquisition:** The Budget includes no additional funding for this initiative in FY2025, consistent with the enacted level. This initiative has a total appropriation of \$25.0 million to support the acquisition of properties for redevelopment as affordable and supportive housing for households earning no more than 80.0 percent of area median income (AMI).
- **Home Repair and Community Revitalization:** The FY2025 Budget as Enacted included no additional funding for this initiative. The FY2025 revised proposal includes \$17.5 million, representing a shift of unspent funds from previous years. This initiative has a total appropriation of \$24.5 million to expand RIHousing's acquisition and revitalization program, which finances the acquisition and redevelopment of blighted properties to increase the number of commercial and community spaces in disproportionately impacted communities and/or to increase the development of affordable housing. The program is intended to service communities in predominately low-and-moderate-income census tracts and households earning no more than 80.0 percent of area median income. Of total project funding, \$20.0 million is allocated for community revitalization efforts and \$4.5 million for a home repair program.
- **Homelessness Assistance Programs:** The FY2025 Budget as Enacted included an addition of \$17.3 million in funds shifted from underspending projects. The FY2025 revised proposal includes \$23.1 million, an increase of \$5.8 million as compared to the enacted level. This bring total funding for the initiative to \$38.8 million to increase available shelter beds and statewide housing stability services, including the provision of services such as homelessness prevention, rapid rehousing, and emergency shelter to groups that have traditionally struggled with access to services.
- **Workforce and Middle-Income Housing:** The FY2025 Budget as Enacted included no additional funding for this initiative. The FY2025 revised proposal includes \$16.3 million, representing a shift of unspent funds from previous years. This initiative has a total appropriation of \$20.0 million to increase the housing supply for both rental housing and homeownership for families earning between 80.0 percent and 120.0 percent of area median income (AMI).
- **Affordable Housing Predevelopment Program:** The Budget includes no additional funding for this initiative in FY2025, consistent with the enacted level. This initiative has a total appropriation of \$10.0 million to support predevelopment work for proposed affordable housing developments to build a pipeline of new projects and build the capacity of affordable housing developers in the state to expand affordable housing production.
- **Housing Related Infrastructure:** The FY2025 Budget as Enacted included no additional funding for this initiative. The FY2025 revised proposal includes \$3.0 million, representing a shift of unspent funds from previous years. This initiative originally contained a total appropriation of \$4.3 million to allocate funds to the Rhode Island Infrastructure Bank (RIIB) in support of physical infrastructure such as roads, sewer connections, and utility capacity, that is necessary to produce additional housing. The FY2024 Revised Budget decreased funding by \$1.3 million to shift funds into the Homelessness Assistance Program, bringing total funding for Housing Related Infrastructure to \$3.0 million.
- **Municipal Homelessness Support:** The FY2025 Budget as Enacted included no additional funding for this initiative. The FY2025 revised proposal includes \$1.9 million, representing a shift of unspent funds

from previous years. This initiative originally had a total appropriation of \$2.5 million to provide grants for community services that would help emergency shelters improve outcomes in local communities, including but not limited to homeless outreach, day programs, ambulance response, and subsidizing municipal services delivered in support of shelters. The FY2024 Revised Budget decreased funding by \$300,000 to shift funds into the Homelessness Assistance Program, bringing total funding for Municipal Homelessness Supports to \$2.2 million.

- **Municipal Planning:** The FY2025 Budget as Enacted included no additional funding for this initiative. The FY2025 revised proposal includes \$2.3 million, representing a shift of unspent funds from previous years. This initiative has a total appropriation of \$2.3 million including \$1.3 million to support a municipal fellows program and \$1.0 million to provide technical assistance grants to municipalities for Transit-Oriented Development (TOD).
- **Statewide Housing Plan:** The FY2025 Budget as Enacted included no additional funding for this initiative. The FY2025 revised proposal includes \$2.0 million, representing a shift of unspent funds from previous years. This initiative has a total appropriation of \$2.0 million to support the development of a statewide comprehensive housing plan including funding for municipal planning efforts.
- **Predevelopment and Capacity Building:** The FY2025 Budget as Enacted included no additional funding for this initiative. The FY2025 revised proposal includes \$256,825, representing a shift of unspent funds from previous years. This initiative has a total appropriation of \$1.5 million to support increased contract staffing capacity to administer proposed affordable housing projects.
- **Proactive Housing Development:** The FY2025 Budget as Enacted included no additional funding for this initiative. The FY2025 revised proposal includes \$1.4 million, representing a shift in unspent funds from previous years. This initiative has a total appropriation of \$1.4 million to support a new initiative focused on proactive development activities, including staffing, to be conducted by the enhanced subsidiary of the Rhode Island Housing and Mortgage Finance Corporation established under Article 6 of the Budget.
- **Preservation of Affordable Housing Units:** The FY2025 Budget as Enacted included no additional funding for this initiative. The FY2025 revised proposal includes \$500,000, representing a shift in unspent funds from previous years. This initiative has a total appropriation of \$500,000 to support the preservation of existing structures for affordable housing, particularly for properties at risk of foreclosure or blight.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

November 2024 Caseload Estimating Conference

(\$26.9 million)

The FY2025 Revised Budget includes a net general revenue decrease of \$26.9 million (\$71.2 million all funds) to reflect the results of the November 2024 Caseload Estimating Conference (CEC). The estimates project total Medicaid spending of \$3,596.7 million in FY2025, including \$1,331.2 million from general revenues. The favorable variance is due to updated pricing and declines in enrollment.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

Psychiatric Residential Treatment Facility (federal funds)

\$5.8 million

The Budget includes \$5.8 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 initiative shifts unspent funds from that project to the expansion and maintenance of a similar facility at Bradley Hospital, the timeline for which remains under development.

Emergency Housing (federal funds)**\$5.6 million**

The Budget includes \$6.8 million in federal funds for emergency hotel housing for DCYF-involved families, an increase of \$5.6 million as compared to the FY2025 Enacted Budget. 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).

ARPA SFRF: DCYF Provider Workforce Stabilization (federal funds)**\$767,672**

The FY2025 Budget as Enacted included \$1.2 million in ARPA SFRF funds to continue the provider workforce stabilization program. The revised budget adds \$767,672 for a total of \$2.0 million in funding for FY2025. Funding for the program was initially intended to end in FY2024, but the FY2025 Budget extended the payments through the final months of the Department's contract procurement process which concluded in FY2025. In addition to the \$1.2 million included in FY2025, the initiative provided \$12.5 million in FY2022, \$2.5 million in FY2023, and \$7.9 million in FY2024 for a total appropriation of \$24.1 million. As of the Department's January 24, 2025, report, \$22.9 million has been disbursed and providers have reported a net gain of 146 staff.

Financial Consultant Support**\$700,000**

The Budget includes a \$700,000 increase in general revenues related to contractor costs from the rate setting process. Funding for this consultant was originally intended to be included in both FY2025 and FY2026. The work is now expected to be completed by the end of FY2025, and the Budget therefore decreases general revenues in FY2026 and provides this increase in FY2025.

Consent Decree Consultant**\$500,000**

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.

DEPARTMENT OF HEALTH**Immunizations (federal funds)****\$6.4 million**

The Budget includes a federal funds increase of \$6.4 million, with a corresponding \$16.9 million restricted receipt decrease (net \$10.6 million decrease) related to immunization efforts within the Department. The immunization estimates were done in 2024 without exact costs and dosage requirements, actual vaccine costs and demand were lower than projected. This decrease reflects revised projections for vaccine costs, dosage, and demand in FY2026.

Drinking Water State Revolving Fund (federal funds)**\$1.7 million**

The Budget includes an increase of \$1.7 million in federal funds for Drinking Water State Revolving fund supports projects related to improving drinking water, leaky and old pipes, improving source of water supply, replacing and constructing finished water storage tanks, and other infrastructure needs related to drinking water and public health. The increase is attributable to a new grant from the RI Infrastructure Bank, and support numerous activities including technical assistance, quality assurance, surveillance, and maintenance of public water systems.

Maternal and Child Health Services (federal funds)**(\$765,625)**

The Revised Budget includes a total of \$10.3 million to support maternal and child health, a net federal funds decrease of \$765,625. These funds are primarily located within the Division of Central Management

(\$801,842) and the Division of Community Health and Equity (\$9.5 million). The Department receives this grant from the Health Resources and Services Administration to improve public health systems for mothers, children, and their families. The Department emphasizes health equity as an underlying principle of the program, which results in improving the health of women and children by reducing perinatal health disparities, reducing maternal mortality rate, strengthening the bond between mother and baby, ensuring school readiness, supporting behavioral health in adolescence, and ensuring effective care coordination.

CARES Act funding changes (federal funds) \$720,504

The Budget includes a federal funds increase of \$720,504, related to CARES Act funds for data modernization and lab testing.

Public Water System Supervision (federal funds) \$574,012

The Budget includes \$574,012 in federal funds reflecting the public water system supervision support grants awarded by the US Environmental Protection Agency. These funds support activities related to the management, development, and maintenance of state drinking water infrastructure, and governance.

Behavioral Risk Factor Survey (federal funds) (\$103,720)

The Budget includes \$683,430 in federal funds, a decrease of \$103,720, to support the Department's behavioral risk factor survey. This is a year-round survey used by the Department to assess the behaviors of adults that may cause adverse health effects such as physical activity, smoking, and receiving a flu shot. According to the Department, this increase is primarily due to increased costs with the contractor conducting these surveys.

Rhode Island Statewide Opioid Abatement Account (restricted receipts) \$2.1 million

The FY2023 Budget as Enacted established the Opioid Abatement Account within the Executive Office of Health and Human Services (EOHHS) to place distributions from various opioid settlement agreements into Department's restricted receipt accounts. These funds are dedicated to forward-looking abatement efforts as defined through settlement agreements. The Department has received \$5.7 million of these funds to complete opioid abatement activities. These funds will be used to support the Department street outreach initiative and naloxone (Narcan) distribution.

The Department's street outreach initiative employs mobile units to connect with populations who are at risk of drug use and overdose. The mobile unit provides services and supplies to individuals who may be unable to travel to clinics that provide similar services. The main component of this initiative is that the mobile unit provides basic needs, harm reduction tools, and peer recovery support to vulnerable populations.

Indirect Cost Recoveries (restricted receipts) \$986,170

The Budget includes a net increase of \$986,170 related to changes in the indirect cost recovery expenditures resulting from changes in various federal grant programs accounts within DOH. This decrease is attributable to the decrease of COVID-19 awards in FY2024 and based on the most recently ended state fiscal year FY2024, which ended on June 30, 2024. The Department utilizes indirect cost recovery funds for state supported operational costs to federal programs or activities.

In accordance with RIGL 34-4-23.1, the Department applies for federal indirect cost recoveries through an indirect cost proposal, which is submitted directly to the Department of Health and Human Services (DHHS). To receive this reimbursement, the Department submits an indirect cost proposal requesting federal approval of the indirect rate for the upcoming fiscal year.

Opioid Stewardship Fund (restricted receipts) \$722,732

The Governor's budget includes \$2.4 million in restricted receipts to support the Department's share of the Opioid Stewardship Fund, an increase of \$722,732 from the FY2025 Budget as Enacted. The Opioid Stewardship Fund supports opioid treatment, recovery, prevention, and education services. The Department

of Health uses these funds to support harm reduction centers, harm reduction mobile outreach projects, overdose death detection, and substance exposed newborn interventions

McKinsey Opioid Abatement (restricted receipts) **\$135,646**

The Governor recommends \$135,646 in FY2025 revises, and increase of \$135,646 from the FY2025 Enacted. This allocation will exhaust all funds in the account. These funds supported harm reduction centers and naloxone purchases. The Department plans to continue these activities and other strategies that mitigate opioid overdose deaths with other funding sources.

DEPARTMENT OF HUMAN SERVICES

FY2024 Reappropriation **\$9.5 million**

The Budget proposes a total reappropriation of \$9.5 million, consisting of:

- \$1.1 million within the Division of Individual and Family Support
- \$8.3 million related to the SNAP eat well be well pilot
- \$30,495 related to delayed invoices within the Office of Healthy aging
- \$250,000 related to the Office of Veterans Services
- \$94,806 related to the Division of Health Care Eligibility

SNAP Retail Incentives Pilot **\$3.8 million**

The Budget reappropriates \$3.8 million in general revenue and \$4.5 million in federal funds to support the SNAP Eat Well Be Well pilot program.

The FY2023 Budget as Enacted appropriated \$11.5 million towards that Department's SNAP Retail Incentive Pilot program, which provided additional bonus dollars in the form of a discount or rebate on fruits and vegetables purchased by a SNAP recipient to encourage purchasing and consuming healthy fruits and vegetables. SNAP recipients received fifty cents (\$0.50) for every one dollar (\$1.00) spent on fruits and vegetables. The Eat Well Be Well initiative was passed by the 2022 General Assembly; however, it was unable to secure a vendor in time for FY2023, therefore funds were reallocated to FY2024 Enacted. The Program officially launched on 1/23/2024.

SNAP assists in safeguarding food security throughout Rhode Island with approximately 1 in 7 Rhode Island households receiving SNAP Benefits in 2019. According to the Department, the average family of four receives \$425 a month. According to the Department, while these funds help ease food insecurity throughout the State, they are not enough to secure a nutritious and well-balanced diet. This program aims to lessen the burden of Rhode Island's low-income households by providing an enhanced 50.0 percent reimbursement for every dollar spent on fruits and vegetables.

Child Support Enforcement Case Management System Transition **(\$1.2 million)**

The Budget includes a shift of \$1.2 million in general revenue to restricted receipts to support the transfer of RIKidsBridge, the primary mainframe utilized by the Office of Child Support Enforcement, off the mainframe and into a web-based platform. While the mainframe is utilized by the Office, it has become outdated (designed in the early 1990s). Additionally, by CY2028, the Office will be the only tenant following the end of the current contract. The system supports approximately 70,000 child support cases, collecting about \$93.0 million in child support annually.

Veterans' Home Collections Fund Shift to Restricted Receipts **(\$1.0 million)**

The Budget includes a \$1.0 million general revenue shift to restricted receipts related to the Veterans' Home collections fund, which will support direct care contracting at the Veterans' Home. This fund is supported

through the Home's maintenance fees with 20.0 percent of the fee's collected are allocated to this fund. The Department forecasts around \$1.6 million in FY2026 for this account.

UHIP Restricted Receipt Shift ***(\$520,780)***

The Budget includes a general revenue shift of \$520,780 to restricted receipts. These funds will finance IT contracting services for the RI Bridges System.

SNAP Summer Administration ***\$267,536***

The Budget includes a net increase of \$535,072, including a general revenue increase of \$267,536, and a federal funds increase of \$267,536, to support the administration of Summer SNAP EBT Program. In May 2023, the Department was approved by the U.S. Department of Agriculture (USDA) Food and Nutrition Services (FNS) to participate in Summer SNAP, which provides a lump sum of \$120 per eligible school aged child for the months of July and August. Summer SNAP is intended to aid families in purchasing nutritious meals while children are not in school. Only children who receive free or reduced lunch and are school- aged are eligible for Summer SNAP, unlike the pandemic SNAP program where children under the age of 6 were also eligible.

The Budget includes a corresponding increase of \$2.4 million in federal funds to support the Summer SNAP EBT Program. In May 2023, the Department was approved by the U.S. Department of Agriculture (USDA) Food and Nutrition Services (FNS) to participate in Summer SNAP, which provides a lump sum of \$120 per eligible school aged child for the months of July and August. Summer SNAP is intended to aid families in purchasing nutritious meals while children are not in school. Only children who receive free or reduced lunch and are school- aged are eligible for Summer SNAP, unlike the pandemic SNAP program where children under the age of 6 were also eligible.

SNAP Administration ***\$204,889***

The Budget includes a net increase of \$3.2 million, including a general revenue increase of \$204,889, and a federal funds increase of \$3.1 million, which funds supportive programs such as employment, training, and nutrition education to support SNAP beneficiaries. These services are intended to aid beneficiaries with gaining employment, reducing or preventing dietary health-related disparities among low-income groups by improving their diets, addressing food insecurity, and increasing physical activity.

November CEC ***\$2.6 million***

Estimators at the November 2024 Caseload Estimating Conference (CEC) projected a net increase of \$2.6 million in general revenue, as a result from a negative \$203,730 change to General Public Assistance, a negative \$19,105 change to Child Care Assistance, a positive \$58,487 change to Supplemental Security Income, and a positive \$2.8 change to RI Works.

Elderly Transportation ***\$194,403***

The Budget includes an increase of \$194,403 in general revenue for an anticipated increase in elderly, non-emergency transportation. As gas tax revenue begins to decrease, the contract for non-emergency services have grown. These additional funds are sourced from the old gas tax revenue that was not spent or transferred to OHA. These funds supplement the deficit created by the loss of gas tax revenue.

SNAP Benefits (federal funds) ***\$6.8 million***

The Budget includes \$356.1 million in federal funds for Supplemental Nutrition Assistance Program (SNAP) benefits, an increase of \$6.8 million from the FY2025 Budget as Enacted. This increase is primarily attributable to the anticipated COLAs for beneficiaries. Each federal fiscal year, the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) adjusts the maximum allotment based on changes in cost of living. Starting federal fiscal year 2024, the average family of three will receive \$766 a month with new allotment regulations, an increase of \$26 a month.

RI Works Vendors (federal funds)**\$5.3 million**

The Budget includes a \$5.3 million increase in federal funds, which is fully supported by Temporary Assistance to Needy Families (TANF) funds. The Department issued requests for proposals (RFP) and for information (RFI), to expand the scope of work for RI Works vendors. Currently, vendors must address issues related to workforce development, training, education, income, and child care. However, Rhode Island housing crisis is beginning to be a barrier for Rhode Island's most vulnerable. With increasing rents and lack of affordable housing, RI Works customers are unable to secure stable housing. Lack of secure housing has become a barrier to stable work for RI Works customers, therefore, the Department has added housing to the vendors' scope of work.

Child Care Quality Earmarks (federal funds)**\$5.2 million**

The Budget includes \$5.2 million in federal funds to account for additional funding sourced from the child care quality earmark. This is an entirely new funding source, meant to enhance quality programs that are already started with the Child Care Development Block Grant (CCDBG). These funds cannot be counted towards meeting the "not less than 4%" quality expenditure requirement, as required by the CCDBG.

American Rescue Plan Act (ARPA) Fund Changes (federal funds)**\$2.9 million**

The Budget includes a net change of \$2.9 million in ARPA awards. Throughout the pandemic, Congress appropriated funding to help the State maintain and support Rhode Islanders throughout the pandemic, including the subsequent impacts after the pandemic has ceased. In Rhode Island, as well as nationally, there was a significant influx in domestic and family violence throughout and after the lock-down period. These funds supported victims of domestic and family violence, by promoting preventative measures and supportive housing. As the public health emergency winds down and redetermination activities cease, ARPA funding will no longer be available to the States. The table below illustrates APRA changes in funding.

ARPA Adjustments	FY2025 Enacted	FY2025 Revised	Change from Enacted	
ARP DIRECT: Family Violence and Prevention	-	150,000	150,000	100.0%
ARP DIRECT: FVPSA and DV Shelter and Supportive Services	350,000	450,000	100,000	28.6%
ARP DIRECT: Sexual Assault Services	522,000	500,000	(22,000)	-4.2%
ARP SFRF: Child Care Investment: Retention Bonuses	-	2,689,791	2,689,791	100.0%
Total	\$872,000	\$3,789,791	\$2,917,791	334.6%

Child Care Retention Bonuses: The General Assembly originally appropriated a total of \$37.4 million throughout FY2022 and FY2023; however, not all funds have been expended yet.

This initiative is intended to address labor shortages in the child care industry. Full-time and part-time staff at state-licensed providers would be eligible for the awards. In FY2022, \$1,500 semi-annual bonuses were provided. In FY2023, bonuses changed to quarterly awards in the amount of \$750. Individual bonuses are not to exceed \$3,000 annually.

The General Assembly appropriated a total of \$37.4 million for retention bonuses, \$18.7 million each for FY2022 and FY2023. As of March 8, 2023, the Department reported spending a total of approximately \$20.5 million in ARPA SFRF funds for retention bonuses. The Department plans to provide retention bonuses through FY2025.

Refugee Assistance (federal funds)**\$3.2 million**

The Budget includes \$3.2 million in federal funds to support the Refugee Assistance and social services. The program provides cash benefits to refugee adults without children, and resettlement activities such as case management, employment services, cash and legal assistance, and youth mentoring. These funds are distributed to two resettlement organizations – Dorcas International Institute and Catholic Social Services – as well as to RIDOH, Providence Public Schools, and the Refugee Dream Center. Of these funds, the

Department of Health received a total of \$815,552 from the Department of Human Services to support refugee social services.

Veterans' Cemetery Capital Program (federal funds) ***(\$1.7 million)***

The Budget includes \$2.8 million in federal funds which coincides with RICAP funding for the design and construction with six new columbarium walls to complete Phase II of the Office's Asset Protection improvement plan.

Support for Domiciled Veterans (federal funds) ***\$1.3 million***

The Budget includes a \$1.3 million federal funds increase to support domiciled veterans, which offers comprehensive mental health and substance abuse treatment, including residential rehabilitation, and their transition to stable housing and independence.

Preschool Development Block Grant (federal funds) ***\$900,775***

The Budget includes a \$900,775 increase to the Preschool Development Block Grant (PDG). In 2019, the Department announced that it had been awarded a one-time \$4.2 million grant that targets youth from birth through age five by encouraging the development of the State's early childhood education system through enhancing infrastructure and supporting high quality education. Since 2019, the State has been awarded two more PDG's in 2021 (Renewal) and 2023 (Planning). The PDG Planning funds, which are eligible for FY2025 expenditure, cannot be used to support pre-k seats; however, the Department has used these funds to conduct multiple needs assessment, reports, and to redesign the RI Children's Cabinet website.

Elder Justice Act (federal funds) ***\$173,677***

The Budget includes \$173,667 in federal funds to account for the reauthorization of the Elder Justice Act. Although the Act was passed in 2010, Congress chose to reauthorize and modernize the Act to fund programs that prevent, investigate, and prosecute elder abuse, neglect, and exploitation.

Indirect Cost Recoveries (restricted receipts) ***\$1.2 million***

The Budget includes a \$1.2 million general revenue shift to restricted receipts related to indirect cost recovery expenditures. These funds will be used to reimburse lost SNAP benefits to skimming, increasing staff at the call center, and purchasing two new vehicles.

In accordance with RIGL 34-4-23.1, the Department applies for federal indirect cost recoveries through an indirect cost proposal, which is submitted directly to the Department of Health and Human Services (DHHS). To receive this reimbursement, the Department submits an indirect cost proposal requesting federal approval of the indirect rate for the upcoming fiscal year.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS

November 2024 Caseload Estimating Conference ***\$3.7 million***

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget years. These adopted expenditure levels determine the appropriations for the Governor's and Enacted Budgets. The November 2024 CEC projected general revenue expenditures of \$191.6 million, or \$3.7 million more than the FY2025 Budget as Enacted. This increase captures continued expenditure growth in Residential and Community Based Services.

RISPH Operational Savings ***(\$1.7 million)***

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 **\$982,957**

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 **\$120,955**

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.

9-8-8 Hotline (federal funds) **\$1.6 million**

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 Abatement Fund Adjustments (restricted receipts) **\$5.5 million**

The Budget includes \$10.3 million in restricted receipts, an increase of \$5.5 million as compared to the FY2025 Budget as Enacted, for the Department's allocation of Rhode Island Statewide Opioid Abatement funds. The funds are distributed among the following projects:

- **Brick and Mortar Facility Investments - \$2.6 million:** The Budget includes \$2.6 million in funding for brick and mortar facility investments to better support treatment on-demand, an increase of \$569,556 as compared to the FY2025 Budget as Enacted. The funding provides increased residential beds in treatment facilities for both men and women.
- **Recovery Housing - \$1.3 million:** The Budget includes \$1.3 million for recovery housing, an increase of \$750,000 as compared to the FY2025 Budget as Enacted. The funding is intended to sustain FY2023 Stewardship funding for recovery housing for resident awards unable to be covered through the State Opioid Response grant.
- **Investment in School-Based Mental Health - \$2.6 million:** The Budget includes \$2.6 million in funding for investment in school-based mental health, an increase of \$1.4 million as compared to the FY2025 Budget as Enacted. The continued funding will sustain youth prevention programming and continued recruitment of various counseling and supervisor positions for school-based mental health initiatives.
- **Youth Treatment Infrastructure - \$800,000:** The Budget includes \$800,000 in funding for the purchase of two gender specific adolescent residential facilities.
- **Stimulant Treatment - \$800,000:** The Budget includes \$800,000 to support the delivery of contingency management services to individuals with a stimulant use disorder. The funding will support a pilot program approved by the Governor's Overdose Task Force workgroup for implementation and is intended to provide both primary care and wraparound services.
- **MAT Coverage for Undocumented and Uninsured - \$715,302:** The Budget includes \$715,302 in funding for Medication-Assisted Treatment (MAT) coverage for individuals who are uninsured and/or undocumented, an increase of \$165,302 as compared to the FY2025 Budget as Enacted.
- **Recovery Supports - \$457,542:** The Budget includes \$457,542 for recovery capital supports, an increase of \$207,542 as compared to the FY2025 Budget as Enacted. This funding is allocated to

community recovery centers to assist with distribution of recovery capital. Examples of recovery capital include gym memberships, transportation, self-help groups, employment services, and additional support resources.

- **Post-Overdose Supports - \$350,000:** The Budget includes \$350,000 for enhanced funding for recovery housing.
- **Workforce Supports - \$299,823:** The Budget includes \$299,823 to support graduate students at the University of Rhode Island to provide family therapy expansion in Substance Use Disorder (SUD) residential treatment and Opioid Treatment Program settings.
- **Basic Needs/Emergency Financial Assistance - \$255,745:** The Budget includes \$255,745 for emergency financial assistance for people in recovery and/or needing access to treatment. The funds are distributed to six recovery community centers, the BH Link behavioral health triage center, the Rhode Island outreach (RIO) pilot program, and RICARES.

Opioid Stewardship Fund Adjustments (restricted receipts)

\$2.3 million

The Budget includes \$3.8 million in restricted receipts, an increase of \$2.3 million as compared to the FY2025 Budget as Enacted, for the Department's allocation of Opioid Stewardship Funds. The funds are distributed among the following projects:

- **Recovery Housing - \$942,995:** The Budget includes \$942,995 in funding for recovery housing. These funds are specifically for clients who do not have an opioid or stimulant addiction.
- **Student Assistance - \$799,569:** The Budget includes \$799,569 for student assistance programs.
- **Hope Initiative - \$735,193:** The Budget includes \$735,193 for the Hope Initiative. This funding supports reporting of suspected overdose death information to the Department and community providers, case management and support services, Substance Use Disorder (SUD) treatment, Narcan distribution, and follow-up care.
- **Substance Abuse Prevention Task Force - \$500,000:** These funds represent a portion of the Opioid Stewardship Fund allocation which must be distributed equally to the seven Regional Substance Abuse Prevention Task Forces to fund priorities as determined by each Task Force.
- **Recovery Friendly Workplace - \$308,059:** The Budget includes \$308,059 in funding to supplement the Recovery Friendly Workplace Initiative. The Initiative assists workplaces providing support to employees in recovery, as well as those impacted by substance use disorders.
- **SUD Workforce Pilot - \$200,000:** The Budget includes \$200,000 for staff, sub-recipient, and stakeholder trainings necessary for the Substance Use Disorder (SUD) workforce.
- **BHOLD Expansion - \$185,555:** The Budget includes \$185,555 for the expansion of the Rhode Island Behavioral Health On-line Data (BHOLD) system.
- **Alcohol Detox - \$100,000:** The Budget includes \$100,000 to support detoxification services for individuals with alcohol use disorder who are underinsured, uninsured, and/or undocumented.
- **SUD Residential Services - \$38,826:** The Budget includes \$38,826 for residential service supports for individuals with substance use disorders

GOVERNOR'S COMMISSION ON DISABILITIES

Livable Home Modification Grant Program Reappropriation

\$730,565

The FY2025 Revised Budget continues funding for the Livable Home Modification Grant Program and includes \$1.4 million in general revenue to support the program. In addition, the FY2025 Revised Budget includes the \$730,565 reappropriation from the previous fiscal year, as the FY2024 Budget as Enacted

included proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year (FY2025).

PUBLIC HIGHER EDUCATION

Dual and Concurrent Enrollment

\$400,000

The Budget shifts \$2.7 million in Rhode Island Student Loan Authority reserve funds to general revenue, to support the dual enrollment initiative, as all funds that previously supported this program are exhausted or insufficient.

Pursuant to RIGL 16-100, Rhode Island began offering the Dual Enrollment program, which allows students to take college courses to earn credits at both secondary and higher education institutions. In 2015, the Board of Education adopted provisions that ensure that all Rhode Island high school student have the opportunity to access college level work while still in high school. All three of the State institutions offer dual enrollment courses.

According to a study conducted by the Education Commission of the States (ECS), dual enrollment programs have been proven to positively impact prospective students by preparing them to meet and maintain college readiness benchmarks. Students who are dually enrolled maintain higher GPAs, are more likely to enter college after high school graduation, and complete an undergraduate degree within four to six years. Dual enrollment also increases second year retention rates.

Shepard Building

(\$373,391)

The Budget includes a net decrease of \$373,391 to support changes to operating and parking expenditures at the Shepard Building. The Budget proposes moving the Office into the Shepard building and includes a decrease of \$597,000 for renegotiations of the parking and operating contracts. Currently, URI resides in the Shepard Building and OPC supports their parking contract. As OPC, along with other State agencies, prepares to move into the building, the parking contract will be renegotiated so that each residing agency covers their share of the parking and operating costs. The Revised budget includes \$223,609 to support furniture, fixtures, and other supplies required for the move.

Hope Scholarship

\$198,601

The Budget includes a \$198,601 general revenue increase to align with updated enrollment projections.

Rhode Island Promise

\$6,015

The FY2025 Revised Budget includes an increase of \$6,015 in general revenue to align with updated enrollment projections.

American Rescue Plan Act Funding Changes (federal funds)

\$11.8 million

The Budget includes a federal funds increase of \$11.8 million, due to a one-time federal ARPA SFRF appropriation in FY2024, that does not reoccur. According to the Department of Administration, the State must appropriate all ARPA funds by December 31, 2024, and spend them by December 31, 2026, in order to comply with U.S. Treasury rules. These funds supported RI Reconnect, the Fresh Start Scholarship, and RIC's Cybersecurity Center.

The FY2025 Enacted Budget includes a federal funds increase of \$1.0 million in State Fiscal Recovery Funds to support a last dollar scholarship program for the Department of Children, Youth, and Families foster care youth exiting the system to attend Rhode Island College. These funds would provide year-round services such as dining, housing, and advising. Funding will be awarded to the RIC Foundation to distribute as necessary.

ARPA SFRF Fund Changes	FY2025 Enacted	FY2025 Revised	Change from Enacted
RI Reconnects	\$0	\$7,196,921	\$7,196,921
Fresh Start Scholarship	-	3,002,747	3,002,747
RIC Cybersecurity Center	-	1,595,322	1,595,322
Foster Care Youth Scholarship	1,021,859	1021859	-
Total	\$1,021,859	\$12,816,849	\$11,794,990

DEPARTMENT OF CORRECTIONS

RIBCO: Nursing Agreement

\$1.8 million

The Governor removes \$1.8 million of general revenue in FY2025 that was included as a placeholder in the FY2025 Budget as Enacted for the settled agreement with members of the Rhode Island Brotherhood of Correctional Officers (RIBCO) working as nurses. The agreement included adjusted pay scales and benefits including tuition reimbursement, and retroactive payments, as well as restructured and increased overtime wages for nurses employed through June 30, 2024. In FY2025, the funds are spread throughout the salary and benefit categories in the appropriate divisions. Negotiations for future fiscal years are ongoing.

Contract Professional Services Adjustment

\$766,572

The Governor recommends \$17.4 million of general revenue to support contracted professional services throughout the Department, representing a \$766,572 increase from the enacted level. The adjustment primarily reflects a \$1.6 million increase for doctors and dentists within the Healthcare Services program, which is offset by a \$717,906 reduction in the Institutional Based Rehab/Population Management program for medical and professional services.

FY2024 Reappropriation

\$232,506

The Governor recommends reappropriating \$232,506 of general revenue for personnel expenditures at the Department of Corrections in the FY2025 Governor's Revised Budget. The reappropriation includes \$125,220 for salaries and \$107,286 in benefits primarily within the Custody and Security program

Transport Vehicle Grant (federal funds)

\$1.2 million

The Governor recommends the use of a \$1.2 million Congressional Earmark award provided for the Department to replace aging, unsafe, and unusable transport vehicles. The Department notes that the vehicles are used daily and that the funding will replace those with the most use.

MILITARY STAFF

ANG Facilities (federal funds)

(\$7.3 million)

The Budget includes \$3.2 million in federal funds for various capital projects. This reflects a decrease of \$7.3 million in federal funds from the FY2025 Budget as Enacted. The project and estimated expenses are:

ANG Facilities	Federal Funds
Lighting and EMCS Bldg's 2, 175, 571, 574, 575	\$2,301,320
Sustainment restoration and maintenance	500,000
Work Order Re-Mark Apron (no removal)	50,000
Work Order Repair Vehicle Barrier Drainage	50,000
Enclose Wall, AGE Storage Yard	50,000
Repair Roofs, Basewide	50,000
Work Order Lighting Protection Repair (Ammo Storage)	50,000
Work Order Repair Masonary (Leaks)	48,000
New Entry to Guardmount Room	25,000
Pave North Smithfield (Overlay)	25,000
Work Order Fire Remote Display	12,624
Load Test on Tie-Downs	12,500
Renovate Bathrooms	10,000
Replace Generator	5,000
Work Order Cross Functional Survey	5,000
Work Order Masonary Work for Windows	3,180
Total	\$3,197,624

Miscellaneous Minor Construction (federal funds) **\$7.5 million**

The Budget includes \$59.0 million in federal funds for numerous miscellaneous minor capital and asset protection projects that are partially or fully paid with federal funds. This is an increase of \$7.5 million from the FY2025 Budget as Enacted.

Asset Protection (RICAP) **\$713,816**

The Budget includes \$2.5 million in RICAP funds in FY2025 for general asset protection projects. This is an increase of \$713,816 in RICAP over the FY2025 Budget as Enacted. The project lists out-year funding of \$10.1 million in RICAP funds through FY2030.

Quonset Airport Runway Reconstruction (RICAP funds) **\$629,379**

The capital budget includes \$58.0 million in federal funds and RICAP funds from FY2024 - FY2026 for the reconstruction of the Quonset Airport runway at military specifications. The project will be financed by \$55.0 million in federal funds, comprised of \$25.1 million from the Federal Aviation Administration, and \$29.9 million from the National Guard Bureau. \$3.0 million from the RICAP Fund will serve as state matching funds for the project. The FY2025 Supplemental Budget includes \$1.9 million of RICAP, an increase of \$629,379 from the FY2025 Budget as Enacted.

Sun Valley Armory (RICAP funds) **\$382,512**

The Budget includes \$382,512 in RICAP funds in FY2025 for a 17,000 square foot addition to the Sun Valley Readiness Center in the Town of East Greenwich. This facility serves as the supporting center for the 861st Engineer Company.

RHODE ISLAND EMERGENCY MANAGEMENT

Disaster and Emergency Preparedness Grants (federal funds) **\$6.8 million**

The Budget includes \$23.0 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$6.8 million more than the FY2025 Budget as Enacted. These funds also reimburse preparedness efforts for terrorist threats, active shooters, hazardous material containment, and other emergency events. The preparedness efforts are intended to improve and enhance the State's ability to prevent, deter, respond to, and recover from threats and incidents. Federal grant funds vary from year to year depending upon the number and severity of natural disasters and the availability of federal funds for non-disaster grants. The following table highlights the more significant changes in the FY2025 Supplemental Budget.

RIEMA Federal Grants	FY2025 Enacted	FY2025 Governor	Change
SLCGP 2023 State and Local Cybersecurity Grant Program	\$0	\$4,243,868	\$4,243,868
SHSP 2024 State Homeland Security Grant	-	1,779,786	1,779,786
SHSP 2022 State Homeland Security Grant	3,366,032	1,195,186	(2,170,846)
NSGP 2024 Non-Profit Security Grant Program	-	1,425,000	1,425,000
NPSG 2023 Non Profit Security Grant	1,034,162	2,210,047	1,175,885
All Other Grants	11,842,063	12,193,118	351,055
Total	\$16,242,257	\$23,047,005	\$6,804,748

Personnel, Contract Services, and Operating Changes (federal funds) (\$369,625)

The Budget includes \$12.3 million in federal funds for personnel, contract services, and operating costs, reflecting a decrease of \$369,625 in federal funds from the FY2025 Budget as Enacted. The largest component of the decrease is \$3.0 million for municipal and state repair projects and plowing costs associated with the January 29, 2022, blizzard, referred to as Winter Storm Kenan.

Personnel, Contract Services, Operating, Capital - Federal	FY2025 Enacted	FY2025 Governor	Change
Winter Storm Kenan Projects	\$3,214,245	\$176,487	(\$3,037,758)
EMPG 2024 Emergency Management Preparedness Grant	-	1,171,338	1,171,338
SHSP 2021 State Homeland Security Grant	1,069,418	-	(1,069,418)
SHSP 2024 State Homeland Security Grant	-	401,589	401,589
All Other Personnel, Contract Services, Operating, Capital-Federal	8,354,663	10,519,287	2,164,624
Total	\$12,638,326	\$12,268,701	(\$369,625)

RICAP – RISON Infrastructure Upgrades (RICAP funds) \$524,198

The Budget includes \$1.0 million in RICAP funds from FY2024 through FY2028 to upgrade the RISON system, including an increase of \$524,198 as part of the supplemental budget. The project scope includes propane generator replacements, adding propane generators to sites currently without one, and other security and wiring upgrades.

RICAP – Emergency Management Building (RICAP funds) \$250,000

The Budget includes \$250,000 in RICAP funds in FY2025 to fund a feasibility study of warehouses, to determine whether to construct a new structure or remodel the current facility that is used to store the RISON communications equipment, vehicles, and support staff.

DEPARTMENT OF PUBLIC SAFETY

State Police Motor Vehicles \$2.4 million

The Governor recommends \$3.0 million of general revenue (\$3.7 million in all funds) to acquire 47 State Police vehicles as well as a \$612,759 reappropriation from FY2024 for vehicle outfitting. The recommendation represents \$2.4 million above the enacted general revenue amount but \$690,664 below the Department's request. The Department notes in their FY2025 2nd Quarter Report that the outright purchase will eliminate \$835,000 of year-one vehicle loan repayments in FY2026.

Sheriffs and Capitol Police Motor Vehicles \$906,000

The Governor recommends \$906,000 of general revenue above the enacted level, for the Department to purchase vehicles without utilizing the revolving loan fund in FY2025. The recommendation encompasses \$121,000 to the Capitol Police and \$785,000 to the Sheriffs, which includes a \$275,000 reappropriation for a bus that was ordered in FY2023 but did not arrive. The Department intends to utilize turnover savings to support the initiative, of which, the Revised Budget contains \$1.1 million in general revenue for the Sheriffs Division.

ENVIRONMENTAL MANAGEMENT***One-Time Shift of General Revenue Expenses to OSPAR*** ***(\$1.7 million)***

The Budget shifts \$1.7 million in general revenue supported salaries and benefits for 12.4 FTE positions to Uniform Oil Spill Prevention, Administration, and Response (OSPAR) restricted receipt fund. The OSPAR Fund was established in 1996 in response to the environmental damage caused by the North Cape Oil Spill along the Rhode Island coast. Pursuant to RIGL 46-12.7-5.1, the funds may be used to cover the costs of response, containment, and cleanup of oil spills into marine or estuarine waters. The OSPAR Fund may also be used for structural improvements to reduce the risk of oil tanker spills, restoration of natural resources, response training and equipment, and monitoring activities. The fund is capitalized primarily with a fee of \$0.05 for each barrel of petroleum products received at a marine terminal in the State. The North Cape spill cost the State approximately \$3.0 million (\$5.8 million in today's dollars). As of March 11, 2025, the balance in the OSPAR fund is \$3.3 million.

One-Time Shift of General Revenue Expenses to ERF ***(\$501,682)***

The Budget shifts \$501,682 in in general revenue supported salaries and benefits for 4.0 FTE positions to Environmental Response Fund restricted receipts. Pursuant to RIGL 23-19.1-23 the environmental response fund "consist of any sums as the state may appropriate, or sums recovered by any action brought under the authority of this chapter or chapter 18.9" and may be used for "Enforcement and personnel activities". Chapter 19.1 governs Hazardous Waste Management while Chapter 18.9 governs Refuse Disposal. These funds may be used to "support activities related to enforcement of the provisions of this chapter, legal activities to enforce the provisions of this chapter and secure contributions from culpable parties, and ancillary services, personnel, or equipment to support the activities enumerated in this section." According to the Office of Management and Budget, as of January 2025, the ERF restricted receipt account has a balance of approximately \$839,949.

One-Time Shift of General Revenue Expenses to Bays Rivers and Watersheds ***(\$139,950)***

The Budget shifts \$139,950 in general revenue supported salaries and benefits for 1.0 FTE position to the Bays, Rivers and Watersheds Fund (BRWF) restricted receipt account within DEM. The use of the restricted receipt account is limited to the purposes of The Comprehensive Watershed and Marine Monitoring Act (RIGL 46-23.2-1); Water Pollution (RIGL 46-12); and, the Resilient Rhode Island Act of 2014 – Climate Change Coordination Council (RIGL 46-6.2). According to the Office of Management and Budget, the current balance of the BRWF restricted receipt account is approximately \$1.6 million.

Indirect Cost Recovery ***(\$500,000)***

The Budget shifts \$500,000 in in general revenue supported operating and supplies cost to the federal Indirect Cost Recovery (ICR) restricted receipt account. According to the Office of Management and Budget, as of January 2025, the ICR account has a balance of approximately \$2.6 million.

DEPARTMENT OF TRANSPORTATION***Highway Maintenance Account (other funds)*** ***\$152.9 million***

The Governor recommends \$272.0 million in Rhode Island Highway Maintenance Account (RIHMA) funds, representing an increase of \$152.9 million from the FY2025 Budget as Enacted. Road and Bridge realized the largest increase, increasing by \$153.7 million from the enacted level. The following table illustrates the HMA expenditure increase.

RIHMA Expenditure	FY2025 Enacted	FY2025 Governor	Change from Enacted
Road And Bridge	\$84,575,541	\$238,314,953	\$153,739,412
Mixed Projects	5,350,804	4,586,774	(764,030)
RIPTA Transfer	10,343,900	10,300,850	(43,050)
Highway Drainage	6,000,000	6,000,000	-
State Match	12,800,000	12,800,000	-
Total	\$119,070,245	\$272,002,577	\$152,932,332

Motor Fuel Tax Transfers**\$3.3 million**

The Governor recommends \$162.7 million in gas tax receipts in FY2025, reflecting an increase of \$3.3 million from the enacted level. The FY2025 Governor's Revised Budget reflects the November 2024 gas tax estimate, provided by the Office of Revenue Analysis (ORA), while the FY2025 Budget as Enacted reflects ORA's May 2024 estimate. The largest increase is realized within the Department of Transportation's allocation, which increases \$1.9 million above the enacted level. The following table illustrates the adjustment.

Motor Fuel Tax Transfers	FY2025 Enacted	FY2025 Governor	Change from Enacted
RIDOT	\$90,815,700	\$92,694,073	\$1,878,373
RIPTA*	42,907,747	43,795,223	887,476
RITBA	14,957,880	15,267,259	309,379
GARVEE	8,547,360	8,724,148	176,788
Environmental Protection Fee (RIPTA)	2,136,840	2,181,037	44,197
Total	\$159,365,527	\$162,661,739	\$3,296,212

*RIPTA funding includes transfer from Office of Healthy Aging

Vehicle Maintenance (other funds)**\$2.2 million**

The Governor recommends \$13.8 million in other funds for vehicle maintenance, reflecting an increase of \$2.2 million from the FY2025 enacted level. The adjustment primarily reflects a \$17.0 million increase for capital purchases including \$16.9 million for heavy equipment, which is offset by a \$15.0 million reduction in Departmental operating expenses.

Winter Maintenance Operations (other funds)**\$1.9 million**

The Governor recommends \$15.9 million in other funds for winter maintenance, reflecting an increase of \$1.9 million from the FY2025 enacted level. The adjustment reflects an additional \$951,911 for operating supplies and \$946,374 for personnel expenditures.

RIHMA Revenue Projection Adjustment (other funds)**(\$817,949)**

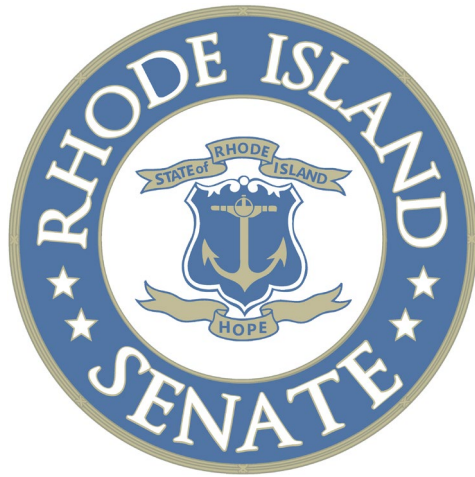
The Budget includes \$111.6 million of revenue collected by the Rhode Island Highway Maintenance Account (RIHMA), reflecting a \$817,949 decrease from the FY2025 enacted level. The FY2025 Governor's Revised Budget reflects the November 2024 gas tax estimate, provided by the Office of Revenue Analysis (ORA), while the FY2025 Budget as Enacted reflects ORA's May 2024 estimate.

Overall, the account is projected to collect \$111.6 million in FY2025, representing a decrease of \$906,315 from the enacted level. The Department of Transportation will receive \$95.7 million, reflecting a decrease of \$817,950 from the enacted amount. RIPTA will receive \$10.3 million, reflecting a \$43,050 reduction from the enacted level. Additionally, \$5.6 million will be transferred to the general fund, representing a \$45,315 reduction from the enacted level. The following table illustrates the revenue estimates and reflect the Office of Revenue Analysis' May 2024 and November 2024 estimates.

Fees and Surcharges	FY2025 Enacted	FY2025 Governor	Change from Enacted
Licenses and Registrations Base	\$54.8	\$57.2	\$2.4
Licenses Surcharge	5.5	5.3	(0.2)
Vehicle Registrations Surcharge	15.8	14.9	(1.0)
Rental Vehicle Surcharge	10.4	9.7	(0.8)
Emission Inspection Fees	15.0	13.7	(1.3)
Motor Vehicle Title Fees	10.7	10.5	(0.2)
Good Driving Fees	0.3	0.4	0.1
RIHMA Total	\$112.5	\$111.6	(\$0.9)
5% Share to General Revenues	\$5.6	\$5.6	(\$0.0)
Remaining RIHMA Funds	\$106.9	\$106.0	(\$0.9)
			0
5% Share to RIPTA	\$5.3	\$5.3	(\$0.0)
\$5.0 million Transfer to RIPTA	5.0	5.0	0.0
DOT Share	\$96.5	\$95.7	(\$0.8)

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

Source: Office of Revenue Analysis, May 2024 and November 2024 Estimate.



FY2026 BUDGET ARTICLES

Article 1: Relating to Making Appropriations in Support of FY2026

Article 1 outlines the appropriation amounts from all fund sources for FY2026. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; out-year appropriation changes in Rhode Island Capital Plan Fund projects; expenditure limits for internal service funds; outlines expenditures from the federal American Rescue Plan Act of 2021 and, disbursements of Lottery, Temporary Disability Insurance, and Employment Security. The article also:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,806.8 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 grant funding recipients and amounts.
- Separates the Office of Energy Resources from the Department of Administration, creating a new, independent agency.
- Separates the Cannabis Control Commission from the Department of Business Regulation, creating a new, independent agency titled the Rhode Island Cannabis Control Commission.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2027. In addition, the Office of the Postsecondary Commissioner shall provide \$8.3 million to the Rhode Island Promise Scholarship program, and \$5.5 million to the Rhode Island Hope Scholarship Program.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.4 million. It requires the Judiciary to provide \$500,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- Requires that Rhode Island Housing and Mortgage Finance Corporation continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires a report be provided to the Director of Administration, chair of the Housing Resources Commission, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and on the amount of funding provided to the program.
- Clarifies that the federal funds do not include the federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021. Requires that all unexpended or unencumbered balances relating to the State Fiscal Recovery Fund and Capital Projects Fund be reappropriated to FY2027 and made available for the same purposes.
- Extends the quarterly reporting period to 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 and the proposal will be referred to the General Assembly to go into

effect 30-days later, unless formally rejected by the House of Representatives and Senate acting concurrently within those 30-days.

- 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.

APPROPRIATIONS

Article 1 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2026.

<u>Expenditures by Source</u>	<u>FY2024 Actual</u>	<u>FY2025 Enacted</u>	<u>FY2026 Governor</u>	<u>Change to Enacted</u>
General Revenue	\$5,236.1	\$5,594.9	\$5,743.1	\$148.2
Federal Funds	4,936.5	5,066.5	5,090.2	23.7
Other Funds	2,948.6	3,471.7	3,560.6	88.9
Restricted Receipts	473.7	463.1	446.2	(16.9)
Total	\$13,594.9	\$14,596.3	\$14,840.1	\$243.8

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

In addition, Article 1 provides for the annual appropriation of the Contingency Fund; Temporary Disability Insurance Funds (TDI); Employment Security (UI Trust Fund); CollegeBoundSaver Funds; and, Lottery Division funds for award winnings during FY2026.

Section 1 also provides language directing the disbursement of specific appropriations including:

- **Labor and Training – Direct Care Training:** The article requires \$600,000 in general revenue be used for enhanced training for direct care and support services staff to improve the quality of care for nursing facility residents.
- **EOHHS:** Removes language requiring that \$250,000 of the general revenue appropriation be used for the Hospital Care Transitions Initiative, if the program receives approval for a Medicaid match, and \$275,000 to assist nonprofit nursing facilities transition nursing home beds to assisted living beds.
- **EOHHS:** Removes language requiring that \$250,000 of the federal fund appropriation be used to develop an Olmstead Plan.
- **EOHHS:** Removes language requiring that \$5.0 million of the restricted receipt appropriation be used for Mobile Response and Stabilization Services.
- **BHDDH - DD Consent Decree:** The State has been under a Consent Decree with the United States Department of Justice since 2014, requiring the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. The State has agreed to an action plan to ensure that the requirements of the Consent Decree are fulfilled. Article 1 provides that of both general revenue and federal funds within the Services for the Developmentally Disabled program, an amount to be certified by the Department will be allocated to

direct support professional wage increases. In addition, \$928,200 in general revenues and \$371,800 in federal funds are specified to be expended on a Transformation Fund for integrated day activities and supportive employment.

- **Health:** Ensures that the Office of Policy, Information, and Communication allocates a total of \$400,000 to support the Professional Loan Repayment Program, specifically targeting primary care physicians and pediatricians.
- **RIDE – Learn365RI:** Requires that all unexpended or unencumbered balances from FY2026 relating to the Learn365RI program are automatically reappropriated to the following fiscal year and removes language requiring that at least \$2.0 million of the general revenue appropriation to education aid be allocated to career and technical education to provide funding for new workforce job training.
- **RIDE - Rhode Island Vision Education and Services Program:** The article requires that \$684,000 from the Department of Elementary and Secondary Education’s share of federal Individuals with Disabilities Education Act funds, be allocated to the Sherlock Center on Disabilities to support the Rhode Island Vision Services Program.
- **RIDE - Education Aid:** The article prioritizes the allocation of early childhood funds for prekindergarten seats and classrooms for four-year-olds with a family income at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low performing schools.
- **Transportation- Rhode Restore:** The article provides \$6.5 million of other funds to the Department of Transportation for the Municipal Roads Grant program, now titled the Rhode Restore program. The program provides matching funds to municipalities for maintenance and construction of their roads, sidewalks, and bridges.

INTERNAL SERVICE FUNDS

Article 1 authorizes 15 specific, capped internal service accounts to permit reimbursement of costs for work or other services performed by certain departments or agencies for any other department or agency. The FY2018 Budget as Enacted established centralized accounts for each agency and allows the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Reimbursements may only be made up to the expenditure cap for each account, as outlined below:

Internal Service Account	FY2025 Enacted	FY2026 Governor	Change
State Assessed Fringe Benefits	\$36,946,270	\$37,255,808	\$309,538
Administration Central Utilities	30,029,111	30,366,642	337,531
State Central Mail	8,419,019	9,020,425	601,406
State Telecommunications	3,748,530	3,426,061	(322,469)
State Automotive Fleet	15,496,081	21,610,397	6,114,316
Surplus Property	44,789	44,789	-
Health Insurance	272,804,635	272,933,573	128,938
Other Post-Employment Benefits	63,854,008	63,854,008	-
Capitol Police	1,466,975	1,659,403	192,428
Corrections Central Distribution Center	7,659,339	8,679,440	1,020,101
Correctional Industries	8,247,332	8,477,292	229,960
Secretary of State Records Center	1,166,547	1,231,684	65,137
Human Resources Internal Service Fund	17,669,248	18,711,878	1,042,630
DCAMM Facilities Internal Service Fund	53,327,083	40,492,965	(12,834,118)
Information Technology Internal Service Fund	62,092,295	70,587,805	8,495,510
Total	\$582,971,262	\$588,352,170	\$5,380,908

FTE POSITIONS

Article 1 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. Statewide, the Budget has a net increase of 34.0 FTE positions from the FY2025 Budget as Enacted. The following table lists the FTE amounts by budget function:

FTE Positions by Function	FY2025 Enacted	FY2026 Governor	Change to Enacted
General Government	2,570.3	2,584.3	14.0
Human Services	3,848.5	3,859.5	11.0
Education	4,269.8	4,273.8	4.0
Public Safety	3,338.4	3,343.4	5.0
Natural Resources	471.0	471.0	-
Transportation	755.0	755.0	-
Subtotal	15,253.0	15,287.0	34.0
<i>Higher Ed. Sponsored Positions</i>	<i>519.8</i>	<i>519.8</i>	<i>-</i>
Total FTE Positions	15,772.8	15,806.8	34.0

FUND TRANSFERS

Article 7, Section 9 of the FY2018 Budget as Enacted (RIGL 35-3-7(a)(2)) requires that when a state budget submitted to the General Assembly includes monetary transfers to the general fund from public corporations, it must be accompanied by alternative funding proposals that may be considered in lieu of the public corporation transfers.

Analyst Note: The Governor's Budget does not contain the alternative proposal language. This typically has appeared in the budget transmittal letter in the past. Instead of removing the fund transfers, the letter indicates that if the State's fiscal condition improves the Governor would supplement educational investments to close the achievement gap with Massachusetts, and invest in primary care providers.

Rhode Island Student Loan Authority Fund Transfer

- The article requires the Rhode Island Student Loan Authority to transfer \$2.9 million in FY2026 from their unrestricted fund balance to the General Fund to fund Rhode Island's Dual and Concurrent Enrollment. This is in addition to a proposed \$2.7 million transfer in the current year. Pursuant to RIGL 16-100, Rhode Island began offering the Dual Enrollment program, which allows students to take college courses to earn credits at both secondary and higher education institutions. In 2015, the Board of Education adopted provisions that ensure that all Rhode Island high school student have the opportunity to access college level work while still in high school. All three of the State institutions offer dual enrollment courses.

Office of the Postsecondary Commission indicated that the Dual and Concurrent Enrollment has faced a budget gap of \$300,000 in previous fiscal years, but, were able to close that gap with RI Higher Education Assistance Authority (RIHEAA) funds. However, the fund had been depleted in FY2024. The RISLA transfer will close the gap and ensure that the program will continue.

COMMUNITY SERVICE OBJECTIVES

The FY2017 Budget as Enacted changed the Community Service Objective (CSO) Grants program. Previously, CSO grants were funded in executive agency budgets, but were not specifically delineated in the appropriations act. The program now consists of two components: line-item grant awards, and pool grants. Line-item grants are identified in the appropriations act and include a brief description of the grant purpose. Pool grants will be allocated by executive branch agencies either by formula, or through a competitive process. State agencies will manage the application, award, and reconciliation processes for the awards. Consistent with previous practice, the awards may be subject to audits by the Bureau of Audits.

The FY2025 Budget as Enacted includes \$14.2 million in general revenue for CSO grant awards across 15 state agencies. The FY2026 Budget includes \$13.9 million in general revenue in FY2026, a decrease of \$335,000 from the previously enacted budget.

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Agency	Grant Recipient	FY2025 Enacted	FY2026 Governor	Change
Executive Office of Commerce	Polaris Manufacturing Technical Assistance Program	\$500,000	\$500,000	\$0
Executive Office of Commerce	Chafee Center at Bryant	476,200	476,200	-
Executive Office of Commerce	Urban Ventures	140,000	140,000	-
Executive Office of Commerce	East Providence Waterfront Commission	50,000	50,000	-
Executive Office of Commerce	Blackstone Valley Visitor Center	75,000	75,000	-
Labor and Training	Year Up	200,000	200,000	-
Secretary of State	Rhode Island Historical Society	125,000	125,000	-
Secretary of State	Newport Historical Society	18,000	18,000	-
Secretary of State	RI Council for the Humanities	100,000	100,000	-
Secretary of State	We the People Civics Challenge	50,000	50,000	-
Secretary of State	RI Black Heritage Society	25,000	25,000	-
OHHS	Linn Health and Rehabilitation	200,000	-	(200,000)
Health	Gloria Gemma Breast Cancer Research	-	50,000	50,000
Human Services - Healthy Aging	Diocese of Providence - Elder Services	325,000	325,000	-
Human Services - Healthy Aging	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-
Human Services - Healthy Aging	Elderly Housing Security	85,000	-	(85,000)
Human Services - Healthy Aging	Elderly Nutrition	50,000	50,000	-
Human Services - Healthy Aging	Meals on Wheels	630,000	630,000	-
Human Services - Healthy Aging	Senior Center Support	1,400,000	1,600,000	200,000
Human Services	Coalition Against Domestic Violence	400,000	400,000	-
Human Services	Project Reach - Boys and Girls Club	450,000	450,000	-
Human Services	Day One	300,000	300,000	-
Human Services	RI Community Food Bank	800,000	550,000	(250,000)
Human Services	Crossroads Rhode Island	500,000	500,000	-
Human Services	Institute for the Study and Practice of Nonviolence	250,000	250,000	-
Human Services - Veterans Services	Operation Stand Down	50,000	50,000	-
Human Services - Veterans Services	Veterans' Organizations	200,000	200,000	-
Human Services - Veterans Services	Veterans Services Officers Program	100,000	100,000	-
Human Services	Community Action Fund	600,000	600,000	-
Human Services	United Way's 211 System	200,000	200,000	-
Human Services	Higher Ground International	125,000	125,000	-
Human Services	Refugee Dream Center	50,000	50,000	-
Human Services	Substance Use and Mental Health Leadership Council of RI	100,000	100,000	-
Human Services	Center for Southeast Asians	25,000	25,000	-
Human Services	Crossroads RI Women's Shelter	360,000	360,000	-
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-
Education	Child Opportunity Zones	395,000	395,000	-
Education	City Year - Whole School Whole Child Program	130,000	130,000	-
Office of Postsecondary Commissioner	Onward We Learn	455,000	455,000	-
Office of Postsecondary Commissioner	Best Buddies Rhode Island	75,000	75,000	-
Office of Postsecondary Commissioner	RI School for Progressive Education	200,000	100,000	(100,000)
Office of Postsecondary Commissioner	College Visions	-	50,000	50,000
University of Rhode Island	Small Business Development Center	700,000	700,000	-
University of Rhode Island	Institute for Labor Studies and Research	125,000	125,000	-
University of Rhode Island	Special Olympics Rhode Island	50,000	50,000	-
Arts Council	WaterFire Providence	400,000	400,000	-
Arts Council	Other Grants	200,000	200,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-
Historical Preservation	Rhode Island Slave History Medallions	25,000	25,000	-
Historical Preservation	Other Grants	17,000	17,000	-
Corrections	Crossroads Rhode Island	1,050,000	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	500,000	500,000	-
Judicial	Rhode Island Legal Services	90,000	90,000	-
Public Safety	Family Services of RI GO Team Program	400,000	400,000	-
Environmental Management	Wildlife Rehabilitators Association of RI	100,000	100,000	-
Environmental Management	Conservation Districts	180,000	180,000	-
Total		\$14,211,200	\$13,876,200	(\$335,000)

CAPITAL APPROPRIATIONS

Article 1 authorizes amounts from the Rhode Island Capital Plan (RICAP) Fund, not otherwise appropriated, to be expended during the fiscal years ending June 30, 2027, June 30, 2028, June 30, 2029, and June 30, 2030. These amounts supersede appropriations provided for FY2026 within the FY2025 Budget as Enacted.

Subject to final General Assembly approval, any unexpended or unencumbered funds from the RICAP Fund project appropriations in excess of \$500 may be reappropriated to the next fiscal year and made available for the same purpose. Any remaining funding less than \$500 may be reappropriated at the discretion of the State Budget Officer.

STATE FISCAL RECOVERY FUNDS

Sections 17, 18, and 19 of this article pertain to the authorization and appropriation of the State Fiscal Recovery Fund (SFRF) and Capital Projects Fund (CRF) federal funds.

- Section 17 clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021 for FY2026. The purpose of this language is to specify that these federal funds are not part of the generic federal fund line items and that a specific SFRF or CPF line item, by project, constitutes the authority to expend the SFRF or CPF. The Budget generally does not appropriate federal funds at an individual or specific level. This language ensures that state agencies are not expending the SFRF or CPF funds under the authority of a general federal fund line item. The section also specifies and describes the SFRF appropriations.
- Section 18 requires that all unexpended or unencumbered balances relating to the SFRF and Capital Projects Fund, be reappropriated to the ensuing fiscal year and made available for the same purposes.
- Section 19 maintains the Pandemic Recovery Office within the Department of Administration is to oversee and ensure compliance with the rules, regulations, and guidance issued by the United States Department of the Treasury of expenditures from the SFRF and Capital Projects Fund. This section extends the quarterly reporting period to 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. Lastly the section allows the Governor to reclassify any State Fiscal Recovery Funds that are at risk of forfeiture from the SFRF program to other eligible uses as determined by the U. S. Treasury. The Governor is required to notify the General Assembly and the proposal will be referred to the General Assembly to go into effect 30-days later, unless formally rejected by the House of Representatives and Senate acting concurrently within those 30-days.

Article 2 – Relating to State Funds

This article amends various statutes related to State funds and financing. Specifically, the article:

- Expands the eligibility of projects able to receive funding from the Rhode Island Infrastructure Bank’s Municipal Road and Bridge Revolving Fund.
- Increases the State’s indirect cost recovery rate to 15.0 percent.
- Waives 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 increases the available fund balance in the Governor’s recommended budget by \$43.3 million.
- Establishes a restricted receipt account at the Rhode Island State Psychiatric Hospital (RISPH) to facilitate the use of federal Medicare Part D reimbursements. The RISPH was opened in October 2022 as a separately licensed psychiatric facility to bring the patient counts at Eleanor Slater Hospital (ESH) into compliance following an issue with the Center for Medicare and Medicaid Services (CMS) Institute of Mental Disease (IMD) exclusion regulations.

FISCAL IMPACT

Initiative	FY2025		FY2026	
	Revenues	Expenditures	Revenues	Expenditures
Municipal Road and Bridge Revolving Fund	\$0	\$0	\$0	\$0
Indirect Cost Recovery Rate Change	-	-	6,832,419	-
Supplemental State Budget Reserve Account and State Retirement Fund	43,275,920	-	-	-
Medicare Part D Account	-	-	-	-
Total	\$43,275,920	\$0	\$6,832,419	\$0

The fiscal impact of Article 2’s changes are summarized in the following table. For more details, please refer to the analysis and background section.

ANALYSIS AND BACKGROUND

Municipal Road and Bridge Revolving Fund

RIGL 24-18-7 establishes the Municipal Road and Bridge Revolving Fund and grants authority to the Rhode Island Infrastructure Bank for its administration. The Rhode Island Infrastructure Bank (RIIB) was established by the Rhode Island General Assembly in 1989 as the Clean Water Finance Agency. In 2013, the General Assembly established the Municipal Road and Bridge Revolving Fund to provide municipalities with low-cost financial assistance for infrastructure projects.

Currently, projects that require financial assistance are evaluated by the Department of Transportation through a “Project Evaluation Criteria” which determines a project’s eligibility, as well as a rank, in which, financial assistance shall be awarded. The criteria consider several factors such as the extent to which the project generates economic benefits, the extent to which the project will be able to proceed at an earlier date, the cost effectiveness of the project, as well as the likelihood that the project will increase safety. Following the evaluation by the Department, approved projects are placed in ranked order on the “Project Priority List.” The law explicitly forbids projects not listed from receiving financial assistance.

Analyst Note: In FY2024, the General Assembly created the Municipal Roads Grant program at the Department of Transportation which provided \$27.0 million of federal State Fiscal Recovery Funds (SFRF) to municipalities for infrastructure projects. While similar, this program is distinct from the Municipal Road and Bridge Revolving Fund program.

Article Changes: The article expands the eligibility for approved projects to receive matched funds through the RIIB. Section 1 amends RIGL 24-18-7, authorizing the RIIB to issue financial assistance for approved projects, regardless of their Project Priority List status, if the funding is to provide match to other federal, state or local funds. Section 5 amends RIGL 45-12-33, authorizing municipalities to issue bonds or other instruments of indebtedness to receive loans from the Municipal Road and Bridge Revolving Fund.

Indirect Cost Recovery Rate Change

State law permits the assessment of an indirect cost recovery charge on most state restricted receipt accounts, in order to support the administrative overhead costs associated with the collection of funds and administration of the accounts. RIGL 35-4-27 enumerates those restricted receipts exempted from this assessment. Section 2 of this article increases the indirect cost recovery charge provisions on restricted receipt accounts from 10.0 percent to 15.0 percent, matching the new federal rate that went into effect on October 1, 2024. All existing exempt accounts will remain exempt. This is projected to increase general revenue receipts by \$6.8 million in FY2026, and increasing to \$7.0 million, based on inflationary growth rate (less food and energy) in FY2027.

Adopted REC FY2026			Projected New		
ICR Receipts	ICR	Gross Receipts	New ICR	ICR Receipts	Change
\$13,664,838	10.0%	\$136,648,380	15.0%	\$20,497,257	\$6,832,419

Source: State Budget Office

The article also transfers three existing exempted restricted receipt accounts from the Department of Administration to the proposed Office of Energy Resources; and, adds an account for the Rhode Island Cannabis Control Commission to the list of exempt accounts.

- **OER Reconciliation Funding:** The article includes the OER Reconciliation Funding account to the list of restricted receipt accounts under the Office of Energy Resources that are exempt from the 15.0 percent indirect cost recovery charge on most state restricted receipt accounts.
- **RGGI Executive Climate Change Coordinating Council Projects:** The article adds the Executive Climate Change Coordinating Council Projects to the list of restricted receipt accounts under the Office of Energy Resources that are exempt from the 15.0 percent indirect cost recovery charge on most state restricted receipt accounts.
- **Electric Vehicle Charging Stations Operating and Maintenance Account:** The article adds the Electric Vehicle Charging Stations Operating and Maintenance Account to the list of restricted receipt accounts under the Office of Energy Resources that are exempt from the 15.0 percent indirect cost recovery charge on most state restricted receipt accounts.
- **Clean Transportation:** The article adds the Clean Transportation account to the list of restricted receipt accounts under the Office of Energy Resources that are exempt from the 15.0 percent indirect cost recovery charge on most state restricted receipt accounts.

Supplemental State Budget Reserve Account and State Retirement Fund

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

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

The FY2024 Budget as Enacted established a supplementary budget reserve fund, and required the transfer of \$55.0 million in surplus funding by July 14, 2023, into a “State Supplemental Budget Reserve Account”. Expenditures from the supplemental account would be subject to the same limitations as the existing Rainy Day Fund, and deposits are subject to appropriation.

The FY2024 Budget as Enacted transferred \$55.0 million in surplus funding into the State Supplemental Budget Reserve Account. In addition, the provisions of RIGL 35-6-1 allowed the transfer of \$6.5 million in surplus FY2023 revenue to the State Supplemental Budget Reserve Account. This latter transfer was reversed through P. L. 2024 Chapter 158 subsection 3 and P. L. 2024 Chapter 159 subsection 3 and allowed the \$6.5 million to be available as general revenues.

The account has a balance of \$55.0 million.

State Retirement Fund: The FY2008 Budget as Enacted established that “upon issuance of the audited financial statement, the controller shall transfer all general revenues received in the completed fiscal year net of transfer to the state budget reserve and cash stabilization account as required by section 35-3-20 in excess of those estimates adopted for that year as contained in the final enacted budget to the employees' retirement system of the state of Rhode Island as defined in section 36-8-2.”

Accordinging information provided by the Office of the General Treasurer, there were three instances that revenue was transferred to the State retirement fund. They were \$12.9 million in 2013, \$168,000 in 2014, and \$6.5 million in 2024.

To date the State has transferred \$19.6 million in excess reserves to the fund since 2013.

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.
- **Rhode Island Cannabis Act:** Amends RIGL 21-28.11-4, the Rhode Island Cannabis Act, charging the Commission with the authority to designate an administrative hearing officer, and ensures that the transfer of regulatory authority of industrial hemp occurs concurrently with the transfer of regulatory authority of medical marijuana.
- **Instruction in Jiu-Jitsu or Karate:** Repeals RIGL 5-43-1, and 5-43-2, eliminating municipal authority to offer licenses and charge fees up to \$25 for instruction in jiu-jitsu and karate, and eliminates the \$20 fine in which municipalities could charge anyone offering instruction in jiu-jitsu and karate without sufficient licensing.
- **Office of Internal Audit and Program Integrity:** Amends multiple sections of general law to update the change in name of the office from the Office of Internal Audit to the Office of Internal Audit and Program Integrity, to better describe the scope and responsibilities of the Office’s functions to investigate fraudulent activities and to prevent and detect mismanagement of public funds.
- **Rhode Island Paint Recycling Program:** The article repeals the paint recycling program through RIGL 23-24.12. Pursuant to the article, the collection of the paint stewardship fee would end on August 1, 2025, and approval from the Department of Environmental Management (DEM) would be required for any program expenditures after that date. The Governor asserts that the program is a burden to Rhode Island businesses and notes that Massachusetts does not impose a similar fee. Connecticut, Vermont, and Maine have similar programs.
- **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.
- **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.
- **State Facilities Benchmarking and Performance Standards Program:** Amends RIGL 42-6.2 entitled the “2021 Act on Climate,” to establish the State Facilities Benchmarking and Performance Standards Program, requiring state agencies, beginning March 1, 2025, to measure and report, to the Office of Energy Resources, the annual energy usage and greenhouse gas emissions for state-owned, or state occupied facilities.
- **Rhode Island Integrated Data Systems Act:** Amends the title of the Rhode Island Longitudinal Data Systems Act to the Rhode Island Integrated Data Systems Act. Section 24 combines the Rhode Island Longitudinal Data System and the Executive Office of Health and Human Services (EOHHS) Ecosystem to form the Rhode Island Integrated Data System (RIIDS). Additionally, this section merges

the governing boards of RILDS and the Ecosystem, creating a unified governance board which is charged with improving transparency for both state analysts and outside researchers. Section 24 ensures that all State agencies participate in the federated data system, sharing data to the greatest extent possible.

FISCAL IMPACT

Passage of Article 3 will impact both general revenue and restricted receipt expenses of the State, and may impact local revenue collections.

Office of Internal Audit and Program Integrity: Article 3 includes language to better describe the scope and responsibilities of the Office's functions to investigate fraudulent activities. The Budget includes \$350,406 in annual recurring general revenue expenditures to support the salaries and benefits of two new FTE positions

- **Procurement Assessment Fee:** Article 3 establishes a 0.33 percent administrative fee to be assessed on all state contracts beginning on January 1, 2026, and reduces the current 1.0 percent administrative fee on master price agreements (MPA) to 0.33 percent. The FY2026 Budget includes a reduction of \$500,000 in general revenue expenditures due to the shift of costs to restricted receipts. Restricted receipt revenue will decrease by \$387,787 in FY2026 from the FY2025 enacted level due to the decrease in the MPA fee and the staggered rollout of the new fee to only contracts that renew or commence after January 1, 2026. According to the Budget Office, it will become revenue positive beginning in FY2027 with a rough revenue estimate of \$1.1 million for FY2027.
- **State Facilities Benchmarking and Performance Standards Program:** Article 3 amends RIGL 42-6.2 to establish the State Facilities Benchmarking and Performance Standards Program. The Budget includes \$139,069 in restricted receipts to support an additional 1.0 FTE position within the Office of Energy Resources to administer and facilitate the collection of data for this program.
- **Instruction in Jiu-Jitsu and Karate Licensing:** Article 3 repeals municipal authority to offer licenses and to charge fees for instruction in Jiu-Jitsu or Karate, including a licensing fee of up to \$25, and to charge a fine of up to \$20 on anyone found to be teaching Jiu-Jitsu or Karate without proper licensing. However, the local fiscal impact is unknown at this time.

ANALYSIS AND BACKGROUND:

Hemp Growth Act

The article amends RIGL 2-26, substituting 'commission' for 'department', and 'chairperson' for 'director', completing the transition of regulatory charge from the Department of Business Regulation to the Cannabis Control Commission. The article also incorporates RIGL 28-5.1-14, titled Equal Opportunity and Affirmative Action, as a technical change to the statute.

The Office of Cannabis Regulation has overseen the regulation of hemp, medical marijuana, and compassion center licensing since 2016. However, pursuant to the Rhode Island Cannabis Act, the regulatory oversight of cannabis, including hemp, medical marijuana, and compassion center licensing, is to be transferred to the Cannabis Control Commission once the Commission's adult use regulations become finalized. Section 1 of Article 3 amends the statutory language in RIGL 2-26, the Hemp Growth Act, to transfer regulatory review from the Department of Business Regulation (DBR) to the Cannabis Control Commission.

State employees performing hemp-related functions are housed under DBR's Office of Cannabis Regulation (OCR). This amendment will transfer OCR employees to the Commission. According to Office of Management and Budget, if regulatory review of hemp is not amended, the Department will continue to have authority of regulatory review, risking fragmented operations and inconsistent policies.

Rhode Island Cannabis Act

Section 4 amends the Rhode Island Cannabis Act, confirming its authority to appoint an administrative officer to conduct hearings and make recommendations to the Commission in contested cases. The officer would essentially act as a judge, resolving disputes related to the Commission. This position would provide an unbiased review of the dispute, evaluating evidence, and report back to the Commission with a recommendation. Section 4 also ensures the transfer or regulatory review of hemp, aligning with Section 1 of Article 3 and the Hemp Growth Act.

Instruction in Jiu-Jitsu or Karate

Article 3 repeals municipal authority to offer licenses and charge fees for instruction in Jiu-Jitsu or Karate and eliminates municipal authority to impose a fine for offering instruction in Jiu-Jitsu or Karate without a license. RIGL 5-43-1 allows municipalities to charge a licensing fee of up to \$25, while RIGL 5-43-2 allows municipalities to charge a fine of up to \$20 on anyone found to be teaching Jiu-Jitsu or Karate without proper licensing. Article 3 repeals both the licensure fee and penalty fines.

Office of Internal Audit and Program Integrity

The article amends multiple sections of general law to update the change in the name of the office from the Office of Internal Audit to the Office of Internal Audit and Program Integrity (OIAPI), to better describe the scope and responsibilities of the Office's functions to investigate fraudulent activities and to prevent and detect mismanagement of public funds. According to the Office of Management and budget, some of the specific language regarding public assistance was intended to make clear that the OIAPI also has authority in these areas in addition to the EOHHS Medicaid Program Integrity Unit.

The primary new responsibilities that OIAPI receives are the ability to issue administrative subpoenas, with the written approval of the Department of Administration director, for records and testimony relevant to conducting audits and investigations, and the authority to initiate civil recovery actions to recover assets obtained through fraudulent means.

According to the OMB, the new language provides the option to petition Superior Court through the Attorney General or to do so directly if a person does not comply with an administrative subpoena. This would provide OIAPI the ability to petition the court directly to be more efficient. This proposal includes \$350,406 in annual recurring expenditures, (\$299,967 general revenue and \$50,439 federal funds), to support the salaries and benefits of two new FTE positions, of which one position will focus on supporting Office of Internal Audit and Program Integrity's fraud prevention and detection mission through complex analytics.

Rhode Island Paint Recycling Program

The article repeals the paint recycling program through RIGL 23-24.12. Pursuant to the article, the collection of the paint stewardship fee would end on August 1, 2025, and approval from the Department of Environmental Management (DEM) would be required for any program expenditures after that date. The Governor asserts that the program is a burden to Rhode Island businesses and notes that Massachusetts does not impose a similar fee. Connecticut, Vermont, and Maine have similar programs.

Currently, a third-party organization, known as PaintCare, represents paint manufacturers in operating the paint recycling program, and setting recycling fees to fund operating expenses as well as cash reserves. PaintCare operates programs in ten states and the District of Columbia, and is planning programs in Illinois and Maryland. The program in Rhode Island began in June 2014. The fee is \$0.35 on pint and quart containers, \$0.75 on gallon containers, and \$1.60 on five-gallon containers. Based on the 2023 Annual Report, the program has 25 drop-off sites around the State, including 21 retailers and four transfer stations, which collected 78,417 gallons of paint. The program collected \$813,414 in revenue from the fee on approximately 1.3 million gallons of paint sales, while expenses including paint transportation and processing, communications, and administration totaled \$880,623. The program ended the year with net assets totaling \$745,760.

The article requires PaintCare to submit a plan to dismantle the program to DEM by September 30, 2025. This plan must include a financial audit of the program as of August 1, 2025. Once the plan is approved by DEM, in consultation with the Department of Revenue, PaintCare will immediately begin implementation.

PaintCare is further required to transfer any remaining program funds to the Rhode Island Resource Recovery Corporation (RIRRC) by December 31, 2025, for use in educating the public about the cessation of the program and available options for safely disposing of paint.

Analyst Note: The recycling program was established as an extended producer responsibility program intended to require producers to bear significant responsibility for the environmental impacts of their products particularly in the final stage of the product's life, after consumption. The program was not intended as a profit generator.

Procurement Assessment Fee

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

- The FY2026 Budget includes a reduction of \$500,000 in general revenue expenditures due to the shift of costs to restricted receipts. Restricted receipt revenue will decrease by \$387,787 in FY2026 from the FY2025 enacted level due to the decrease in the MPA fee and the staggered rollout of the new fee to only contracts that renew or commence after January 1, 2026. According to the Budget Office, it will become revenue positive beginning in FY2027 with a rough revenue estimate of \$1.1 million for FY2027.

Office of Risk Management

The article amends RIGL 42-11-2.9 to modify the duties of the Department of Administration's Division of Capital Asset Management and Maintenance (DCAMM) to no longer include oversight of the Office of Risk Management.

Analyst Note: Article 2 transfers the oversight of the Office of Risk Management to the list of duties of the State Controller.

Office of Energy Resources

The article amends the filing date of the Office of Energy Resources' annual report from March 1 to June 30 of each year. The article also eliminates a provision referencing the Energy Efficiency Resource Management Council, as the council submits its own annual report and amends RIGL 42-140-3 and RIGL 42-140-7 to eliminate repealed or outdated statutory references.

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

State Facilities Benchmarking and Performance Standards Program

Article 3 amends RIGL 42-6.2 entitled the "2021 Act on Climate," to establish the State Facilities Benchmarking and Performance Standards Program, requiring state agencies, beginning March 1, 2026, to measure and report, to the Office of Energy Resources, the annual energy usage and greenhouse gas emissions for state-owned, or state occupied facilities. The Office of Energy Resources will use the collected data to develop performance standards by 2028, to guide emission reductions, with compliance

deadlines extending through 2050. The standards will be overseen by the Executive Climate Change Coordinating Council.

The Budget includes \$139,069 in restricted receipts to support an additional 1.0 FTE position within the Office of Energy Resources to administer and facilitate the collection of data for this program.

Rhode Island Integrated Data Systems Act

Article 3 makes several amendments to the Rhode Island Longitudinal Data Systems Act, merging the Rhode Island Longitudinal Data System (RILDS) with the Executive Office of Health and Human Services Ecosystem, renaming the act the Rhode Island Integrated Data Systems Act.

The amendments also merge the governing boards of the RILDS and the Ecosystem, creating one governing board charged with improving transparency and accessibility of data, ensuring that data is accessible to state analysts, and improving data availability to external researchers.

These amendments follow the recommendations from the November 2023 legislative report titled, “Artificial Intelligence and Data Centers of Excellence”, which recommended combining the governance of the Ecosystem and RILDS to improve program analysis, transparency, and inter-departmental information sharing. Additionally, merging the two data systems will allow the State to access additional Medicaid grant funding, approved by the Centers for Medicare and Medicaid Services. These additional funds will be allocated towards the creation of data infrastructure for secure data sharing mechanisms.

This amendment requires an additional 6.0 FTE positions within the Department of Administration, the Office of the Postsecondary Commissioner (OPC), and the Executive Office of Health and Human Services (EOHHS). RIIDSA will be a federated data system that unifies governance across the Ecosystem and RILDS, but for budgetary purposes the Ecosystem will continue to exist within EOHHS and the RILDS will continue to exist within OPC. Now they’ll both be governed by an interagency board co-chaired by the Secretary of Health and Human Services and the Commissioner of Postsecondary Education.

Article 4: Relating to Debt Management Act Concurrent Resolutions

Pursuant to RIGL 35-18, the Public Corporation Debt Management Act, any financing leases or other guarantees entered into by an elected or appointed State official must have prior approval of the General Assembly. This article authorizes the issuance of \$151.6 million in revenue bonds for the Health and Counseling Center and the Memorial Union at the University of Rhode Island (URI).

FISCAL IMPACT

This article authorizes the issuance of \$151.6 million in revenue bonds for two projects at the University of Rhode Island (URI), titled the Health and Counseling Center – Auxiliary Enterprise, and Memorial Union – Auxiliary Enterprise.

Proposed Debt Authorization					Annual Debt	Term of Loan
Revenue Bonds	Department	Principal	Interest	Total Debt	Service	(years)
Health and Counseling Center - Auxiliary Enterprise	URI	\$33.6	\$44.4	\$78.0	\$2.6	30.0
Memorial Union - Auxiliary Enterprise	URI	118.0	154.0	272.0	9.1	30.0
Total	URI	\$151.6	\$198.4	\$350.0	\$11.7	30.0

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

ANALYSIS AND BACKGROUND

Health and Counseling Center – Auxiliary Enterprise

The article amends a previous authorization for the design and construction of a new combined Health and Counseling Center (HCC). The center is intended to support the physiological and psychological needs of the University of Rhode Island student population. The new authorization, which was originally approved in FY2020 Budget as Enacted and then amended in the FY2022 Budget as Enacted, approves principal financing up to \$33.6 million for the Health and Counseling Center – Auxiliary Enterprise project, increasing the financing by another \$4.6 million. Debt service payments will continue to be funded from student fees associated with the respective auxiliary enterprise. Total debt service on the bond is not expected to exceed \$2.6 million annually and \$78.0 million in the aggregate, assuming an average interest rate of 6.5 percent over 30 years

The project combines and co-locates health services and the counseling center into a single facility, following national trends that improve care provided to students and reduces institutional risks by fostering communication and availability of appropriate providers. Currently, the Health Center is located in the Potter Building and the Counseling Center is located in Roosevelt Hall, creating barriers to holistic care. Combining the two facilities will improve the University’s ability to meet the psychological and physical needs of the students and patients.

In FY2022, the University indicated that the project had been delayed 19 months as a direct result of the impact of COVID. The Health Services Staff had turned their focus to address the pandemic and were not available to assist in the design process. In the University’s FY2026-FY2030 Capital Improvement Priorities (CIP), the University indicates that the project has once again been delayed due to the need to construct more student housing. The project had restarted in Fall 2024, has completed the schematic design phase, and has an estimated completion date of FY2028.

In order to counteract some of the COVID-related and time delays, the HCC was reimagined to minimize cost increases. The University reduced the size of the building by almost 20.0 percent, and increased University funds from \$8.0 million to \$12.0 million. The additional \$4.0 million in funding covered almost half of the increase, and the reduction in size further offset the price escalation. As a result, the revenue bond increased by 15.9 percent.

Memorial Union – Auxiliary Enterprise:

The article amends a previous authorization for the renovation and expansion of the Memorial Union. The new authorization, which was originally approved in the FY2020 Budget as Enacted, and then amended in the FY2022 Budget as Enacted. It approves principal financing up to \$118.0 million for the Memorial Union, increasing financing by \$60.4 million from the FY2022 Budget as Enacted. Debt service payments will continue to be supported by revenues derived from student fees and retail lease payments associated with the respective auxiliary enterprises. Total debt service on the bond is not expected to exceed \$9.1 million annually and \$272.0 million in the aggregate, assuming an average interest rate of 6.5 percent over 30 years.

The project repositions the Memorial Union to cultivate student success, engagement, community, and learning. Additionally, the renovation will include code required work. The current student union no longer meets the needs of the existing student body, and showed several deficiencies when compared to national benchmarks. With the renovations, the new Memorial Union will fall within 10.0 percent of national averages, while exceeding national averages in key spaces such as event and student collaboration spaces.

In FY2022, the University indicated that the project was delayed one year due to avoid issuing the new bonds at the same time as the bonds for the Combined Health and Counseling Center in order to ease the burden of increased debt service. The project was delayed an additional three years due to COVID and the impact of auxiliary funding need to pay for the initial design of the project. The project's new budget reflects an expected start date in Fall 2024, and an estimated completion date in FY2029.

While the Memorial Union experienced the same market shift as the Health and Counseling Center, the University experienced different circumstances to navigating the increase in project costs. The University was unable to minimize the size of the Memorial Union, while still meeting the students needs. Additionally, the University needed to address some critical needs throughout the building that could not wait for the project to begin, reducing University fund contributions. The University originally planned to contribute \$11.0 million, but is now contributing \$8.0 million. As a result, the revenue bond increased by 104.9 percent.

Article 5: Relating to Taxes and Fees

This article modifies several state taxes, credits, and sunsets various fees that impact businesses. These changes include:

- **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.
- **Sales Tax Adjustment – Car Tax State Aid Program:** Eliminates the annual sales tax growth adjustment that is provided to municipalities as part of the Motor Vehicle Excise Tax State Aid program.
- **Cigarette Tax Increase:** Increases the excise tax on cigarettes by \$0.50 per pack.
- **Electric Vehicle Fee:** Establishes a new \$150 annual fee for battery electric vehicles and a new \$75 annual fee for plug-in hybrid vehicles.
- **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, with additional funding dedicated to homelessness assistance.
- **Jobs Development Fund Tax:** Expands the Jobs Development Assessment to large, non-profit employers with 500 employees or more.
- **Whole-Home Short-Term Rentals Tax:** Establishes a new 5.0 percent tax on whole-home short-term rentals, with additional funding dedicated to homelessness assistance.
- **Expansion of Jobs Development Assessment to Non-Profit Employers:** Subjects non-profit employers with 500 or more employees, to the Job Development Assessment (JDA).
- **Sales Tax Exemption - Firearm Safety and Storage Devices:** Establishes a sales tax exemption for firearm safety and storage products.
- **Tax Expenditure Changes:** Sunsets various underutilized tax expenditures while modifying others.
- **Financial Institution Data Matching Program:** Authorizes the Division of Taxation to establish a new compliance tool that matches data on non-compliant taxpayers with that of financial institutions.
- **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.
- **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.

FISCAL IMPACT

The fiscal impact of Article 5's general revenue changes are summarized in the first table below. Restricted receipt revenues are summarized in the second table. For more detail see below in the analysis and background section.

General Revenue Impact

Initiative	FY2026		FY2027
	Revenues	Expenditures	Revenues
Digital Advertising Tax	\$9,464,191	\$568,059	\$19,617,375
State Aid to Municipalities - Car Tax - Sales Tax Adjustment	-	(9,700,000)	-
Financial Institution Data Matching Program*	5,250,000	-	8,000,000
Cigarette Tax Increase	4,376,899	-	3,338,569
Electric Vehicle Fee	90,497	-	267,166
Sales Tax Exemption - Firearm Safety Devices	(85,714)	-	(115,438)
Tax Expenditure Changes	219,874	-	557,648
Total	\$19,315,747	(\$9,131,941)	\$31,665,320

* According to the Department of Revenue any expenditures related to the data match proposal would primarily be based on contingency. The note there would likely be a small licensing fee that the Division would absorb in its existing budget.

Restricted Receipt Impact

Initiative	FY2026		FY2027	Fund
Real Estate Conveyance Tax Changes	\$2,319,394	\$3,393,278		Housing Resources and Homelessness Fund
Expansion of JDF Assessment to Non-Profit Employers	2,306,000	2,420,000		Jobs Development Fund
	244,000	253,000		Unemployment Insurance Administration
Whole-Home Short-Term Rental Tax*	2,099,687	4,703,831		Housing Resources and Homelessness Fund
Electric Vehicle Fee	1,719,439	5,076,149		Highway Maintenance Account
DMV Technology Surcharge	1,550,000	1,550,000		DMV IT Account

* This initiative also has \$465,675 in personnel and operating expenditures in FY2026

ANALYSIS AND BACKGROUND

Digital Advertising Tax

Article 5 imposes a new tax on a company’s annual gross revenue derived from digital advertising services in Rhode Island. The initiative is estimated to generate \$9.5 million in FY2026 based on a January 1, 2026 effective date. This grows to \$19.6 million in FY2027 with a full year of the tax.

The digital advertising gross revenues tax (DAT) is equal to 10.0 percent of the assessable base for a taxpayer with annual gross revenues exceeding \$1.0 billion. The article also prohibits a business that derives income from digital advertising services in Rhode Island from directly passing on the cost of the tax to a customer who purchases the digital advertising by means of as separate fee, surcharge, or line-item. Businesses with annual gross revenues below \$1.0 billion are exempt from the tax. Taxpayers must apportion their digital advertising revenue based on the number of devices accessing the advertising in Rhode Island compared to the total number accessing it outside of the state.

The Governor’s proposal is based on Maryland’s digital advertising tax, the only state currently with one, but has some important differences meant to address potential federal legal challenges.

Article 5 Changes: In addition to the imposition of the new tax as described above, the article establishes the statutory elements necessary to implement the tax. These include the following:

- **Definitions:** Article 5 defines key terms related to digital advertising taxation that are then used to elaborate the imposition, administration, and enforcement of the new tax.
 - **Digital Advertising Services:** Article 5 defines “digital advertising services” as those that occur on a digital interface, including advertisements in the form of banner advertising, search engine advertising, interstitial advertising, and other comparable advertising.
 - **Digital Interface:** A “digital interface” means any type of software, including a website, part of a website, or application, that a user is able to access.

- **Assessable Base:** For purpose of Article 5, the “assessable base” means annual gross revenue derived from digital advertising services in Rhode Island. “Annual gross revenue” is income before expenses and taxes and “users” are individuals who access a digital interface with a device.
- **Person:** Also, for purposes of Article 5 a “person” is defined as any individual, partnership, association, corporation, estate, trust, fiduciary, limited liability company, limited liability partnership, or any other legal entity.

Analyst Note: On February 3, 2025, the Governor requested an amendment to Article 5 (GBA 2) intending to exempt broadcasters and news media entities from the DAT. It does this by adding them to the definitions in Section 17 and then clarifying the digital advertising services definition does not mean advertisement services on digital interfaces owned by or operated on behalf of such entities. According to OMB the GBA does not result in a change in the fiscal impact because the impact estimate is based on Maryland’s model, which also exempts broadcast and news media entities.

- **Administration:** Article 5 details how digital advertising taxpayers are to file returns, make payments and other processes to comply with the new tax. These provisions include:
 - **Payment Schedule:** Taxpayers with a DAT liability are required to make estimated DAT payments to the Division of Taxation according to the following schedule:

Due Date	Amount
Apr. 15th	25.0%
June 15th	50.0%
Sept. 15th	75.0%
Dec. 15th	100.0%

They are also required to complete and file a final annual return by April 15 following the close of the tax year (first filing would be April 15, 2027). Filing of returns and payments are required to be made electronically. Delinquent payments result in additional liability based on the statutory interest rate (2.0 percent above prime).

- **Extensions and Refunds:** The Tax Administrator is authorized to grant reasonable extension of time for filing returns an any person may file a claim for a refund (within a three-year period) in the event of an overpayment.
- **Hearings, Records, Rules and Regulations:** Article 5 permits any taxpayer aggrieved under the digital advertising tax statutes to request a hearing. The article outlines the hearing procedures and allows for decisions made by the Tax Administrator to be appealed to district court. The article authorizes the tax administrator to promulgate rules and regulations and requires taxpayers to maintain records related to their returns.
- **Enforcement and Penalties:** The article authorizes Taxation to determine the amount of a digital advertising tax liability for any taxpayer failing to file a return as proscribed by law. Penalties for willfully failing to file a return or make payment include:
 - The addition of 5.0 percent of the liability if the failure to file is less than a month, with the addition of another 5.0 percent for each additional month (or fraction) the failure continues. The total penalty cannot exceed 25.0 percent.
 - The addition of 0.5 percent of the amount of the tax, if the failure to make payment is less than a month, with another 0.5 percent for each additional month (or fraction) the failure continues. Similarly, the total penalty cannot exceed 25.0 percent.

- If the failure is due to fraud, 50.0 percent of the deficiency is added to the tax (this is in lieu of the penalties above). If payment is made with a bad check, 1.0 percent of the amount of the check is added to the tax.

State DAT Comparison and Federal Litigation:

Maryland's legislature enacted the first in the nation digital advertising tax in 2021. The tax applies to companies with worldwide annual gross revenues of at least \$100.0 million. Maryland assess the tax based on the following tiers:

Gross Revenue	DAT Rate
\$100M ≤ X ≤ \$1.0B	2.5%
\$1.0B ≤ X ≤ \$5.0B	5.0%
\$5.0B ≤ X ≤ \$15B	7.5%
X ≥ \$15B	10.0%

The tax is prohibited from being passed on to consumers through a separate, itemized tax charge, similar to the Article 5 proposal.

California considered legislation in 2023 that would impose a 5.0 percent tax on digital advertising services to fund youth mental health services. Nebraska also considered a 7.5 percent tax on businesses with over \$1.0 billion in gross revenue. These proposals have not been adopted by the state legislatures as of this time.

- **Litigation:** Several lawsuits have been filed in state and federal court regarding Maryland's digital advertising tax. Plaintiffs in the federal case argue that tax's tiered structure and the passthrough provisions are unconstitutional, violating the Commerce Clause and First Amendment. They also argue that the tax violates the federal Internet Tax Freedom Act and that the DAT amounts to double taxation. The U.S. District Court initially ruled that this challenge was barred by the federal Tax Injunction Act. The Fourth Circuit upheld the ruling in part, but allowed the passthrough provisions to move forward and remanded the case back to the U.S. District Court in July 2024.

Analyst Note: By using a flat rate for the digital advertising tax, the Governor's proposal attempts to address commerce clause arguments raised against Maryland. The passthrough provision, however, remains in litigation.

Fiscal Impact: The new digital advertising tax is estimated to generate \$9.5 million in FY2026 based on a January 1, 2026 start date. The revenue is estimated to grow to \$19.6 million with a full year of effect in FY2027. The Office of Revenue Analysis used actual digital advertising tax collection data from Maryland to arrive at these estimates. The Maryland law and the Rhode Island proposal differ slightly, notably in that the proposal uses a flat tax rate and Maryland employs tiered rates. ORA assumes, however, that the difference between the two relative to revenue would be minimal based on a Maryland fiscal note that indicates that 90.0 percent of large companies that receive digital advertising revenue have global revenue over \$15.0 billion. ORA scaled-down Maryland's collections of \$82.5 million, using population and internet use assumptions.

The Governor recommends 1.0 Taxpayer Service Specialist and 1.0 Tax Aide I along with \$218,059 in additional personnel expenditures and \$350,000 in operations costs to implement the new tax.

Sales Tax Adjustment – Motor Vehicle Excise Tax State Aid Program

The Governor proposes to eliminate the adjustment that grows the motor vehicle excise tax reimbursement by the growth of state sales tax collections for FY2026 and beyond.

Background: In FY2023, the General Assembly eliminated local motor vehicle excise taxes ("car taxes") throughout the State. This was the culmination of an extended phase-out period that began with the Motor

Vehicle and Trailer Excise Tax Elimination Act of 1998 (MVET Act), was paused for seven years, was reinstated in FY2018, and then finally completed in FY2023, a year earlier than originally contemplated. Throughout the phase-out, the State has provided municipalities with general revenue-funded formula aid that increasingly offset losses in local revenue. The final annual aid distribution amounts by municipality total \$234.7 million (equal to the FY2024 levy) and are codified in RIGL 44-34.1-2.

Current law (RIGL 44-34.1-2 (c)) also provides that beginning in FY2026, the car tax reimbursement provided to municipalities will include an annual adjustment indexed to growth in the state sales tax. This adjustment was originally enacted to mitigate potential foregone revenue loss subsequent to the elimination of the car tax due to changes in the economy. As sales tax revenue grows (or decreases), the State reimbursement to municipalities grows (or decreases), proportionately.

The calculation for the adjustment is provided in RIGL 44-34.1-2 (c) and the table to the right illustrates how the reimbursement would grow given the FY2024 actual sales tax revenue and the November 2024 Revenue Estimating Conference estimates for FY2025 sales tax estimates. Each municipality would receive a portion of the growth proportional to their total excise tax reimbursement in FY2024.

Variable	Value	Growth
FY2024 MVET Reimbursement	\$234,712,307	
FY2024 Sales Tax	1,635,427,555	
Sale Tax Expressed as Thousandths of a %	233,633	
Thousandths/Cent in FY 2024 MVET Reimbursement	1,005	
FY2025 MVET Reimbursement	234,712,313	
Change in YOY MVET Reimbursement	-	
FY2025 Sales Tax	1,704,000,000	4.19%
Sale Tax Expressed as Thousandths of a %	243,429	
Thousandths/Cent in FY 2024 MVET Reimbursement	1,005	
FY2026 MVET Reimbursement	244,553,648	
Change in YOY MVET Reimbursement	\$9,841,335	
FY2026 Sales Tax	1,760,400,000	3.31%
Sale Tax Expressed as Thousandths of a %	251,486	
Thousandths/Cent in FY 2024 MVET Reimbursement	1,005	
FY2027 MVET Reimbursement	252,648,027	
Change in YOY MVET Reimbursement	\$8,094,378	

Article 5 Changes: Article 5 makes statutory changes that permit the sales tax adjustment to take place and be distributed in FY2025, and then locks in the reimbursement to either the FY2024 distribution amount or the FY2025 amount, whichever is higher.

Analyst Note: The reason why the distribution amount received by a municipality in FY2025 may be slightly lower despite growth in the sales tax is related to the nature of the calculation, which requires rounding the distribution to the nearest 0.01 percent. This rounding requirement in some instances may decrease a distribution in comparison to the FY2024 amount.

Fiscal Impact: The annual sales tax growth adjustment does not have a fiscal impact until FY2026. The out-year impact is summarized in the following table. It is estimated using the sales tax collections estimates included in the five-year forecast in the Governor’s FY2026 Budget recommendation.

Scenario	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Sales and Use Growth Forecast	-	4.2%	3.3%	1.6%	1.3%	3.3%
Motor Vehicle Aid w/Adjustment	\$234.7	\$234.7	\$244.6	\$252.6	\$256.7	\$260.0
Motor Vehicle Aid w/o Adjustment	234.7	234.7	234.7	234.7	234.7	234.7
Change	-	-	(\$9.8)	(\$17.9)	(\$22.0)	(\$25.2)

\$ in millions

Cigarette Tax Increase

Article 5, section 8 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. Section 9 requires that floor stock tax is assessed at the same rate per pack of

cigarettes. The additional excise, floor, and associated sales taxes from this change are estimated to generate a net increase of \$4.4 million in revenue based on a September 2, 2025, start date.

Background: Rhode Island levies taxes on cigarettes sold or held in the State. Cigarettes are taxed at \$4.50 per pack of twenty, or the equivalent of \$0.21 per cigarette. Dealers and distributors are required to purchase cigarette stamps which are then affixed to packages of cigarettes and provide proof of payment. Stamp rolls are discounted for bulk purchases as a means of compensating dealers for the costs associated with affixing the tax stamps.

When tax increases occur, existing stocks of cigarettes that remain unsold in stores may be assessed a floor stock tax. Taxes are due upon purchase of the tax stamps. Sales and use taxes are also assessed upon tobacco products and are applied after the inclusion of the tobacco taxes into the price. The most recent tax increase occurred on September 1, 2024, when the excise tax increased by \$0.25 from \$4.25 to \$4.50 per pack.

At \$4.50 per pack, Rhode Island has the third highest state cigarette excise tax rate in the nation, with New York and Maryland having higher taxes (excluding local taxes). However, the total cost of a pack of cigarettes can vary based on minimum markup and other pricing provisions. A comparison of per-pack costs is included in the section below.

State	Average Retail Price Per Pack (Including taxes)	Cigarette Excise Tax Per Pack	Excise Tax Rank*	State Sales Tax Rate	State Sales Tax Per Pack	Total State Tax Per Pack	Total Tax Rank*
New York	\$14.55	\$5.35	1st	4.0%	\$0.56	\$5.91	1st
Rhode Island†	\$13.84	\$5.00	2nd	7.0%	\$0.91	\$5.91	1st
Maryland	\$14.17	\$5.00	2nd	6.0%	\$0.80	\$5.80	2nd
Rhode Island	\$13.26	\$4.50	3rd	7.0%	\$0.87	\$5.38	3rd
Connecticut	\$13.24	\$4.35	5th	6.4%	\$0.79	\$5.14	4th
Massachusetts	\$12.54	\$3.51	6th	6.3%	\$0.74	\$4.25	6th
Vermont	\$11.91	\$3.08	9th	6.0%	\$0.67	\$3.75	10th
Maine	\$10.52	\$2.00	20th	5.5%	\$0.55	\$2.55	19th
New Hampshire	\$9.34	\$1.78	26th	0.0%	\$0.00	\$1.78	33rd
North Dakota	\$8.24	\$0.44	49th	5.0%	\$0.39	\$0.83	50th
National Average	\$9.74	\$1.97	-	5.3%	\$0.50	\$2.47	-

Source: Data provided by Office of Revenue Analysis and the Campaign for Tobacco Free Kids

* Highest Tax = 1

† Proposed increase

Article 5 Changes: Section 8 amends RIGL 44-20-12, increasing the excise tax levied on cigarettes by \$0.50 per pack of cigarettes, and raising the total tax from \$4.50 to \$5.00 per pack, equating to a \$0.25 tax on each cigarette. Section 9 amends 44-20-12.8, increasing the cigarette floor stock tax by an equivalent amount on all inventory in possession of distributors and dealers on September 2, 2025.

Fiscal Impact: ORA estimates that the tax increase in Article 5 will generate \$4.4 million in FY2026 and \$3.3 million in FY2027, assuming an implementation date of September 1, 2025. The \$1.0 million decrease in revenue from FY2026 to FY2027 can be attributed to a negative year-over-year growth rate and floor tax revenue collected in FY2026. To account for the normal decline in smoking behavior, ORA used a -10.2 percent year-over-year growth rate. Additionally, the FY2026 revenue estimate includes \$1.3 million in floor tax revenue that will not occur in FY2027.

Revenue Item	FY2026	FY2027
Cigarette Excise Tax	\$3.3	\$3.7
Cigarette Floor Tax	1.3	-
Sales and Use Tax	(0.3)	(0.3)
Total	\$4.4	\$3.3

\$ in millions. Totals may vary due to rounding

Source: Office of Management and Budget

According to ORA, the total retail price will increase by \$0.58, from \$13.26 to \$13.84 per individual pack. This amount is \$1.30 more than the total retail price in Massachusetts, \$0.60 per pack above Connecticut, and \$4.10 above the national average. Floor stock tax is assessed at the same rate per pack of cigarettes sold. The fiscal impact includes estimates for the additional excise, floor, and associated sales taxes from the change in Article 5. In addition, ORA considers the elasticity of the price of cigarettes when making the estimates. The \$0.50 excise tax increase amounts to an 11.1 percent price increase. Applying elasticity from decreased demand, as calculated from previous tax increases, results in a net estimated revenue increase of 4.2 percent.

Electric Vehicle Fee

Section 3 requires a biennial registration fee for electric vehicles to be assessed and deposited to the Rhode Island Highway Maintenance Account (HMA). The fee will initially be \$300 for battery electric vehicles and \$150 for hybrid vehicles; however, the legislation requires a CPI-U adjustment every two years. The Budget assumes total revenue of \$1.8 million in FY2026 as a result of the fee, with \$1.7 million remaining in the HMA and \$90,497 deposited to the general fund.

Background: The State’s infrastructure projects and transportation agencies are partially funded by revenue levied on the sale of gasoline. The motor fuel tax rate is adjusted for inflation biennially and will increase by one cent to \$0.385 per gallon on July 1, 2025, from the current rate of \$0.375 per gallon (including RIPTA’s \$0.005 share of the \$0.01 environmental fee). The November 2024 estimate by the Office of Revenue Analysis (ORA) indicates the State will collect motor fuel revenues of \$163.6 million in FY2025 and \$163.4 million in FY2026, reflecting a \$160,714 year-over-year decrease, despite the one-cent increase. The following tables illustrate the motor fuel tax disposition and projected revenue for FY2025 and FY2026.

Motor Fuel Tax Disposition (cents)	FY2025	FY2026
DOT share	21.25¢	22.25¢
RIPTA Statutory Transfer	9.25	9.25
RITBA	3.50	3.50
Debt Service on GARVEE Bonds	2.00	2.00
OHA Transfer (.79 to RIPTA)	1.00	1.00
Environmental Fee (RIPTA Share)	0.50	0.50
Total	37.5¢	38.5¢

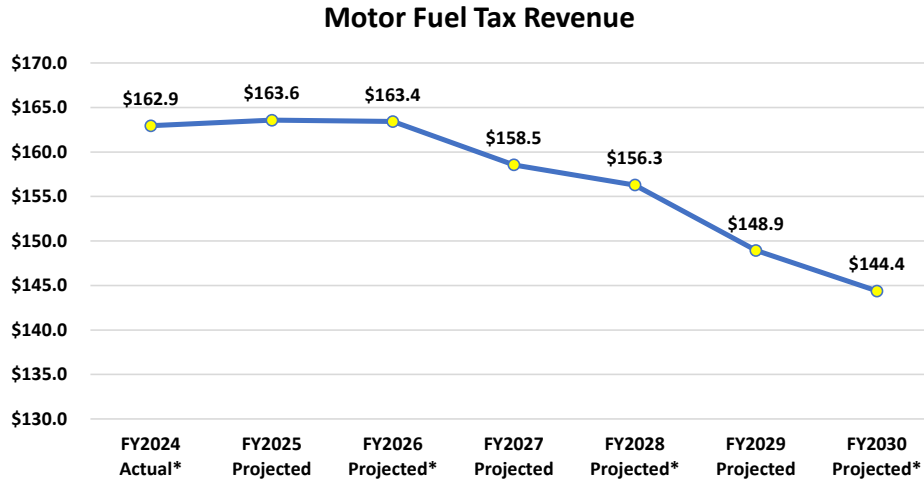
Source: ORA, November 2024

Motor Fuel Revenue Projections	FY2025 Projected	FY2026 Projected
DOT share	\$92.7	\$94.4
RIPTA Statutory Transfer	40.3	39.3
RITBA	15.3	14.9
Debt Service on GARVEE Bonds	2.2	2.1
OHA Transfer (.79 to RIPTA)	4.4	4.2
Environmental Fee (RIPTA Share)	8.7	8.5
Total	\$163.6	\$163.4

\$ in millions

Source: ORA, November 2024

Drivers of both electric vehicles and gasoline-powered vehicles equally benefit from infrastructure projects funded by motor fuel revenue but do not equally contribute, as electric vehicles do not require gasoline. Motor fuel revenue has significantly decreased while the adoption of electric vehicles has increased. The following graph illustrates FY2024’s motor fuel tax revenue and ORA’s November 2024 projection through FY2030, years marked with an asterisk indicate a projected \$0.01/gallon increase to the motor fuel tax.



\$ in millions.

Source: Office of Revenue Analysis, November 2024

*Indicates a year with a projected tax increase

Rhode Island is one of 11 states that do not require owners of electric vehicles to pay a special registration fee. Of the 39 states that do require a special payment for electric vehicles, seven, such as Texas and Hawaii, also levy fees on owners of hybrid cars. New Hampshire and Vermont are the only New England states that require a special registration for electric vehicles, and neither require payment for hybrids. The following table compares the fees in surrounding states.

State	No Fees	EV Only Fee	EV & Hybrid Fee
Connecticut	✓		
Delaware	✓		
Illinois			✓
Maine	✓		
Massachusetts	✓		
New Hampshire		✓	
New York	✓		
Rhode Island	✓		
Virginia			✓
Vermont		✓	

Source: National Conference of State Legislatures

Article 5 Changes: The article amends RIGL 31-6-1 to require an inflation-adjusted fee to be assessed on both electric and hybrid vehicles every two years. OMB estimates that the average passenger car pays \$150 in motor fuel tax each year, or \$300 over two years. The article requires battery electric vehicles, which are defined as vehicles that operate solely by use of a battery, to be subject to a new \$300 registration fee every two years. Additionally, hybrid electric vehicles, which are defined as vehicles that deliver power to wheels solely by a battery but also incorporate the use of fuel to power a combustible engine, will be subject to \$150 fee every two years. The additional revenue will be deposited to the HMA, which partially funds the State’s transportation programs alongside transferring 5.0 percent of collections to the general fund, pursuant to RIGL 39-18.1-4.

To account for inflation, the article requires the fee to be biennially adjusted by the same percentage as the gas tax and rounded to the nearest dollar, starting on July 1, 2027. The Office of Revenue Analysis indexes the gas tax every two years with calculations based on a single year increase to the CPI-U. For example, the \$0.01 increase to the gas tax in FY2026 reflects the change in CPI-U from September 2023 to September 2024. The following table illustrates the fees and taxes that owners of gas-powered vehicles pay across a two-year period, in addition to the proposed fees to be paid by owners of electric vehicles.

Biennial Fees and Taxes	Gas Vehicle	Hybrid Vehicle	Battery Vehicle
Weight Based Registration Fee	\$80.00	\$80.00	\$80.00
RIDOT Surcharge	30.00	30.00	30.00
DMV Technology Fee	2.50	2.50	2.50
Electric Vehicle Fee	-	150.00	300.00
Motor Fuel Tax*	300.00	150.00	-
Total Fees Paid in 2 Year Period	\$412.50	\$412.50	\$412.50

* Motor Fuel Tax is an estimate provided by ORA

Fiscal Impact: The fees imposed on electric vehicles in the article are estimated to collect \$1.8 million in FY2026, of which, \$1.7 million will remain in the HMA and \$90,497 will be deposited to the general fund, reflecting the 5.0 percent HMA general fund transfer required by RIGL 39-18.1-4. The Budget Office estimates \$5.3 million in total collections for FY2027, with \$5.1 million remaining in the HMA and \$267,166 deposited to the general fund.

Real Estate Conveyance Tax Changes

Article 5 provides a new funding stream to support homelessness services by directing revenue generated from an increase in the real estate conveyance tax (RECT) to that purpose.

Background: In 2021, the General Assembly provided dedicated funding for affordable housing development by increasing the State’s real estate conveyance tax (RECT) on transactions valued above \$800,000 and directing the marginal new income to a new Housing Production Fund. Portions of the RECT also were and continue to be used to support the State’s distressed communities and other housing-related programming.

Real Estate Conveyance Tax: The State imposes a tax on each deed, instrument, or writing by which interests in real estate are conveyed to a purchaser when the value of the transfer is greater than \$100. The tax rate is \$2.30 for each additional \$500 in value, or 0.46 percent. For transactions valued \$800,000 and above, the RECT rate applied to the value above that amount doubles from \$2.30 to \$4.60 per each \$500. The distribution of the RECT is shown below:

Fund	Portion < \$800K	Portion > \$800K
	Per \$500	Per \$500
State	\$1.20	\$1.20
General Revenue	0.44	0.44
Distressed Communities	0.30	0.30
Housing Resources and Homelessness Fund	0.30	0.30
Housing Production Fund	0.16	2.46
Local Government	1.10	1.10
Total	\$2.30	\$4.60

Tax payments are due upon the making, execution, delivery, acceptance, or recording of the instrument of conveyance. The municipality where the real estate is located collects the fee at the time the deed is recorded and then remits the State share on a monthly basis. The State collects the fee directly when the transaction involves the sale or transfer of ownership interest in a real estate company. Collections are shared between the State and the municipality in which the property is situated.

State Comparisons: Massachusetts has a real estate conveyance tax of \$2.28 per \$500 (0.456 percent). Connecticut’s tax is 0.75 percent for residential real estate below \$800,000, 1.25 percent for property above \$800,000 but below \$2.5 million. The tax is 2.25 percent on transactions valued above \$2.5 million.

Article 5 Changes: Section 10 of Article 5 amends the real estate conveyance tax statute RIGL 44-25-1.

- **Real Estate Conveyance Tax Increase:** For residential real estate transactions valued above \$800,000 a new tax is imposed (in addition to two described above) on the amount above the first \$800,000. The new tax is applied at a rate of \$1.65 per \$500, or fractional part of it (0.33 percent).
- **Real Estate Conveyance Tax Distribution:** The section further adjusts the distribution of the revenue derived from the RECT. Because the section directs the Tax Administrator contribute all of the revenue from the new tax to the Housing Resources and Homelessness Fund restricted receipt account, its share per \$500 on the amount \$800,000 and above increases from \$0.30 to \$1.95.

Fund	Current		Article 5	
	Portion < \$800K Per \$500	Portion > \$800K Per \$500	Portion < \$800K Per \$500	Portion > \$800K Per \$500
State	\$1.20	\$3.50	\$1.20	\$5.15
General Revenue	0.44	0.44	0.44	0.44
Distressed Communities	0.30	0.30	0.30	0.30
Housing Resources and Homelessness Fund	0.30	0.30	0.30	1.95
Housing Production Fund	0.16	2.46	0.16	2.46
Local Government	1.10	1.10	1.10	1.10
Total	\$2.30	\$4.60	\$2.30	\$6.25

Fiscal Impact: Based on the changes to the RECT as shown above, the following illustrates the impact Article 5 would have on real estate tax liabilities at various sales values:

Real Estate Value	Tax Liability (Current)	Tax Liability (Article 5)	Change
\$350,000	\$1,610	\$1,610	0.0%
700,000	3,220	3,220	0.0%
900,000	7,820	10,460	33.8%
1,750,000	11,730	14,370	22.5%

- **Housing Resources and Homelessness Funding:** The ORA estimates that the additional revenue generated by a new 0.33 percent tax applied to the portion of residential real estate transactions above \$800,000 is \$2.3 million in Housing Resources and Homelessness Funds in FY2026 and \$3.4 million in FY2027 based on an October 1, 2025, start date.

The ORA used FY2024 real estate conveyance tax collection data related to the Housing Production Fund revenue stream to estimate collections estimate for the new tax. This was adjusted for the lower tax rate and the RECT growth rate adopted by the November 2024 Revenue Estimating Conference.

Whole-Home Short-Term Rental Tax

Article 5 provides another new funding stream to support homelessness services by directing revenue generated from a new 5.0 percent whole-home short-term rental tax to that purpose.

Background: Rhode Island levies three types of taxes on hotels, collectively referred to as “lodging taxes,” on temporary lodging accommodations. These taxes are levied individually based on the type of hotels identified in the Rhode Island general laws. Included in the definition of hotel is a short-term (less than 30 consecutive days) rental house such as available through services such as AirBnB and VRBO. The lodging taxes include:

- **5.0 percent Hotel Tax:** The State levies a 5.0 percent gross receipts tax, known as the hotel tax, on charges for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised, or held out to the public to be a space where living quarters are supplied for pay for transient use (30 days or less). Proceeds from this tax are distributed among

state tourism districts, municipalities, state general revenue, and economic development, convention, and visitor agencies, both state and regional. When a house or condominium is rented *in its entirety* for less than 30 days it is exempt from the hotel tax.

- **1.0 percent Occupancy Tax:** In addition to these taxes, a local “occupancy tax” of 1.0 percent is charged, administered, and collected by the Division of Taxation. This tax is fully allocated to the city or town in which the lodging rental is located. A house or condominium rented *in its entirety* for less than 30 days is required to collect the occupancy tax.
- **7.0 percent Sales Tax:** The sales and use tax, equivalent to 7.0 percent of the retail sales price of certain goods, is applied to the sale price of a hotel room. Sales taxes are deposited as state general revenue. A house or condominium rented *in its entirety* for less than 30 days is required to collect the sales and use tax.
- **Distribution of Taxes:** Sales and use tax revenue is deposited as general revenue. The Division of Taxation collects the occupancy tax on behalf of all municipalities except Newport and is responsible for dispersing it. The hotel tax is distributed according to the following table:

Location of Room Rental/ State Hotel Tax Recipient	Share of Hotel Tax (5.0 %)
Providence	
Providence Convention Authority	30.0%
City of Providence	25.0%
RI Commerce Corporation	21.0%
Providence Warwick Convention Visitors Bureau	24.0%
General Revenue	0.0%
Warwick	
Warwick Department of Economic Development	30.0%
City of Warwick	25.0%
RI Commerce Corporation	21.0%
Providence Warwick Convention Visitors Bureau	24.0%
General Revenue	0.0%
Omni Hotel (Providence)	
Providence Convention Authority	30.0%
RI Commerce Corporation	50.0%
Providence Warwick Convention Visitors Bureau	20.0%
General Revenue	0.0%
Statewide District*	
Municipality of Room Rental	25.0%
RI Commerce Corporation	70.0%
Providence Warwick Convention Visitors Bureau	5.0%
General Revenue	0.0%
All Other Locations in the State	
Regional Tourism District of Room Rental	45.0%
Municipality of Room Rental	25.0%
RI Commerce Corporation	25.0%
Providence Warwick Convention Visitors Bureau	5.0%
General Revenue	0.0%

**Rooms rentals in Cranston, Foster, Johnston, N. Providence, Scituate, and W. Warwick*

Article 5 Changes: Section 7 of Article 5 amends the hotel tax statute (RIGL 44-18-36.1) by adding a new whole home short-term rental tax, distinct from the hotel tax, that is levied on whole house short-term rentals. The tax levied at 5.0 percent of gross receipts from rental charges. Section 4 of the Article directs the proceeds from the whole home short-term rental tax to be deposited into the State’s Housing Resources and Homelessness Fund restricted receipt account.

Fiscal Impact: The ORA estimates that the new whole home short-term rental tax will yield \$2.1 million in Housing Resources and Homelessness Funds in FY2026, and \$4.7 million in FY2027 based on a January 1, 2026, start date.

ORA used FY2026 projected collections for the 1.0 percent occupancy tax estimated by the Department of Revenue's Division of Municipal Finance and scaled it to 5.0 percent to calculate its estimate for the whole home short-term rental tax in FY2026 and then adjusted for the partial year implementation.

Job Development Fund Tax

Section 1 subjects' non-profit employers with 500 or more employees to the Job Development Fund (JDF) assessment. The assessment is estimated to collect \$2.6 million in new revenue for FY2026.

Background: Since 1989, Rhode Island employers have paid a Job Development Assessment to support workforce development activities. Under current law, private sector, for-profit, employers pay a 0.21 percent Job Development Fund (JDF) tax on the first \$29,200 of their employees' earnings. The revenue collected through the JDF tax supports the Rhode Island Governor's Workforce Board, in addition to other employment services and unemployment insurance administration, managed by the Department of Labor and Training. RIGL 28-43-8.1 requires the contributions to be paid by each employer, but the language does not include assessments for nonprofit organizations.

Article 5 Changes: The article amends RIGL 28-43-8.1 requiring employers to pay assessments notated in the chapter, at the time and in the manner prescribed by the Director of the Department of Labor and Training. The article also adds language to RIGL 28-43-29, subjecting nonprofit organizations with 500 or more employees to the JDF assessment and authorizes the Director of the Department of Labor and Training to promulgate rules and regulations regarding the administration of the assessment. The article further exempts governmental entities from the JDF assessment.

Fiscal Impact: The assessment required in the article is estimated to collect \$2.6 million in additional revenue for the State, of which, \$2.3 million will be dedicated to the Job Development Fund and \$244,000 will go to the administration of Unemployment Insurance. The Department indicates that approximately 25 nonprofit organizations will be subject to the JDF assessment.

Sales Tax Exemption - Firearm Safety Devices

The article exempts firearm safety and storage devices from the state's 7.0 percent sales and use tax. For purposes of exemption the following terms are defined in Section 6 of Article 5:

Firearm Safety Device: Firearm safety device means a device that, when installed on a firearm, is designed to prevent the firearm from being operated without first deactivating the device, or a device to be equipped or installed on a firearm that is designed to prevent the operation of the firearm by anyone who does not have authorized access to the firearm.

Firearm Storage Device: Firearm storage device means a container or enclosure that is designed and marketed for the principle purpose of safely storing or displaying a firearm and that is secured by a combination lock, key lock, or lock based on biometric information which, once locked, is incapable of being operated without the combination, key, or biometric information, respectively.

Fiscal Impact: The ORA estimates that exempting firearm safety and storage devices from the 7.0 percent sales and use tax would result in loss of \$85,714 in revenue in FY2026 and a loss of \$115,438 in FY2027 based on an October 1, 2026, start date.

The ORA used information from a FY2023 fiscal note on similar legislation proposed in Tennessee as a starting point for the estimate. ORA used firearm safety and sales data and population data from Tennessee and scaled them down to arrive at an estimate of FY2023 device sales in Rhode Island. ORA adjusted for the prevalence of gun ownership for each state and then grew the numbers by personal consumption growth since FY2023 to get a FY2026 estimate.

Tax Expenditure Changes

Article 5 makes various changes to several tax expenditures.

Background: Tax expenditures are legal mandates that provide preferential tax treatment to taxpayers that meet the eligibility requirements of the mandates. According to the Office of Revenue Analysis 2024 Tax Expenditures Report, there are no less than 227 tax expenditure items authorized by General Assembly as of January 1, 2023. The report indicates that for the most recent complete data which is 2020 and 2021, the estimated total revenue forgone due to these expenditures was \$2.56 billion and \$2.83 billion, respectively.

Nonetheless, according to ORA, there are certain tax expenditures that are significantly underutilized or obsolete. The Governor is recommending that these tax expenditures not be reauthorized.

Article 5 Changes:

- **Research and Development Tax Expenditures Changes:** Section 12 of the Article makes several changes to the State’s research and development (R&D) tax expenditures. These include:
 - **R&D Credit for Qualified Research Expenses - Carryforward:** Extending the period of time that R&D expense tax credits may be carried forward by a taxpayer from seven years to fifteen. The State allows a taxpayer to claim a credit against certain business taxes for certain research expenses. Unused amounts of the credit earned in a taxable year may be carried forward up to seven succeeding tax years. The 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 - Sunset:** Sunsetting the New R&D Facilities Deduction and Property Credit as of January 1, 2026. It also permits deductions and credit allowed for tax years ending on or before December 31, 2025 to be carried forward three taxable years. The State has allowed eligible taxpayers to deduct expenditures related to the development of any new tangible property related to research and development, including construction and acquisition costs. Eligible taxpayers may also claim a 10.0 percent credit against certain business taxes for tangible property primarily used for R&D. Taxpayers must choose either the deduction or the credit. According to the ORA, these tax expenditures are underutilized, as fewer than 30 taxpayers were projected to claim the deduction in 2024. The fiscal impact of repealing them is shown below.

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

- **Small Business Investment Deduction/Modification - Sunset:** Section 15 of the Article sunsets the Small Business Investment Deduction and Modification as of January 1, 2026. Taxpayers may take a deduction or modification to offset their business or income tax liability if they have made a qualifying investment in a certified venture capital partnership. According to the Office of Revenue Analysis (ORA) this is an underutilized tax expenditure. The revenue impact of repealing this tax expenditure is \$6,551 in FY2026 and \$13,102 in FY2027.
- **Jobs Growth Act - Sunset:** Section 5 of the Article sunsets the Job Growth Act (JGA) tax incentive as of January 1, 2026. The JGA incentive allows eligible employees of qualified companies lower their adjusted gross income for tax purposes by up to 50.0 percent of their income earned from bonuses. According to ORA, the modification is taken by fewer than 10 taxpayers annually. The revenue impact of eliminating this underutilized tax expenditure for FY2026 is \$1,489 and is \$2,979 in FY2027.

- **Specialized Mill Building Investment Tax Credit – Sunset:** Section 11 of the Article sunsets the obsolete Specialized Mill Building Investment Tax Credit as of January 1, 2026. It does; however, permit credits allowed for tax years ending on or before December 31, 2025, to be carried forward seven taxable years. The State has provided a credit of 10.0 percent of the rehabilitation and reconstruction costs of a certified rehabilitated mill building. The credit was associated with the Mill Building and Economic Revitalization Act, which sunset in 2009. ORA indicates the credit has not been used since tax year 2019. There is no revenue impact.
- **Welfare Bonus Tax Credit - Sunset:** Section 14 of the Article sunsets the Welfare Bonus Tax Credit as of January 1, 2026. 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/Deduction/Modification - Sunset:** Section 14 of the Article sunsets the Small Business Capital Investment Wage Credit as of January 1, 2026. The State has provided eligible entrepreneurs of qualifying businesses a tax credit for 3.0 percent of employee wages in excess of the \$50,000. It has also provided an elective deduction or modification equal to the taxpayers' qualifying investment in a certified capital partnership or an entrepreneur's investment in a qualifying business entity. According to the ORA, these tax expenditures are statutorily obsolete. There has been no activity related to this tax expenditure since at least TY2019. There is no fiscal impact.

Fiscal Impact: The ORA estimates the following impact of the tax expenditures changes described above:

Tax Incentive	FY2026	FY2027
New R&D Facilities Deduction/Property Tax Credit - Sunset	\$211,835	\$423,667
New R&D Facilities Deduction/Property Tax Credit - Carryforward	-	-
Small Business Investment Deduction/Modification - Sunset	6,551	13,102
Jobs Growth Act Tax - Sunset	1,489	2,979
Specialized Mill Building Investment Tax Credit - Sunset	-	-
Welfare Bonus Tax Credit - Sunset	-	-
Small Business Capital Investment Wage Credit - Sunset	-	-
Total	\$219,875	\$439,748

Financial Institution Data Matching Program

Article 5 authorizes the Division of Taxation to implement a new compliance tool that matches data on non-compliant taxpayers with that of financial institutions.

Background: In order enforce Rhode Island tax laws, the Division of Taxation is authorized to levy bank accounts of non-compliant taxpayer to collect taxes and penalties. According to the Division, this process involves manually contacting each potential financial institution to discover whether an account exists prior to a levy be applied to it. Financial institutions are not required to cooperate with this effort.

According to Taxation, there are 34 financial institutions in Rhode Island that participate in some form of data matching with other states and that there are 22 states that have compulsory tax debt financial institution data matching programs that use contingency-based contractors and require bank participation. The State currently authorizes financial institution data matching to secure child support compliance.

Article 5 Changes: Section 16 of Article 5 amends RIGL 44-53 related to the Division of Taxation’s levying powers by adding a new section that authorizing a financial institution data match system for state tax collection purposes. The sections specifically;

- Requires the Division to develop and operate the data match system. A third party may be designated by the Tax Administrator to do this on the behalf of the Division subject to confidentiality and disclosure restrictions.
- Requires all financial institutions doing business in the state to develop, in conjunction with the Division and its designated third party, a data matching system to facilitate the identification and seizure of non-exempt financial assets of delinquent taxpayers as identified by the Division or its designee. The section permits a bank to use it existing data match system if it is used to facilitate data matching and debt seizure for child support in Rhode Island.
- Requires financial institutions to report data matching information to the Division at least quarterly, including delinquent taxpayers’ names, addresses, social security numbers, account numbers, and balances. The section also provides the financial institutions with legal protections associated with the disclosure of this information to Taxation.
- Prohibits the financial institution and the third party from disclosing information exchanged in the data match system unless authorized by the tax administrator. It includes penalties in the event this is violated.
- Allows the financial institution to disclose to its account holders that Taxation has the authority to request this information for those that are delinquent taxpayers.

Fiscal Impact: The ORA estimates that the data matching program will yield an additional \$5.3 million in general revenue in FY2026, and \$8.0 million in FY2027, based on an October 15, 2026, program start date. The estimate is further broken down by tax type:

Tax	FY2026	FY2027
Personal Income	\$2,216,590	\$3,377,660
Corporate Tax	1,073,532	1635858
Sales Tax	1,550,607	2,362,830
Other	409,271	623,651
Total	\$5,250,000	\$8,000,000

Analyst Note: Section 16 of Article 5 has an effective date of July 1, 2025. The Division of Taxation indicates that is working on a Request for Proposal ahead of the start of FY2026, and then award and contract with a vendor as soon as possible after receiving authorization. The realization of revenue collection would be delay to October based on the timeline to stand up the program.

According to the Division of Taxation, its compliance unit is already engaged in matching data with financial institutions, only that it is done manually. It indicates that that there are no additional personnel costs associated with the initiative. Operationally, there are would be a small licensing and administration cost for utilizing the system each year, on a contingent fee basis.

DMV Technology Surcharge

Under current law the Division of Motor Vehicles (DMV) is authorized to charge a \$2.50 surcharge on every DMV fee transaction. Prior to FY2023 all or portions of the surcharge revenue was shared with the state’s Information Technology Investment Fund out of which large IT projects were financed. Since then law all surcharge revenue is deposited into a restricted receipt account within the DMV. Funds generated through the surcharge are specifically used to pay the original and ongoing costs associated with the DMV’s information technology system, known as the Rhode Island Modernization System, or RIMS. According to

DMV officials, the costs related to the ongoing maintenance of RIMS, including upgrading to new releases, are expected to outpace the revenue from the surcharge.

DMV Surcharge Revenue vs. IT Expenditures

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

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

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

FY18 - FY19 all collections were sent to ITIF

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

FY23 we started retaining all \$2.50

Article 5 Changes: Section 2 of Article 5 increases the technology surcharge from \$2.50 to \$3.50 by amending RIGL 31-2-27.

Fiscal Impact: According to the Office of Management and Budget, the dollar increase is estimated to generate \$1.6 million in restricted receipt revenue in FY2026 based on a July 1, 2025, start date.

Elimination of Home Occupation Fees

According to the OMB, the Governor recommends making certain changes to zoning statutes that would preemptively prohibit municipalities from regulating remote work occurring in a person's residence or other space in the community. Section 18 of Article 5 contains these amendments, which do not have a fiscal impact.

Background: RIGL 45-24 governs how municipalities may establish zoning ordinances. The statute includes general provisions on permitted uses of land within a zoning use district. As part of these provision the statute identifies several uses that are permitted in all residential zoning use districts in a municipality and in all industrial/commercial zoning districts. These uses include households, community residences, and family daycare homes. This designation prohibits municipalities from establishing and enforcing restrictions, regulations, permit, or licenses related to these uses.

Furthermore, under the statutory definitions section of the chapter (RIGL 45-24-31), "Home Occupation" is defined as "any activity customarily carried out for gain by a resident, conducted as an accessory use in the resident's dwelling unit".

Article 5 Changes: Section 18 of Article 5 adds remote work to the list of unrestricted uses across residential and industrial/commercial zoning districts, by amending RIGL 45-24-37(b). Remote work is defined as:

- **Remote Work:** Work flexibility arrangement under which a W-2 employee or full-time contractor routinely performs the duties and responsibilities of such employee's position from an approved worksite other than the location from which the employee would otherwise work. Remote work shall not include activities that:

- Relate to the sale of unlawful goods and services;
- Generate on-street parking or a substantial increase in traffic through the residential area;
- Occur outside of the residential dwelling;
- Occur in the year or;
- Are visible from the street

Article 5 also clarifies the definition of “home occupation [RIGL 45-24-31(35)] which contains the general definitions under the zoning statute. Specifically, it clarifies that the definition of “home occupation” does include remote work (as defined above).

Article 6: Related to Economic Development

This article reauthorizes various economic development incentives managed by the Rhode Island Commerce Corporation. It also repeals the authorization of municipalities to license retail holiday sales and makes opting out of certain service contracts easier to consumers. 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, and does not extend the sunset for the P-Tech program, effectively ending the program on December 31 of this year.
- **Deregulation of Retail Sales on Holidays:** Deregulates retail sales operations on legal holidays, other than Christmas and Thanksgiving, by eliminating holiday operations licensing.
- **“Cooling Off” Protections Related to Certain Businesses:** Simplifies how a consumer may be able to opt out of contracts with health clubs and dating services by adding e-mail as an allowed form of contract termination communication.

FISCAL IMPACT

There is no direct quantifiable impact in terms of expenditures or revenue related to the initiatives and amendments contained within Article 6. The repeal of holiday business licensing would negatively impact most municipal revenues, but the magnitude is unknown. The Governor’s recommended FY2026 Budget does include changes in expenditures related to several of the economic development incentives addressed in the article. These are summarized in the following table.

Incentive	FY2026	FY2026 v. FY2025
	Governor	Enacted
Rebuild RI	\$10.1	\$0.0
Wavemaker Fellowship	1.0	(3.1)
Innovate RI	0.3	0.3
Innovation Initiative	-	(1.0)
Main Streets Revitalization	-	(1.0)
Small Business Assistance	-	-
First Wave Closing Fund	-	-
I-195 Redevelopment Fund	-	-
Total	\$11.4	(\$4.8)

\$ in millions

ANALYSIS AND BACKGROUND

Reauthorization of Incentive Programs

Background: The General Assembly enacted a suite of economic development incentives in its 2015 session. To ensure its prerogative of overseeing the effectiveness of these incentives, the General Assembly originally authorized them for only two years by establishing a sunset date of December 31, 2018. Since then several incentives have not been reauthorize, but the majority have been extended six times, most recently by the FY2025 Budget as Enacted. Most of the remaining incentive programs are currently set to expire on December 31, 2025. In 2024, the General Assembly extended the authorization of the Air Services Development Fund through the end of 2027.

Article 6 Changes: Article 6 reauthorizes the following incentives through December 31, 2026.

- Stay Invested in RI Wavemaker Fellowship
- Rebuild RI
- Rhode Island Tax Increment Financing
- Tax Stabilization Incentive
- First Wave Closing Fund
- I-195 Redevelopment Project Fund
- Main Street Rhode Island Streetscape Improvement Fund
- Innovation Initiative
- Rhode Island Qualified Jobs Incentive

P-TECH: The High School, College, and Employer Partnerships program, also known as P-TECH is set to sunset on December 31, 2025. The article does not extend the authorization of this program. P-TECH creates long-term partnerships between high schools, colleges, industry associations, and businesses. Students enrolled in P-TECH programs take college-level courses while in high school, benefit from internships and mentoring, and graduate with a high school diploma and an industry-approved associate degree. Business partners help design the program and ensure that changing industry needs are addressed in the curriculum.

According to Commerce, allowing the program to sunset is intentional. The program hasn't been funded in several years and, with new opportunities in the career and technical education space, new work-based learning efforts, and the implementation of the Promise Scholarship since its inception, additional funding for the program may be duplicative of those new efforts. Furthermore, according to Commerce, the existing P-TECH partnerships are transitioning to a completely self-funded model by the end of 2025 and continue to be successful, yielding strong results for students.

Small Business Assistance Program: The article permanently authorizes the State's Small Business Assistance Program by repealing its December 31, 2025, sunset. The Budget includes \$2.0 million in FY2025, consistent with the enacted level, for the State's Small Business Assistance Program (SBA). The SBA program was established to help small businesses (under 200 employees) gain access to capital. Grants are capped at \$750,000. According to the Executive Office of Commerce, the program offers more operating flexibility than the long-standing Small Business Loan Fund, which is subject to federal regulations from the U.S. Economic Development Administration. The Commerce Corporation partners with private lending institutions to administer the applications and program. According to the EOC, 303 loans have been made resulting in 370 jobs and more than 50.0 percent have gone to minority- or woman-owned businesses.

The 2018 General Assembly increased the amount of Small Business Assistance program funds available for "micro loans" (\$2,000 to \$25,000) from 10.0 percent to 25.0 percent. These loans may be used to provide:

- Additional capital to businesses;
- Direct lending for subordinated and mezzanine debt (debt that is associated with acquisitions and buyouts where it may be used to prioritize new owners ahead of existing owners in case of bankruptcy, or be used to convert a debt into a stock option); or
- Collateral support and enhancement.
- The following table shows the lenders, awards, and total loans originated to date:

Lender	SBA Award	Total Loans Originated
<i>Traditional Lending</i>		
BDC Capital	\$986,412	\$16,526,562
Business Development Co of RI	2,308,000	6,863,285
Community Investment Corporation (CIC)	1,010,125	5,074,805
South Eastern Economic Devel. Corp (SEED)	2,131,400	5,930,143
<i>Subtotal</i>	<i>\$6,435,937</i>	<i>\$34,394,795</i>
<i>Micro Lending</i>		
CIC Microloans	699,800	1,378,600
CWE Microloans	159,000	159,000
SEG Microloans	287,750	296,500
Rhode Island Black Business Association	167,200	207,450
<i>Subtotal</i>	<i>\$1,313,750</i>	<i>\$2,041,550</i>
Total	\$7,749,687	\$36,436,345

Deregulation of Retail Sales on Holidays

The article deregulates retail sales operations on legal holidays except on Christmas and Thanksgiving.

Background: RIGL 5-23 governs commercial business taking place on an official state holiday. It authorizes municipalities to establish a license that is required to be obtained by a business in order to operate on a holiday (other than Christmas and Thanksgiving). Municipalities do so through ordinances enacted by town or city council and are permitted to set a fee of their choosing. The statute also outlines what types of businesses are exempt, how employees must be paid, how licenses must be displayed, and the penalties allowed for infractions.

Certain defined businesses are allowed to operate on holidays, including Christmas and Thanksgiving, under the law, and these carveouts remain under the Governor’s proposal. These include:

- Pharmacies
- Food establishments that employ fewer than six employees per shift
- Florists and nurseries
- Bakeries

According to the Department of Revenue’s Division of Municipal Finance, there 31 municipalities have established a holiday business license. The fees ranged from \$5 (Burrillville) to \$125 (East Providence). ([Municipal License and Permit Fees August 2024](#))

Article 6 Changes: Sections 1 and 2 of Article 6 repeals the statutory authorizing provisions that allow municipalities to establish and administer the holiday license on holidays other than Christmas and Thanksgiving. It also makes technical changes that realign the statute to accommodate the repeal.

“Cooling Off” Protections Related to Certain Businesses

The article simplifies how a consumer may be able to opt out of contracts with health clubs and dating services. These opt out provisions are commonly referred to as “cooling off” protections.

Health Clubs: RIGL 5-50 governs the operation of health clubs within the state and provides for certain consumer protections relating to the termination of contracts. Under current law, an individual who has entered into a contract with a health club in the state has the right to cancel the contract under certain conditions and if done so according to specific methods. Cancellation or modification conditions include such things as if the individual or the health club facility relocates more than 15 miles from each other, if the facility does not open, if the individual becomes significantly physically or medically disabled (contract

is suspended during the injury to resume when its medically possible). An individual has an unconditional right to cancel the contract up until midnight of the 10th day after the contract. However, to do so, he or she must notify the health club in writing and in person or by mail.

Dating Services: RIGL 5-78 governs the operation of dating services within the state. Similar to health clubs, the statute provides cooling off protections that allows an individual to opt out of contracts up to midnight of the 3rd business day after it was entered into. Notification of the desire to cancel the contract must be made in writing and delivered by certified or registered mail to the address provided in the contract.

Article 6 Changes: Section 3 of Article 6 expands the methods of notifying an individual's desire to cancel a contract with a health club or a dating services within those initial allowable cancellation periods to include the sending of an electronic mail message to the club at an email address that is required to be specified in the contract.

Article 7: Relating to Education

This article 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. In addition, the article caps the local tuition reduction for charter schools, state schools, and mayoral academies to 14.0 percent and 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.

FISCAL IMPACT

The article increases state education aid to districts by \$10.7 million.

Based on FY2025 data, the local tuition reduction cap imposed by the article would have increased local tuition costs by \$1.6 million (illustrative example).

ANALYSIS AND BACKGROUND

The article makes the following changes to education aid :

Education Aid

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 is the poverty density indicator used in calculating the state share ratio for a district.

The amendment impacts five districts in FY2026: Central Falls, Newport, Pawtucket, Providence, and Woonsocket, as well as those charter and state schools with students from these districts.

The five districts would receive an additional \$7.9 million from the change, while charter and state schools would increase by another \$2.8 million.

Local Tuition Reduction Cap

To address “the budgetary uncertainty that current law creates for local districts, charter schools, and mayoral academies”, beginning in FY2026, the article caps the reduction in local tuition to charter schools and mayoral academies at 14.0 percent. For illustrative purposes, the table at right shows additional costs for districts had the cap been in place in FY2025. FY2026 costs to districts from the proposal are unknown at this time.

Currently, under RIGL 16-7.2-5, sending districts pay tuition for resident students who attend charter and state schools. The tuition is equivalent to the local, per-pupil cost as calculated by dividing the local appropriation to education from property taxes, minus debt service and capital projects, by the number of resident, full-time equivalent students in the district, including charter and state-school students. The per-pupil amount is then reduced by the greater of:

- 1. 7.0 percent of the district’s per-pupil funding, or

Article 7 Fiscal Impact

District	3.0% Additional SSF
Central Falls	\$544,152
Newport	200,801
Pawtucket	1,443,255
Providence	4,278,415
Woonsocket	1,404,602
District Total	\$7,871,225
Charter Schools	2,519,512
Davies	82,207
Met School	127,731
Nowell Academy	41,297
Urban Collaborative	42,687
Youth Build Academy	34,041
Total	\$10,718,700

Article 7 - Local Tuition Reduction Capped at 14.0 Percent (Based on FY2025 Date)

District	Local Tuition Costs
Jamestown	\$880
Johnston	3,903
Woonsocket	737,170
Bristol-Warren	-
Exeter-West Greenwich	-
Foster-Glocester	-
Central Falls	859,214
District Total	\$1,601,167

Source: Rhode Island Department of Education

2. the district's per-pupil cost of certain, unique expenditures, such as non-public textbooks and retiree health benefits, minus the average charter school per-pupil cost for these items, as reported in the uniform chart of accounts.

If a district triggers option 2, then there is an additional reduction for tuition payments to mayoral academies where teachers do not participate in the state teacher's retirement system equal to the per-pupil cost of the unfunded liability for the preceding year.

There is a two-year lag in the data such that FY2025 tuition rates are based on FY2023 contributions and expenditures.

The following table shows the districts that have triggered the Option 2 reduction in the last five years, as well as the FY2025 charter and state school enrollment for these districts and the average tuition reduction over the five-year period.

Districts	FY2025 Enrollment		FY2021 through FY2025		
	Charter and State Schools	Mayoral Academy	Number of Times Triggered Option 2	Average Charter and State School Tuition Reduction	Average Mayoral Academy Tuition Reduction
Jamestown	12		5	-15.9%	
Johnston	81		4	-11.5%	
Newport	31		3	-9.3%	
North Providence ¹	127	133	1	-10.8%	-10.8%
Pawtucket ¹	1,382	1,064	1	-8.9%	-34.8%
Woonsocket ¹	332	518	3	-17.1%	-51.9%
Bristol-Warren	29		3	-10.8%	
Exeter-West Greenwich	57		3	-8.4%	
Foster-Glocester	2		5	-14.5%	
Central Falls ¹	1,065	682	2	-13.1%	-32.5%

¹ District is currently within the catchment area of a mayoral academy.

Mayoral Academies

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. Based on information provided by the Office of Management and Budget, the amendment is intended to provide Mayoral Academies the flexibility to choose the governance that best meets the needs of the students served.

Article 8: Relating to Medical Assistance

This article modifies current laws governing the Hospital Licensing Fee (HLF), nursing home and hospital payments, Disproportionate Share Hospitals (DSH), inflationary increases for Home and Community Based services (HCBS), and the annual Medicaid Resolution.

FISCAL IMPACT

The article continues the Hospital Licensing Fee (HLF) into FY2026 and shifts the base year for nongovernmental hospitals into 2023. In addition, the article eliminates the Upper Payment Limit (UPL) payment to hospitals and the inflationary increase to Home and Community Based Services (HCBS) providers, and freezes rate increases to nursing homes and hospitals at the state revenue growth level of 2.3 percent. Disproportionate Share Hospitals (DSH) payments are carried into FY2026 and capped at \$13.9 million, including a limit of \$12.9 million for government-owned hospitals and \$1.0 million for other participating hospitals. Through the annual Medicaid Resolution, the article directs the Secretary of the Executive Office of Health and Human Services to implement state plan amendments needed to establish an interprofessional consultation (e-Consult) program effective October 1, 2025.

The article increases state revenue by \$16.8 million and reduces costs by \$49.8 million, including \$19.6 million in general revenue.

Article 8 Fiscal Impact			
	Revenues	Expenditures	
	General Revenue	General Revenue	All Funds
Increased HLF revenue	\$16.8	\$0.0	\$0.0
Eliminate Upper Payment Limit (UPL)	-	(6.7)	(18.3)
Eliminate Inflationary increase in HCBS	-	(4.3)	(10.1)
DSH payments	-	(3.6)	(7.8)
Medicaid Rate Reduction for Nursing Facility	-	(3.2)	(7.7)
Medicaid Rate Reduction for Hospitals	-	(1.7)	(5.3)
e-Consults Program	-	(0.1)	(0.5)
Net Impact	\$16.8	(\$19.6)	(\$49.8)

\$ in millions. Total may not add due to rounding

ANALYSIS AND BACKGROUND

Hospital Licensing Fee (HLF)

The article includes technical amendments to remove outdated language and continue the HLF fee into FY2026. In FY2026, the base year for nongovernmental hospitals is shifted into 2023, consistent with government-owned hospitals, and hospitals are required to pay the tax prior to June 25 of the fiscal year, instead of June 30. In addition, the article changes the hospitals required to pay the HLF to those licensed on or before July 1, 2024, instead of July 1, 2022. The HLF is estimated to generate \$215.7 million in FY2025, consistent with the enacted budget, and \$232.5 million in FY2026, an increase of \$16.8 million.

The federal government allows states to assess taxes on health care provided the taxes are broad-based, uniformly imposed throughout a jurisdiction, and do not violate the hold harmless provisions specified in federal regulation. These taxes include revenue from patient care activity but exclude non-patient enterprises such as research, academic activity, or investment earnings. Rhode Island assesses a number of provider taxes, including a hospital licensing fee (HLF) authorized by RIGL 23-17-38.1. The HLF must be authorized annually.

The FY2024 Budget as Enacted amended the HLF to bring the fee into compliance with federal Centers for Medicare and Medicaid Services (CMS) requirements. The new calculation separates inpatient and outpatient hospital license fees, providing a three-tier structure within each. Pursuant to federal requirements, the total tax revenue from the fees cannot exceed 6.0 percent of net patient services revenue for each of the in-patient and outpatient service types. The percentages are applied to a hospital's inpatient and outpatient net patient-services revenue for the first hospital fiscal year ending on or after January 1, 2022.

Hospital Tax Tiers			
	Inpatient	Outpatient	
Tier	Tax Rate	Tax Rate	Hospital Types Included in Tier
I	13.12%	13.30%	Hospitals that do not meet the description of Tiers II or III, including Bradley, Butler, Kent, Newport
II	2.63%	2.66%	<ul style="list-style-type: none"> Acute care hospitals with high Medicaid/Uninsured costs, including Landmark, OLF, RIH, RWMC, and W&I Independent Hospitals not part of a multi-hospital system, such as South County Hospital
III	1.31%	1.33%	Medicaid designate "low volume" hospitals, such as Westerly, Rehabilitative Hospitals, and the Rehabilitative Hospital of RI

Upper Payment Limit (UPL): Section 5 of the article eliminates the UPL to hospitals for in-patient and outpatient services to Medicaid participants that was established to ensure that Medicaid rates are comparable to Medicare rates, beginning in FY2026. The Governor asserts that the State-Directed Payment (SDP) program established in FY2024 sufficiently addresses hospital rate disparities. In FY2026, the SDP program is budgeted at \$333.8 million, including \$99.2 million in general revenue. 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 the Health Insurance Commissioner (OHIC), section 6 of the article eliminates the annual rate increase provided in statute. Home care was the only provider type included in the rate review that was also receiving a secondary rate adjustment. The inflationary rate is applied to the base rate for home-care providers, home nursing care providers, and hospice providers to deliver Medicaid fee-for-service personal care attendant services, skilled nursing and therapeutic services, and hospice. This proposal is estimated to generate \$4.3 million in general revenue savings (\$10.1 million all funds).

Inflationary Increases for Home Care Providers	
Date	Increase
1-Jul-20	3.40%
1-Jul-22	2.43%
1-Jul-23	2.29%
1-Jul-24	0.12%
1-Oct-24 (OHIC)	15.8% to 74.28% based on code ¹

¹ Rate Increases compared to July 1, 2024, and exclude home hospice care. There was no inflationary increase in FY2021. Source: Office of Management and Budget

Pursuant to federal regulation, home hospice care rates cannot be lower than Medicare rates; consequently, the rates are reviewed by EOHHS annually and adjusted as necessary.

Disproportionate Share Hospitals (DSH)

The Disproportionate Share Hospitals (DSH) payments are required under federal statute and intended to offset uncompensated care costs for hospitals in order to improve access for Medicaid and uninsured patients, as well as improving the financial stability of safety-net hospitals. The article adds a base year to allow payments in FY2026, amends payments for FY2025 and FY2026. In FY2025, the article provides an aggregate limit of \$27.7 million in DSH payments, while capping the allowable payment to government-owned hospitals at \$12.9 million. The cap represents an increase of \$2.6 million in general revenue (\$5.9 million all funds) relative to the FY2025 Budget as Enacted and the November 2024 Caseload Estimating Conference (CEC).

In FY2026, the article requires EOHHS to submit a state plan amendment to the federal government to limit aggregate DSH payments to \$13.9 million, including a limit of \$12.9 million for government-owned hospitals and \$1.0 million for other participating hospitals. This limit represents a decrease of \$3.6 million in general revenue (\$7.8 million all funds). Payments to both government-owned and other participating hospitals must be made by June 30, 2026, and are conditioned upon approval by the Secretary of the United

States Department of Health and Human Services of all state plan amendments necessary to secure the benefit of federal financial participation for the DSH payments in FFY2026.

Analyst Note: In FY2026, the budget includes the shift of \$13.7 million in all funds from DSH to the State Directed Payment (SDP) program, resulting in a general revenue savings of \$1.8 million due to the more favorable federal match in the SDP program.

Medicaid Rates for Nursing Facilities and Hospitals

As a cost containment measure for FY2026, sections 3 and 4 of the article reduce the annual inflationary increases on rates paid to hospitals and nursing homes to 2.3 percent to match state revenue growth. Current law, which requires rate changes based on national price indices, would have increased payments to hospitals by 3.4 percent for fee-for-services and 2.9 percent for managed care, while nursing facility payments were set to increase by 4.2 percent. This 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.

History of Rate Adjustments and State Revenue Growth

Hospitals		Nursing Facilities		State General Revenue Growth	
Date	Rate Increase ¹	Date	Rate Increase	Fiscal Year	Percentage Growth
SFY2021	2.6%	1-Oct-20	2.4%	2021	9.1%
SFY2022	2.4%	1-Oct-21	2.7%	2022	17.4%
SFY2023	5.0%	1-Oct-22	4.0%	2023	0.1%
SFY2024	4.1%	1-Oct-23	6.9%	2024	3.0%
SFY2025	3.3%	1-Oct-24	14.5%	2025	3.5%
Average	3.5%		6.1%		6.6%

¹ for Inpatient and Outpatient services

In addition, the article expands the list of direct-care workers eligible for increased compensation based on the application of the inflationary increase. Under current law, 80.0 percent of any rate increase resulting from the application of the inflation index must be dedicated to increasing compensation for eligible direct-care staff. The article expands the eligible staff to include the director of nursing services; registered nurses and licensed practical nurses with administrative duties; nurse aides in training; certified occupational therapy assistants; licensed respiratory therapists; maintenance staff; social workers; and activities directors and aides.

This amendment is related to changes to the minimum staffing requirements in section 2 of Article 10.

Analyst Note: RIGL 40-8-19 provides that 80.0 percent of rate increases from certain rate increases must be used to increase compensation for eligible direct-care workers. It is not clear if the 2.3 percent rate increase provided in this article would qualify, since the statute states that the rule applies to subsections (a)(2)(i) and (a)(2)(ii) while the current increase is provided in subsection (a)(2)(vi).

Third-Party Liability

Medicaid is a payer of last resort; consequently, third party payers such as private insurance, Medicare, or employer-sponsored insurance should be exhausted before Medicaid is billed. To comply with federal requirements, section 2 of the article prevents third-party payers from denying a claim based solely on the failure to obtain prior authorization, and requires that the insurers accept authorization provided by the state Medicaid program as authorization that the service is covered.

In addition, the article requires health insurers and liable third parties to respond to claim inquiries within 60 business days after receiving written documentation from the Medicaid recipient, and updates agency references.

Long-Term Care Services: Section 7 of the article eliminates “preventative services” and “preventative” level of care from Medicaid long-term care services and supports; however, these services are provided under “core services”. Under current law, “preventative services” is defined as “homemaker services, minor environmental modifications, personal care assistant services, and respite.” The Center for Medicare and

Medicaid Services (CMS) informed EOHHS that retaining “preventative” level of care in the State’s waiver would necessitate complex tracking and reporting requirements.

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. The report will be published September 2027.

Amendments to the Rhode Island Medicaid Reform Act Resolution

The article establishes the legal authority for the Secretary of the Executive Office of Health and Human Services (EOHHS) to review and coordinate amendments to the Medicaid State plan and category II and III changes in the demonstration “with potential to affect the scope, amount, or duration of publicly-funded health care services, provider payments or reimbursement, or access to or the availability of benefits and services provided by Rhode Island general and public laws”. In FY2026, the article authorizes the Secretary of Health and Human Services to seek federal approval for the following changes:

- 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 (e-Consults) program, effective October 1, 2025.

Article 9: Relating to Leases

This article authorizes two lease agreements for the renewal of office and operating spaces for the Department of Children, Youth, and Families, and the Rhode Island Emergency Management Agency. Pursuant to RIGL 37-6-2(d), leases meeting certain conditions require the approval from the General Assembly.

FISCAL IMPACT

State Agency	Renewal or New Lease	Location	Sq. Ft.	Lease Term	Aggregate Rent	Max. Annualized	Current Lease Expires
Children, Youth, and Families	Renewal	101 Friendship Street, Providence	99,500	10-years	\$23,919,517.90	\$2,293,826.79 *	November 30, 2025
Emergency Management Agency	Renewal	2700 Plainfield Pike, Cranston	73,770	10-years	\$7,188,368.21	\$718,836.82 **	July 31, 2025

**Annual base rent is not to exceed \$2,293,826.79 in the first five (5) years and \$2,490,076.79 in the remaining years six (6) through ten (10)*

***This number represents the expected annual value based on the provided aggregate rent. The article does not provide a max annualized amount at this time.*

ANALYSIS AND BACKGROUND

The article authorizes two lease agreements pursuant to RIGL 37-6-2(d), which requires the approval of the General Assembly for any new or extended lease or rental agreements with a term of five (5) years or longer where the State is the tenant and the aggregate rent during the proposed term is more than five hundred thousand dollars (\$500,000).

For agreements meeting these specifications, the law states that the State Properties Committee must submit a resolution including the following information: the purpose of the lease or rental agreement, the agency's current lease or rental costs, the expiration date of the present lease or rental agreement when applicable, the total range of costs of a new lease or rental agreement, the proposed term length of a new agreement, and the location and current owner of the property.

The article authorizes the following two lease renewal agreements.

Department of Children, Youth, and Families – 101 Friendship Street, Providence

The article authorizes the Department of Children, Youth, and Families to renew its current lease with Provident Property, LLC, for a term not to exceed ten years. The current lease for 99,500 square feet of office space is set to expire on November 30, 2025. The property is located at 101 Friendship Street, Providence, and is currently used as the main office space for the Department. The article stipulates that the aggregate fixed rent is not to exceed \$2.3 million in the first five years and \$2.5 million in the second five years, for a total aggregate fixed rent of up to \$23.9 million over the ten-year period.

Rhode Island Emergency Management – 2700 Plainfield Pike, Cranston

The article authorizes a lease agreement for warehouse space to be administered by the Rhode Island Emergency Management Agency (RIEMA). The article authorizes the renewal of the existing lease of 73,770 square feet of warehouse space located at 2700 Plainfield Pike in the City of Cranston and owned by EIM Plainfield Pike LLC. The existing lease expires on July 31, 2025, and the warehouse needs continue. The lease terms state that the length of the lease is not to exceed 10 years and the aggregate base rent is not to exceed \$7.2 million.

The warehouse space has been co-administered between the Department of Administration and RIEMA as part of the State's pandemic response using federal funding from ARPA SFRF for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. The FY2023 Budget as Enacted included \$2.0 million in federal funding from ARPA SFRF for this purpose. The FY2024 Budget as Enacted included an appropriation of \$1.4 million, and the FY2025 Budget as Enacted included \$778,347, for a total appropriation of \$4.2 million.

Article 10: Relating to Medical Assistance

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.

FISCAL IMPACT

Certificate of Need: While changes to the Certificate of Need process could have a direct impact on revenues, the impact is unknown at this time. OMB included a savings of \$173,608 in general revenue related on the reduction of 1.0 FTE position at the Department of health (DOH). The Department indicates that they will be able to absorb the responsibilities of the position through consolidation and streamlining within the program.

Nursing Home Minimum Staffing: According to the OMB, the revenue loss resulting from the dissolution of the monetary penalties that are applied to nursing homes in violation of Rhode Island's minimum staffing laws is estimated to be approximately \$60.0 million. However, these fees were suspended by the Governor's Executive Order 24-09 on May 24, 2024, and were not included in revenue forecasts.

Baby Bonds: The proposed amendment has no fiscal impact in FY2026; however, in FY2027, there is a projected \$750,000 general revenue loss related to the Baby Bonds, and \$500,000 outyear impact.

ANALYSIS AND BACKGROUND

Certificate of Need (CON) Process:

A Certificate of Need (CON) process is a regulatory mechanism for approving major capital expenditures and projects for certain health care facilities. In Rhode Island, the Department of Health must approve the creation of new health care facilities or the expansion of an existing facilities services. According to the National Conference of State Legislatures, the primary goal of the CON process is to control healthcare costs by restricting duplicative services and determining whether new capital expenditures meet a community need.

Article 10 makes multiple amendments to the CON process. According to OMB and DOH, the changes aim to encourage new market entrants, reduce regulatory barriers, and increase healthcare access - especially within underserved populations. The amendments are meant to streamline the process by reducing the scope of what is subject to the process and reduce administrative burden at the Department. OMB indicates that these changes may reduce revenue from applications. However, they expect a broader positive impact on healthcare services in RI, including reduced costs, improved healthcare access, and stimulating market competition.

The specific amendments to the CON process include:

- Increasing the application fee from \$20,000 to \$50,000
- Establishing exemptions for projects, and funding approved by the General Assembly
- Removing the requirement that the Department must provide written notification and rationale as to why an expeditious review was denied
- Deferring to the Department's rule and regulations for procedures related to expeditious reviews instead
- Removes the provision allowing open public meetings

Analyst Note: It is unclear whether the intent is to discontinue public meetings on the topic or if this simply removes language allowing for them.

- Removes the biannual review process

- Increasing the timeline in which the Director shall issue their decision from five to ten days.

Regulated Facilities and Activities: Article 10 also makes amendments to facilities and activities regulated under the Certificate of Need. The following table illustrates the Article 10 changes to facilities regulated under the CON process.

Facilities Regulated Under Certificate Of Need Process	
RIGL 23-15-2	Article 10 Change
Hospitals	No Change
Nursing Facilities	No Change
Inpatient Rehabilitation Centers	No Change
Free-standing Emergency Care Facilities	No Change
Hospice Provider	Removed
Home Care Provider	Removed
Drug/alcohol Abuse Treatment Centers	Removed
Certain facilities providing surgical treatment to patients not requiring hospitalization (surgi-centers, multi-practice, physician ambulatory-surgery centers and multi-practice, podiatry ambulatory-surgery centers)	Removed
Inpatient Hospice Care	Removed
Home Nursing Care Provider	Removed

The amendment also narrows the activities regulated under the CON process, removing acquisitions by or on behalf of health maintenance organizations, increases in capital expenditures resulting in the addition of health services, bed reclassifications in nursing homes, any health services that are not offered on a regular basis, and predevelopment activities. The CON process will now regulate the following activities:

- Construction, development, or establishment of a new healthcare facility
- Any capital expenditure exceeding \$50.0 million
- Any increase in bed capacity in a licensed hospital
- Any new or expanded service in the following areas: cardiac catheterization, obstetrics, open heart surgery, organ transplant, and neonatal intensive care services.

The Department emphasizes that there will be no adverse impact on patient care, as the facilities and professions the proposal removes will continue to be regulated under the initial licensing process. The amendment seeks to right-size the CON process by limiting the number of facilities and services covered to those with the greatest potential to impact the statewide healthcare system. These changes will align Rhode Island's policies with other states, and encourage new entrants in the healthcare market.

Furthermore, OMB cites a comprehensive study from Georgia State University that found subjecting home care facilities to the CON process resulted in higher Medicaid costs for home health services and limits access to home health services. The study also found that fewer Medicaid beneficiaries utilized home health services as the CON process led to lower levels of competition. According to the Department, these changes could potentially positively impact the home care and nursing home industries. Although nursing homes and home care services are already overwhelmed, the elderly population is expected to increase significantly. According to the Office of Healthy Aging's 2020 Healthy Aging Data Report, one in four Rhode Island residents will be over the age of 85, and as of 2020, residents 60 years or older comprised 23.0 percent of the population.

Capital Threshold: Additionally, the article establishes a capital threshold of \$50.0 million for CON review. Currently, RIGL 23-15-2 lists four different capital expenditure thresholds which are dependent on the project a healthcare facility invests in. The amendment will simplify the statute by establishing one

threshold of \$50.0 million for every regulated activity. Article 10 further simplifies the statute by amending the definition of new healthcare equipment, narrowing the definition to linear accelerators, and positron emission tomography, only.

Review and Approval Process: The amendment restructures the review and approval process, changing criteria in which the health services council previously used for recommendations, now focusing on criteria related, but not limited to, affordability, accessibility, innovation, and quality standards - all of which can be defined in regulations adopted by the Department of Health. Removing the previous criteria will increase productivity and efficiency to the process.

Other aspects of the amendment include technical changes such as removing redundant and outdated language.

Nursing Home Minimum Staffing Levels:

Article 10 also makes several changes to RIGL 23-17-5, entitled ‘Rights of Nursing Home Patients’, intended to alleviate the strain on nursing home resources. Specifically, the article increases the definition of “direct caregiver” to include director of nursing services, and RNs and LPNs with administrative duties. The amendment also increases the direct hours of nursing care per resident from 3.58 hours to 3.81 hours. However, it decreases the time in which direct care is provided by a certified nursing assistant from 2.6 hours to 2.2 hours.

Penalties and Fines: The amendment waives all fines prior to the third quarter of FY2025, and implements a new penalty structure beginning July 1, 2025. Article 10 implements a fine of up to \$1,000 per day in a quarter in which the facility fails to comply with the minimum nursing staff requirement. The Department of Health may reduce the penalty to \$250 a day at its discretion. According to the Office of Management and Budget, the estimated net costs of compliance enforcement fines would have totaled approximately \$60.0 million.

Fine Exemption: The Article also introduces exemptions to these fines. The Department may waive the penalties in circumstances where mitigating factors exist. The Article defines mitigating factors as an extraordinary circumstance facing the facility, or an acute labor supply shortage of nurse aides, certified nursing aides, licenses practical nurses, or registered nurses.

Direct Care Waiver: Article 10 also introduces a waiver of minimum direct care staffing requirements for organizations who are unable to meet the requirement. Waivers are granted by the Director of the Department of Health for periods up to one year and will be assessed on the following criteria:

- Acuity levels of residents and how stable those acuity levels are based on the case of mixed residents
- Documented evidence of the facilities’ inability to meet the minimum staffing requirements, despite their best efforts, such as offering competitive wages for nursing staff
- Whether the facility has undergone a system-wide culture change
- The quality performance of the nursing facility, as evidenced by a four- or five-star rating from the centers for Medicare and Medicaid

The Director may consult with the Department of Labor and Training concerning labor availability in connection with any waiver request. The legislation does not indicate any processes extending beyond evaluated criteria related to the waiver. However, the legislation charges the Department with the authority to promulgate rules and regulations related to Minimum Staffing Levels.

Rhode Island Baby Bond Trust

Article 10 establishes a new Rhode Island Baby Bond Trust program 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. 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.

Unclaimed property consists of money and other assets that are considered lost or abandoned after an owner cannot be located for a specific period of time. It includes bank accounts; stocks and bonds; wages; refunds; safe deposit boxes; insurance payments; gift certificates; credit memos; account receivable credits and payables, etc. The State General Fund receives an annual transfer of a portion of unclaimed property receipts. The transfer to the State general fund is the total revenues from sales of unclaimed property, minus personnel costs of the unclaimed property program; administrative costs of the program; claims paid in the current year; and liability holdback.

Based on Rhode Island demographics and projected RI Works eligibility participation, the Budget Office estimates that approximately 165 babies born each year would be eligible to receive the \$3,000 Baby Bond, which has an estimated cost of \$500,000 per year. Because the transfer of funds from the Unclaimed Property program does not begin until FY2027, there is no fiscal impact to FY2026, and that the impact to general revenue in FY2027 would be \$750,000 with an annual revenue loss of approximately \$500,000 per year thereafter.

Article 11 – Relating to Assault Weapons

Article 11 adds RIGL 11-47.2, which takes effect upon passage and restricts the purchase, sale, transfer, possession, and manufacturing of assault weapons. The article defines what constitutes an assault weapon and provides regulations for individuals who may lawfully possess one. The legislation provides a pathway for current owners to register their guns, in addition to rules 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.

Background: In 1994, President Bill Clinton signed a 10-year federal ban on assault weapons which expired in September 2004, following its sunset provision. There are currently 10 states that have statutes banning assault weapons, three of which have banned firearms containing specific features and the remaining seven states have banned features in addition to specific types and models. Hawaii, Maryland, and New York have a features-banning approach, restricting types of guns with features that are deemed to be military-style or particularly dangerous. An example would be banning a semi-automatic rifle with a bayonet mount that can accept a detachable magazine. Connecticut, Massachusetts, California, Delaware, Illinois, New Jersey, and Washington have all banned firearms with specific features but have also restricted specific types and models, such as a Colt AR-15.

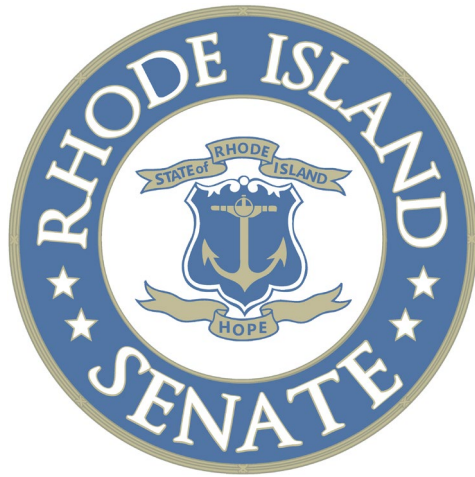
Fiscal Impact: Article 11 has no fiscal impact on the FY2025 or FY2026 Budgets. While not part of Article 11, under Article 5 the Governor proposes to exempt firearm storage and safety products from the State's sales tax.

Analysis: Article 11 restricts the purchase, sale, transfer, possession, and manufacturing of assault weapons, except any weapon lawfully possessed on the article's effective date. The article defines 14 terms, including secure storage, threaded barrel, and assault weapon. Similar to New York and Maryland, the article defines an assault weapon as a semi-automatic rifle, semi-automatic pistol, shotgun, or firearm that has specific features viewed to be military-style or particularly dangerous. For example, the article bans semi-automatic pistols with threaded barrels and the ability to accept detachable magazines.

The article provides exceptions for individuals who lawfully possess an assault weapon on the article's effective date, as well as for federally-licensed firearm dealers, law enforcement officers and agencies, as well as for active duty service members. Individuals who lawfully possess an assault weapon on the article's effective date have one year to either register the weapon, render the weapon permanently inoperable, surrender the weapon to a police department or gun buy-back program, or sell the assault weapon to a federally-licensed firearm dealer. An owner registering their weapons must submit a registration statement, complete a fingerprint-supported criminal background check, and pay a \$25 registration fee assessed per person registering one or more guns. If an owner chooses to render their weapon permanently inoperable, the owner must file a certification, under penalty of perjury, indicating the date the weapon was altered. The article does not require law enforcement to confirm weapons rendered inoperable, as the owner has filed a certification. The article further provides rules and regulations surrounding the use, storage, and transfer of lawfully possessed weapons. The article also contains severability language, where if a particular provision is determined to be invalid, the remaining provisions will continue to be upheld.

Article 12 - Relating to Effective Date

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



FY2025 SUPPLEMENTAL BUDGET ARTICLES

2025 – H-5075: Relating to Making Revised Appropriations in Support of FY2025

Article 1 outlines the appropriation amounts from all fund sources for the FY2025 Supplemental Budget. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; expenditure limits for internal service funds; and, disbursements of Lottery, Temporary Disability Insurance, Employment Security, and University and College Funds. This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also includes the following items:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,772.8 FTE positions, consistent with the authorized level set in the FY2025 Budget as Enacted.
- Details Community Service Objective grant funding recipients and amounts.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2026. In addition, the Office of the Postsecondary Commissioner shall provide \$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 and the proposal will be referred to the General Assembly to go into effect 30-days later, unless formally rejected by the House of Representatives and Senate acting concurrently within those 30-days.
- Requires the Department of Environmental Management to transfer \$3.0 million from the Underground Storage Tank Trust Fund to the State Controller by June 30, 2025.
- Requires the Rhode Island Student Loan Authority to transfer \$2.7 million to the State Controller by June 30, 2025.

- Requires the Rhode Island Infrastructure Bank (RIIB) to transfer \$2.0 million to the State Controller by June 30, 2025.
- Requires the Department of Revenue to transfer \$579,788 from the Marijuana Trust Fund restricted receipt account to the State Controller by June 30, 2025.

APPROPRIATIONS

Article 1 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2025.

<u>Expenditures by Source</u>	<u>FY2024 Actual</u>	<u>FY2025 Enacted</u>	<u>FY2025 Governor</u>	<u>Change to Enacted</u>
General Revenue	\$5,236.1	\$5,594.9	\$5,610.7	\$15.8
Federal Funds	4,936.5	5,066.5	5,660.4	593.8
Other Funds	2,948.6	3,471.7	3,834.0	362.2
Restricted Receipts	473.7	463.1	491.0	27.8
Total	\$13,594.9	\$14,596.3	\$15,596.0	\$999.7

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

Section 1 also provides language directing the disbursement of specific appropriations including:

- **Office of Energy Resources:** The article shifts \$500,000 in general revenue from the Department of Administration to provide \$250,000 for the Electric Bike Rebate Program and \$250,000 for the Electric Leaf Blower Rebate Program.
- **Commerce:** The Budget allocates \$900,000 in general revenue for the annual support for the Rhode Island Science and Technology Council (STAC).
- **Commerce – Wavemaker Fellowship:** The Budget provides that at least \$500,000 shall be reserved for awards for medical doctor, nurse practitioner, and physician assistant healthcare applicants, consistent with the enacted budget.
- **Labor and Training – Direct Care Training:** The article requires \$600,000 in general revenue be used for enhanced training for direct care and support services staff to improve the resident quality of care for nursing facility residents.
- **BHDDH – DD Consent Decree:** The State has been under a Consent Decree with the United States Department of Justice since 2014, requiring the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. The State has agreed to an action plan to ensure that the requirements of the Consent Decree are fulfilled. Article 1 provides that of both general revenue and federal funds within the Services for the Developmentally Disabled program, an amount to be certified by the Department will be allocated to direct support professional wage increases. In addition, \$982,957 in general revenues and \$508,803 in federal funds is specified to be expended on a Transformation Fund for integrated day activities and supportive employment.
- **RIDE - Individualized Education Programs (IEPs):** The Article provides that \$450,000 and 3.0 FTE positions are allocated to support special education functions that facilitate IEPs and 504 services.
- **RIDE – Learn365RI:** Requires that all unexpended or unencumbered balances from FY2025 relating to the Learn365RI program are automatically reappropriated to the following fiscal year.
- **RIDE - Rhode Island Vision Education and Services Program and Auditory Oral Program:** The Article requires that \$684,000 from the Department of Elementary and Secondary’s administrative share of federal Individuals with Disabilities Education Act funds, be allocated to the Sherlock Center on Disabilities to support the Rhode Island Vision Services Program.

- **RIDE - Education Aid:** The Budget provides that the criteria for the allocation of early childhood funds must prioritize prekindergarten seats and classrooms for four-year-olds with a family income at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low performing schools.
- **Public Safety - Body-worn Camera:** The article includes \$11.5 million of one-time general revenue to support the new statewide body-worn camera program for law enforcement officers. On June 16, 2021, the State's political and law enforcement leadership announced support for a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers, across every municipal police department and the Rhode Island State Police, with body-worn cameras. All unexpended or unencumbered balances as of June 30, 2025, shall be reappropriated to FY2026.

FUND TRANSFERS

Article 7, Section 9 of the FY2018 Budget as Enacted (RIGL 35-3-7(a)(2)) requires that when a state budget submitted to the General Assembly includes monetary transfers to the general fund from public corporations, it must be accompanied by alternative funding proposals that may be considered in lieu of the public corporation transfers.

Analyst Note: The Governor's Budget does not contain the alternative proposal language. This typically has appeared in the budget transmittal letter in the past. Instead of removing the fund transfers, the letter indicates that if the State's fiscal condition improves the Governor would supplement educational investments to close the achievement gap with Massachusetts, and invest in primary care providers.

- **Department of Environmental Management - Underground Storage Tank Trust Fund:** The Budget requires the Department of Environmental Management to transfer \$3.0 million from the Underground Storage Tank Trust Fund to the State Controller by June 30, 2025.

Rhode Island has 1,822 registered and active underground storage tanks, 35 more than last year, all of which pose a potential environmental threat if leakage should occur. The Underground Storage Tank (UST) Clean-up Fund was created in 1994 to provide an effective mechanism for USTs owners to comply with financial responsibility requirements and to ensure that the environmental and public health impacts of UST leaks are addressed in an effective and timely manner. This fund is capitalized from a \$0.005 per gallon surcharge on motor fuel to owners/operators of underground storage tanks; however, the surcharge will be suspended once the balance of the fund reaches \$8.0 million and reinstated when falls below \$5.0 million (RIGL 46-12.9-11). Payments from the fund are made to qualified applicants on a reimbursement basis.

Article 3 of the FY2024 Budget as Enacted repealed the Underground Storage Tank Advisory Board. According to the Department of Environmental Management (DEM), the Board was largely defunct. The Board did not have any members and hadn't held any meetings since 2016 when legislation was passed changing the Board from a review to an advisory body and transferring the Board's authority over funding to DEM. Since the Board has been vacant and inactive for years, there was no impact on current activities or expenditures and DEM continues to supervise the clean-up process and insuring that each project meets state requirements.

The first payment was made from the fund in 1997 and since then reimbursements of over \$64.0 million have been made to clean up contamination from 262 UST sites. From FY2019 to FY2024, the fund has experienced average, annual expenditures of \$838,461. In the FY2024 Revised Budget, \$2.0 million from the fund was shifted into general revenues.

UST	Current							AVERAGE	
	Balance (1.27.2025)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (as of 1.27.2025)	FY2019 to FY2024
	\$6,054,088								
Expenditures		\$1,034,157	\$913,690	\$756,260	\$804,406	\$882,077	\$640,177	\$887,609	\$838,461
Receipts		2,108,431	1,830,778	1,767,545	1,838,247	1,331,015	1,318,699	731,433	1,699,119
<i>difference</i>		<i>\$1,074,275</i>	<i>\$917,088</i>	<i>\$1,011,285</i>	<i>\$1,033,842</i>	<i>\$448,938</i>	<i>\$678,522</i>	<i>(\$156,177)</i>	<i>\$860,658</i>
Transfers to the State							<i>(\$2,000,000)</i>		

Source: RIDEM

- Rhode Island Student Loan Authority:** The article requires the Rhode Island Student Loan Authority to transfer \$2.7 million in FY2025 from their unrestricted fund balance to the General Fund to fund Rhode Island's Dual and Concurrent Enrollment. Pursuant to RIGL 16-100, Rhode Island began offering the Dual Enrollment program, which allows students to take college courses to earn credits at both secondary and higher education institutions. In 2015, the Board of Education adopted provisions that ensure that all Rhode Island high school student have the opportunity to access college level work while still in high school. All three of the State institutions offer dual enrollment courses.

Office of the Postsecondary Commission indicated that the Dual and Concurrent Enrollment has faced a budget gap of \$300,000 in previous fiscal years, but, were able to close that gap with RI Higher Education Assistance Authority (RIHEAA) funds. However, the fund had been depleted in FY2024. The RISLA transfer will close the gap and ensure that the program will continue.

Analyst Note: While the amounts of the RISLA fund transfer and the funding for Dual and Concurrent Enrollment are the same, there is no legislation formally tying the two initiatives.

- Rhode Island Infrastructure Bank (RIIB):** The article requires the Rhode Island Infrastructure Bank (RIIB) to transfer \$2.0 million to the General Fund by June 30, 2025. RIIB is a quasi-public agency that assists municipalities, businesses, and homeowners with financing infrastructure improvements through a revolving fund. It supports water and wastewater projects, roads and bridges, energy efficiency and renewable energy projects, and brownfield remediation.

According to the Office of Management and Budget, the \$2.0 million represents 6.1 percent of RIIB's unrestricted fund balance of \$32.6 million at the end of FY2024. RIIB indicates that \$16.4 million of that amount consists of long-term loans receivable and capital assets which are not readily available for operations. Moreover, \$11.2 million in reserves are restricted to specific programs at the Bank and are similarly unavailable. RIIB further indicates that only \$8.6 million is in unrestricted cash. This amount serves as the Bank's working capital, ensuring liquidity to cover monthly operating expenses for the current and following fiscal year. It also supports the Bank in delivering no cost technical advisory services to municipalities and enables the interim pre-funding of loans until long-term financing is secured. The proposed transfer of \$2.0 million would come from Bank operating funds which would decrease its working capital position and potentially lessen the Bank's financial flexibility.

- Department of Revenue – Marijuana Trust Fund:** The article requires the Department of Revenue to transfer \$579,788 from the Marijuana Trust Fund restricted receipt account to the State Controller by June 30, 2025. Pursuant to RIGL 23-28-11.13, restricted receipt accounts were established in the Office of the Attorney General and the Judiciary, appropriating a total of \$1.4 million in restricted receipts. These funds facilitated the implementation of the automatic expungement provision of the Rhode Island Cannabis Act, which authorized the automatic expungement of any convictions for cannabis possession, use, or purchase. Rhode Island expunged more than 23,000 cannabis convictions under the Cannabis Act. All cannabis expungements were completed July 1, 2024.

INTERNAL SERVICE FUNDS

Article 1 authorizes 15 specific, capped internal service accounts to permit reimbursement of costs for work or other services performed by certain departments or agencies for any other department or agency. The FY2018 Budget as Enacted established centralized accounts for each agency and allows the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Reimbursements may only be made up to the expenditure cap for each account, as outlined below.

Internal Service Account	FY2025 Enacted	FY2025 Governor	Change
State Assessed Fringe Benefits	\$36,946,270	\$37,207,570	\$261,300
Administration Central Utilities	30,029,111	29,958,823	(70,288)
State Central Mail	8,419,019	8,487,528	68,509
State Telecommunications	3,748,530	3,791,031	42,501
State Automotive Fleet	15,496,081	20,954,252	5,458,171
Surplus Property	44,789	44,789	-
Health Insurance	272,804,635	272,713,059	(91,576)
Other Post-Employment Benefits	63,854,008	63,854,008	-
Capitol Police	1,466,975	1,589,194	122,219
Corrections Central Distribution Center	7,659,339	8,619,679	960,340
Correctional Industries	8,247,332	8,448,513	201,181
Secretary of State Records Center	1,166,547	1,205,296	38,749
Human Resources Internal Service Fund	17,669,248	18,075,166	405,918
DCAMM Facilities Internal Service Fund	53,327,083	53,946,171	619,088
Information Technology Internal Service Fund	62,092,295	63,523,776	1,431,481
Total	\$582,971,262	\$592,418,855	\$9,447,593

FTE POSITIONS

Article 1 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. The Budget recommends no change in FTE positions as compared to the authorized level set in the FY2025 Budget as Enacted. The following table illustrates the FTE levels by government function:

FTE Positions by Function	FY2025 Enacted	FY2025 Governor	Change to Enacted
General Government	2,570.3	2,570.3	-
Human Services	3,848.5	3,848.5	-
Education	4,269.8	4,269.8	-
Public Safety	3,338.4	3,338.4	-
Natural Resources	471.0	471.0	-
Transportation	755.0	755.0	-
Subtotal	15,253.0	15,253.0	-
<i>Higher Ed. Sponsored Positions</i>	<i>519.8</i>	<i>519.8</i>	<i>-</i>
Total FTE Positions	15,772.8	15,772.8	-

STATE FISCAL RECOVERY FUNDS

Sections 5 and 6 of this article pertain to the authorization and appropriation of the State Fiscal Recovery Fund (SFRF) and Capital Projects Fund (CRF) federal funds.

- Section 5 clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021 for FY2025. The purpose of this language is to specify that these federal funds are not part of the generic federal fund line items and that a specific SFRF or CPF line item, by project, constitutes the authority to expend the SFRF or CPF. The Budget generally does not appropriate federal funds at an individual or specific level. This language

ensures that state agencies are not expending the SFRF or CPF funds under the authority of a general federal fund line item. The section also specifies and describes the SFRF appropriations.

- Section 6 maintains the Pandemic Recovery Office within the Department of Administration is to oversee and ensure compliance with the rules, regulations, and guidance issued by the United States Department of the Treasury of expenditures from the SFRF and Capital Projects Fund. This section extends the quarterly reporting period to January 31, 2025, for the Pandemic Recovery Office to identify programs that are at risk of significant underspending or noncompliance with federal or state requirements. The reports are provided to the chairpersons of the House and Senate Finance Committees. Commencing with the report due on April 30, 2025, the report will be made on a biannual basis until October 31, 2026. The report must include an assessment on how programs that are at risk can be remedied. Lastly the section allows the Governor to reclassify any State Fiscal Recovery Funds that are at risk of forfeiture from the SFRF program to other eligible uses as determined by the U. S. Treasury. The Governor is required to refer the proposal to the General Assembly to go into effect 30-days later, unless formally rejected by the House of Representatives and Senate acting concurrently within those 30-days.

Article 2 - Relating to Effective Date

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



SUMMARY TABLES

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

	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted	FY2026 Governor	Change from Enacted
General Government						
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

FY2026 - Direct Municipal Aid to Cities and Towns

Municipality	FY2025 Enacted ⁴	Distressed				Motor Vehicle Excise Tax	Tangible Property	FY2026 Governor	Change from FY2025
		Payment in Lieu of Taxes	Communities 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.

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 May 2026.

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

FY2025 - Direct Municipal Aid to Cities and Towns

Municipality	FY2025 Enacted	Distressed Communities				Motor Vehicle Excise Tax	Tangible Property	FY2025 Governor	Change from FY2025
		Payment in Lieu of Taxes	Relief Fund	Library Aid					
Barrington	\$6,371,907	\$18,976	-	\$374,472	\$5,891,868	\$83,638	\$6,368,954	(\$2,954)	
Bristol	4,596,713	1,324,937	-	218,673	2,910,724	147,284	4,601,619	4,906	
Burrillville	5,424,751	60,737	-	237,425	5,046,819	72,656	5,417,637	(7,114)	
Central Falls	2,735,313	-	268,136	37,296	2,089,148	351,907	2,746,487	11,174	
Charlestown	1,107,383	-	-	68,182	1,009,366	18,324	1,095,871	(11,511)	
Coventry	6,507,745	-	-	269,635	5,868,395	365,715	6,503,744	(4,001)	
Cranston	28,889,700	4,037,181	-	801,676	22,323,373	1,738,596	28,900,826	11,126	
Cumberland	6,940,855	-	-	362,208	6,079,657	505,178	6,947,043	6,188	
East Greenwich	3,936,750	819,440	-	153,342	2,417,779	546,636	3,937,196	446	
East Providence	14,071,455	296,967	-	457,226	11,431,633	1,883,783	14,069,609	(1,846)	
Exeter	2,360,044	-	-	65,245	2,229,990	53,418	2,348,653	(11,391)	
Foster	1,795,928	-	-	42,989	1,643,150	100,687	1,786,827	(9,101)	
Glocester	2,684,522	-	-	99,016	2,370,831	203,566	2,673,413	(11,110)	
Hopkinton	1,863,296	-	-	44,300	1,619,677	189,737	1,853,714	(9,583)	
Jamestown	767,799	-	-	121,534	633,787	23,473	778,793	10,993	
Johnston	11,904,200	-	-	130,296	10,375,322	1,391,119	11,896,737	(7,463)	
Lincoln	6,440,032	-	-	273,980	5,680,606	483,036	6,437,622	(2,410)	
Little Compton	447,331	-	-	44,558	375,577	35,997	456,133	8,802	
Middletown	2,457,372	-	-	180,903	1,971,781	300,020	2,452,704	(4,667)	
Narragansett	2,154,632	-	-	246,158	1,830,939	77,223	2,154,320	(312)	
Newport	4,419,882	1,773,418	-	500,366	2,229,990	304,205	4,807,978	388,096	
New Shoreham	677,845	-	-	118,589	164,315	14,181	297,085	(380,760)	
North Kingstown	6,034,422	50	-	325,575	5,375,449	329,980	6,031,054	(3,368)	
North Providence	11,910,456	-	1,140,776	243,155	9,624,167	907,238	11,915,337	4,881	
North Smithfield	4,946,190	-	-	98,289	4,389,559	449,370	4,937,218	(8,972)	
Pawtucket	20,197,901	3,087	1,808,532	513,563	16,501,926	1,377,212	20,204,320	6,419	
Portsmouth	2,722,357	-	-	139,256	2,417,779	168,858	2,725,893	3,536	
Providence	86,142,245	37,273,505	7,107,546	1,528,268	34,130,583	6,101,330	86,141,232	(1,013)	
Richmond	1,586,007	-	-	32,604	1,455,362	104,948	1,592,914	6,907	
Scituate	2,261,709	-	-	137,687	1,971,781	146,895	2,256,363	(5,347)	
Smithfield	10,022,892	1,217,452	-	375,697	7,089,021	1,331,050	10,013,219	(9,673)	
South Kingstown	4,590,615	186,342	-	262,439	3,920,088	211,379	4,580,248	(10,368)	
Tiverton	2,051,926	-	-	150,750	1,737,045	153,001	2,040,796	(11,130)	
Warren	2,349,062	-	-	78,191	2,089,148	179,960	2,347,300	(1,762)	
Warwick	30,943,692	1,691,043	-	925,461	25,257,570	3,080,934	30,955,008	11,316	
Westerly	6,473,128	151,026	-	453,238	5,774,500	485,171	6,863,935	390,807	
West Greenwich	1,706,126	-	-	71,408	1,337,994	163,578	1,572,980	(133,146)	
West Warwick	8,114,297	-	1,157,378	210,823	5,680,606	829,938	7,878,745	(235,553)	
Woonsocket	11,644,406	347,251	902,090	235,701	9,319,011	834,588	11,638,640	(5,766)	
SRL ¹	1,145,585	-	-	1,145,585	-	-	1,145,585	-	
ILG ²	79,671	-	-	79,671	-	-	79,671	-	
LCA ³	2,232,819	-	-	2,232,819	-	-	2,232,819	0	
Fire Districts	421,271	-	-	-	445,998	157,419	603,417	182,146	
Total	\$336,132,233	\$49,201,412	\$12,384,458	\$14,088,248	\$234,712,313	\$25,903,228	\$336,289,658	\$157,426	

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.

FY2025 - Indirect Municipal Aid to Cities and Towns

Municipality	FY2025 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	FY2025	Change from
						Governor	FY2025 Enacted
Barrington	\$443,580	\$242,251	\$4,310	\$168,588	\$0	\$415,149	(\$28,431)
Bristol	1,124,216	317,229	102,585	714,557	-	1,134,370	10,154
Burrillville	509,179	229,290	260	265,144	-	494,694	(14,485)
Central Falls	549,085	316,365	781	277,566	-	594,713	45,628
Charlestown	442,097	113,167	98,406	228,976	-	440,549	(1,548)
Coventry	1,258,218	504,509	119,696	590,335	-	1,214,541	(43,677)
Cranston	4,084,890	1,170,024	55,520	2,780,908	-	4,006,452	(78,438)
Cumberland	1,254,096	513,282	1,005	715,471	-	1,229,759	(24,337)
East Greenwich	1,245,529	202,124	3,984	1,104,421	-	1,310,529	65,000
East Providence	2,232,558	665,190	88,863	1,418,339	-	2,172,391	(60,167)
Exeter	265,783	98,366	722	161,766	-	260,855	(4,928)
Foster	92,948	63,545	1,822	23,720	-	89,087	(3,861)
Glocester	262,888	142,045	3,755	126,799	-	272,599	9,711
Hopkinton	194,185	118,883	2,879	60,752	-	182,514	(11,671)
Jamestown	269,916	78,586	60,564	143,320	-	282,469	12,553
Johnston	1,503,372	418,043	17,022	1,063,116	-	1,498,180	(5,192)
Lincoln	1,554,252	318,021	220,031	985,825	25,034	1,548,911	(5,341)
Little Compton	159,548	51,249	42,974	54,679	-	148,903	(10,645)
Middletown	2,903,992	240,666	1,609,145	1,105,030	33,482	2,988,323	84,331
Narragansett	1,591,633	206,906	419,109	966,121	-	1,592,137	504
Newport	7,707,451	354,965	4,099,144	3,580,502	-	8,034,611	327,160
New Shoreham	1,497,829	13,612	892,420	579,233	44,684	1,529,948	32,119
North Kingstown	1,504,552	392,206	158,303	908,572	56,332	1,515,413	10,861
North Providence	1,137,190	480,300	4,353	696,327	-	1,180,980	43,790
North Smithfield	654,160	177,362	5,795	461,409	-	644,567	(9,593)
Pawtucket	2,577,052	1,063,692	117,282	1,297,262	-	2,478,237	(98,815)
Portsmouth	718,822	252,509	38,855	449,634	-	740,999	22,177
Providence	13,146,755	2,684,345	2,467,232	8,191,705	-	13,343,282	196,527
Richmond	372,814	114,284	45,924	206,767	-	366,975	(5,839)
Scituate	258,566	147,210	11,598	105,419	-	264,227	5,661
Smithfield	1,793,630	312,503	252,818	1,195,141	25,034	1,785,495	(8,135)
South Kingstown	2,087,518	451,761	372,406	1,192,474	-	2,016,640	(70,878)
Tiverton	697,790	230,974	17,347	443,619	-	691,941	(5,849)
Warren	673,063	157,298	3,328	553,519	-	714,146	41,083
Warwick	7,557,900	1,171,326	1,442,028	3,980,085	769,903	7,363,343	(194,557)
Westerly	3,026,270	330,204	1,397,805	1,334,506	55,567	3,118,081	91,811
West Greenwich	428,449	92,466	154,001	174,424	-	420,891	(7,558)
West Warwick	1,196,404	437,342	178,426	544,971	-	1,160,740	(35,664)
Woonsocket	1,522,435	608,833	72,796	787,360	-	1,468,988	(53,447)
Total	\$70,500,615	\$15,482,934	\$14,585,297	\$39,638,361	\$1,010,036	\$70,716,628	\$216,013

¹*FY2025 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in March 2026.

Final FY2025 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2025. The state aid for each municipality is an estimate provided by the Senate Fiscal Office.

EDUCATION AID

FY2026 Governor Recommended Education Aid - Change to FY2025 Budget as Enacted²

Districts	FY2025 Enacted (includes group home and categoricals)	FY2025 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education REVISED (>\$74,600)	Group Home ¹	Stabilization Funding	Total Change	FY2026 Education Aid
Barrington	\$12,112,556	(\$1,453,316)	(\$73,590)	\$1,046,175	\$37,066	(\$25,647)	\$0	\$0	(\$469,311)	\$11,643,245
Burrillville	13,955,064	219,041	(228,063)	-	71,757	(43,266)	-	-	19,468	13,974,532
Charlestown	1,548,074	(64,666)	(5,843)	40,093	-	-	-	-	(30,416)	1,517,658
Coventry	27,882,720	1,696,108	(243,473)	-	(41,223)	(78,778)	(6,081)	-	1,326,554	29,209,274
Cranston	79,545,544	1,798,582	(255,668)	-	215,842	436,117	-	-	2,194,873	81,740,418
Cumberland	26,537,195	1,917,517	-	-	21,779	(20,803)	-	-	1,918,493	28,455,688
East Greenwich	7,073,215	(1,721,124)	(16,098)	1,015,657	(15,119)	(105,557)	-	-	(842,241)	6,230,974
East Providence	39,085,945	1,547,686	45,432	-	10,046	(247,120)	(16,542)	-	1,339,502	40,425,446
Foster	1,305,398	56,233	(18,524)	12,018	2,822	(68,190)	-	-	(15,641)	1,289,757
Glocester	3,111,364	60,599	(19,756)	78,913	11,007	(67,109)	-	-	63,654	3,175,019
Hopkinton	6,787,526	585,857	(59,340)	-	-	-	-	-	526,517	7,314,044
Jamestown	709,899	80,977	(6,214)	(16,747)	-	(207,868)	-	-	(149,853)	560,046
Johnston	24,750,928	831,953	(82,269)	407,149	38,160	(505,885)	-	-	689,109	25,440,037
Lincoln	18,783,935	2,517,687	-	-	-	17,504	(8,115)	-	2,527,076	21,311,010
Little Compton	343,653	(18,832)	(8,793)	5,127	-	283	-	-	(22,215)	321,438
Middletown	7,396,997	(536,385)	(71,076)	(32,042)	-	(21,223)	-	-	(660,727)	6,736,270
Narragansett	2,206,347	(11,783)	(56,665)	(124,828)	-	(98,382)	-	-	(291,658)	1,914,690
Newport	15,725,702	(681,593)	(273,411)	442,614	-	(61,873)	(15,655)	-	(589,918)	15,135,784
New Shoreham	90,884	23,821	(3,496)	(11,774)	-	-	-	-	8,550	99,435
North Kingstown	13,494,792	(532,001)	(180,807)	741,833	-	(61,362)	-	-	(32,337)	13,462,454
North Providence	30,451,686	292,521	214,984	-	63,843	(57,724)	(57,920)	-	455,704	30,907,391
North Smithfield	8,034,416	1,480,233	(46,957)	-	(16,025)	46,017	37,672	-	1,500,940	9,535,356
Pawtucket	111,563,255	3,032,120	(1,968,682)	-	24,707	(450,686)	(10,204)	-	627,255	112,190,510
Portsmouth	3,588,844	(31,349)	(65,940)	79,986	-	(157,332)	181,884	-	7,250	3,596,093
Providence	294,316,535	4,115,914	(3,387,976)	-	126,722	2,934,154	(37,698)	-	3,751,116	298,067,651
Richmond	6,370,367	98,401	(94,518)	98,298	0	-	-	-	102,181	6,472,548
Scituate	3,690,303	938,552	(70,798)	(111,517)	37,938	(44,270)	-	-	749,905	4,440,208
Smithfield	10,126,170	598,663	103,949	-	37,654	(65,876)	(14,342)	-	660,048	10,786,218
South Kingstown	6,008,520	47,220	(144,329)	-	37,243	(106,535)	-	-	(166,400)	5,842,120
Tiverton	5,850,781	(115,335)	(97,913)	53,452	-	175,478	-	-	15,683	5,866,463
Warwick	46,787,158	3,315,558	(763,043)	-	7,642	(24,344)	(24,005)	-	2,511,807	49,298,965
Westerly	8,785,308	289,412	(269,313)	(82,745)	0	(26,782)	-	-	(89,427)	8,695,880
West Warwick	40,104,938	2,164,729	(93,854)	-	3,467	(160,354)	-	-	1,913,987	42,018,926
Woonsocket	85,082,626	5,396,098	(1,223,823)	-	(13,308)	(376,942)	-	-	3,782,025	88,864,652
Bristol-Warren	14,832,851	39,377	(195,090)	(126,163)	172,278	(113,433)	1,710	-	(221,322)	14,611,529
Exeter-West Greenwich	7,673,651	1,749,164	(72,137)	(76,163)	159,842	58,927	(6,392)	-	1,813,240	9,486,891
Chariho	3,455,443	-	-	-	148,187	(177,072)	-	-	(28,885)	3,426,558
Foster-Glocester	6,710,115	(340,319)	24,192	109,351	118,847	(61,584)	-	-	(149,513)	6,560,602
Central Falls	54,365,495	(593,794)	539,987	-	(17,071)	(123,986)	-	(300,000)	(494,864)	53,870,631
District Total	\$1,050,246,199	\$28,793,525	(\$9,168,917)	\$3,548,687	\$1,244,103	\$108,498	\$24,312	(\$300,000)	\$24,250,209	\$1,074,496,415
Charter School Total	178,465,435	15,746,813	-	-	-	(108,495)	-	-	15,638,318	194,103,753
Davies	18,131,389	481,447	-	-	-	-	159,626	-	641,073	18,772,462
Met School	11,131,142	723,186	-	-	-	-	1,123,000	-	1,846,186	12,977,328
Nowell Academy	2,311,758	490,879	-	-	-	-	-	-	490,879	2,802,638
Urban Collaborative	2,111,614	150,521	-	-	-	-	-	-	150,521	2,262,135
Youth Build Academy	2,137,890	(312,621)	-	-	-	-	-	-	(312,621)	1,825,270
Total	\$1,264,535,427	\$46,073,750	(\$9,168,917)	\$3,548,687	\$1,244,103	\$0	\$24,312	\$982,626	\$42,704,565	\$1,307,240,000

¹ Based on final 12/31/2024 report from the Department of Children, Youth and Families. In the FY2025 Revised Budget, a total of 18 beds were added relative to the enacted level, including 4 in North Smithfield, 1 in Pawtucket, 12 in Portsmouth, and 1 in Providence.

² 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						FY2026	Total
	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Revised	Recommended		
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)

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

MaKenzie Pratt
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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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