



SENATE FISCAL OFFICE
REPORT

FY2022 BUDGET: CHANGES TO THE GOVERNOR

**2021-H-6122 SUBSTITUTE A
AS PASSED BY THE HOUSE FINANCE COMMITTEE**

JUNE 22, 2021

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Table of Contents

Executive Summary

Executive Summary	5
-------------------	---

FY2022 Budget

Revenue Changes	13
-----------------	----

Expenditure Changes by Agency	17
-------------------------------	----

FY2021 Supplemental Budget

Revenue Changes	49
-----------------	----

Expenditure Changes by Agency	51
-------------------------------	----

Special Reports

Municipal Aid	67
---------------	----

Education Aid	79
---------------	----

Articles

Articles	89
----------	----



EXECUTIVE SUMMARY

Executive Summary

The Budget represents the \$13.1 billion spending plan for the State for the fiscal year ending June 30, 2022 (FY2022). Also included is the revised spending plan for the current fiscal year ending June 30, 2021 (FY2021). The Budget Reserve and Cash Stabilization Account (Rainy Day Fund) would be fully-funded. The following document summarizes key budget initiatives and changes.

Expenditures By Source	FY2021 Enacted	FY2021 Governor	FY2021 Supp.	Change to Governor	FY2022 Governor	FY2022 Budget	Change to Governor
General Revenue	\$4,153.3	\$3,881.6	\$3,991.6	\$110.0	\$4,371.3	\$4,549.8	\$178.6
Federal Funds	5,812.9	7,059.1	7,511.9	452.7	4,129.5	5,859.7	1,730.2
Restricted Receipts	322.3	353.2	348.7	(4.5)	341.9	372.5	30.6
Other Funds	2,442.0	2,456.3	2,455.0	(1.2)	2,327.8	2,332.9	5.0
Total	\$12,730.4	\$13,750.2	\$14,307.3	\$557.0	\$11,170.5	\$13,114.9	\$1,944.4

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

FTE Authorization	15,124.7	15,124.7	15,124.7	-	15,089.2	15,313.2	224.0
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GENERAL REVENUE SURPLUS STATEMENT

	FY2019 Audited	FY2020 Audited	FY2021 Budget	FY2022 Budget
Opening Surplus				
Free Surplus	\$52,525,379	\$30,502,912	\$156,188,375	\$280,595,694
Adjustment to Opening Surplus			110,877,242	
Reappropriated Surplus	10,057,409	10,296,451	5,336,652	
Subtotal	\$62,582,788	\$40,799,363	\$272,402,269	\$280,595,694
Revenues				
Enacted/Actual/Estimated	4,024,579,618	4,183,713,406	4,038,425,000	4,044,950,000
Governor			(39,086,736)	200,637,573
Assembly			218,717,342	165,130,015
Total Revenues	\$4,024,579,618	\$4,183,713,406	\$4,218,055,606	\$4,410,717,588
To Cash Stabilization Fund	(122,313,150)	(126,426,490)	(131,227,319)	(140,739,398)
From Cash Stabilization Fund				
Expenditures				
Actual/Enacted/Current Svcs.	3,924,049,893	3,936,561,251	4,153,269,709	4,534,731,558
Governor			(271,636,821)	(163,458,737)
Assembly			110,001,974	178,558,676
Total Expenditures	\$3,924,049,893	\$3,936,561,251	\$3,991,634,862	\$4,549,831,497
Total Surplus	40,799,363	161,525,028	367,595,694	742,387
Transfer to Fleet/IT/Depreciation			(87,000,000)	
Reappropriations	(10,296,451)	(5,336,653)		
Free Surplus	\$30,502,912	\$156,188,375	\$280,595,694	\$742,387
<i>Operating Surplus/(Deficit)</i>	<i>(11,726,016)</i>		<i>100,530,077</i>	<i>(279,853,307)</i>
Rainy Day Fund	\$203,855,250	\$90,710,816	\$218,712,199	\$234,565,664

REVENUE CHANGES:

- **Revenue Estimating Conference:** Adds \$189.0 million to reflect the favorable results of the May 2021 Revenue Estimating Conference.
- **PPP Decouple:** Partially decouples the State from the federal treatment of forgiven Paycheck Protection Program loans by taxing loan amounts above \$250,000 from profitable businesses.
- **Hospital License Fee:** Lowers the hospital license fee from 6.0 percent to 5.725 percent.
- **Adult-Use Marijuana:** Does not include the Governor’s proposal to legalize adult-use marijuana.
- **Data Request Fees:** Eliminates the Governor’s proposal allowing the Department of Health to charge fees for processing special data requests.

STATEWIDE CHANGES:

- **FTE Authorization:** Authorizes 15,313.2 FTE positions, 224.0 positions more than proposed by the Governor and 188.5 FTE positions more than authorized in the FY2021 Budget as Enacted.
- **VRI Savings:** Accounts for \$8.2 million in general revenue savings from the voluntary retirement incentive (VRI). The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee’s cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.
- **LIUNA Settlement:** Includes \$4.3 million in general revenue in FY2021 and \$254,767 in general revenue (\$544,677 all funds) in FY2022 to fund the pension liability with State employees in the Laborers International Union of North America (LIUNA). This accounts for the recalculation and compensation to affected members for longevity and overtime payments back to January 1, 2012.
- **COVID-19 Response and Stimulus Funding:** Adds federal and other fund sources to account for updated projections for the State’s COVID-19 response and to reflect the receipt of direct grants that were awarded to various agencies under the Consolidated Appropriations Act of 2021 and the American Rescue Plan.

GENERAL GOVERNMENT:

- **Information Technology Investment Fund:** Transfers \$67.0 million from general revenues to the ITIF in FY2021 and includes proviso language in FY2022 to direct \$50.0 million for the Enterprise Resource Planning System and \$17.0 million to replace the Department of Children, Youth, and Families’ case management system.
- **RICAP Repayment:** Shifts funds from FY2022 to FY2021 to fully reimburse the Rhode Island Capital Plan fund. The FY2020 Supplemental Budget transferred \$120.0 million from the Rainy Day Fund to balance that budget. This repays that transfer.
- **Employer Tax Unit:** Concurs with the Governor’s proposal to transfer the Employer Tax Unit from the Department of Revenue to the Department of Labor and Training.
- **Back to Work RI:** Includes \$9.5 million in FY2022 for Back to Work RI. This is a funding shift from FY2021. The Back to Work RI program is intended to help Rhode Island residents who have been displaced by the COVID-19 pandemic.
- **Real Jobs RI – Direct Care Workers:** Adds \$600,000 from general revenues to support enhanced training for nursing home direct care and support services staff.

ECONOMIC DEVELOPMENT:

- **Housing Production Fund:** Establishes a new restricted receipt Housing Production Fund (HPF) that supports the production of affordable housing in Rhode Island. The Budget establishes a new dedicated funding stream for affordable housing construction by increasing the real estate conveyance tax on the property value above \$800,000 and deposits it into the HPF. The Budget also capitalizes the fund with \$25.0 million in one-time general revenues.
- **Municipal Infrastructure Grant Program:** Transfers the Municipal Infrastructure Grant Program from the Department of Administration to the Rhode Island Infrastructure Bank and adds \$1.0 million in initial funding for the program in FY2022.
- **Rebuild RI:** Adds \$45.0 million over two years to fund obligations already made under the Rebuild RI tax credit program.
- **Historic Tax Credit:** Extends the Historic Tax Credit Program by one year and adds \$20.0 million to fund projects in the queue that have approved project applications.

EDUCATION:

- **AP Exams:** Adds \$400,000 to provide free AP exams for students living in poverty and requires the Department of Education to ensure that the greatest amount of students practicable have the opportunity to participate in the advanced placement program and to gain college credit.
- **Density Aid:** Adds \$1.0 million from general revenue for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or State school and provides \$1.0 million in education aid for FY2022. The intent is to provide one \$500 payment for each new resident student enrolled in a charter or State school.
- **March Data Hold Harmless:** Adds \$649,319 in education formula aid to hold local education agencies (LEAs) harmless from enrollment declines due to COVID-19. The Budget provides that, in FY2022, the enrollment used to calculate education aid will be the greater of March 2020 or March 2021.
- **School Construction Administration:** Shifts \$500,000 in personnel costs for School Construction Services to general revenue from restricted receipts.
- **School for the Deaf:** Provides an additional \$160,000 in general revenue to support personnel and operating costs at the Rhode Island School for the Deaf.
- **School Spending Analysis:** Adds \$292,182 and 2.0 FTE positions to enable the Department to meet new spending analysis requirements.
- **World Language Specialist:** Adds \$149,091 and 1.0 FTE position work with districts to establish and improve world language and dual language programs, oversee the implementation of dual language immersion pilot program, and ensure the inclusion of world language and dual language immersion program data.
- **Last Dollar Scholarship:** Shifts \$4.0 million in federal and \$5.6 million in other funds to general revenue to reserve future program funding.
- **RIC Operating Support:** Adds \$5.9 million in general revenue support for RIC operating expenses.
- **Small Business Development Center:** Shifts \$350,000 from the Executive Office of Commerce's Small Business Assistance program to Rhode Island Small Business Development Center housed at URI.
- **Accountability:** Requires the Department of Education to use UCOA data to develop LEA-specific benchmarks and to improve cost controls, efficiencies, and program effectiveness. The Department is

further required to provide a report to each LEA and a summary of all the LEA reports to the Governor and General Assembly.

- **Vision Services Program:** Funds the Vision Services Program at the Sherlock Center at RIC for FY2022.

LOCAL/MUNICIPAL ISSUES AND AID:

- **Motor Vehicle Excise Tax Phase-out:** Funds the continued phase-out of the motor vehicle excise tax program. The tax is on schedule to be fully eliminated by FY2024.
- **Local Fiscal Recovery Funds:** Distributes \$132.0 million in federal Local Fiscal Recovery Fund monies to assist municipalities with public health expenditures, addressing negative economic impacts caused by the pandemic, replacing lost public sector revenue, providing premium pay for essential workers, and investing in water, sewer, and broadband infrastructure.

HEALTH AND HUMAN SERVICES:

- **Caseload Changes:** Includes required Medical Assistance and Cash Assistance adjustments from the May 2021 Caseload Estimating Conference.
- **Enhanced FMAP Reserve:** Reserves \$39.0 million in general revenues in the event that the 6.2 percent enhanced FMAP is terminated before the second quarter of FY2022.
- **Hospital Payments:** Authorizes a \$142.5 million all funds Disproportionate Share Hospital (DSH) payment, restores the inpatient and outpatient upper payment limit (UPL) supplemental payments, and restructures the Graduate Medical Education program.
- **LTSS Resiliency:** Includes the Governor's proposal to invest in home- and community-based services to rebalance long-term care options. This includes rate increases for assisted and shared living; increasing the amount of personal income individuals may retain while receiving services; and providing additional pay for direct care workers that work off-hours or are trained in behavioral healthcare.
- **Perinatal Doula Services:** Provides Medicaid coverage and reimbursement for perinatal doula services.
- **Community Health Workers:** Provides Medicaid coverage and reimbursement for case management services provided by community health workers.
- **Nursing Home Staffing:** Adds funding for the first year of the minimum staffing legislation passed by the General Assembly in May 2021.
- **Pay for Success:** Transfers \$6.0 million from general revenues to a new restricted receipt account to establish a funding stream for a pay-for-success supportive housing initiative.
- **Rlte Share:** Rejects the Governor's proposed penalty for businesses that fail to properly report employee eligibility for Rlte Share. However, Article 12 imposes new reporting requirements on the Executive Office of Health and Human Services to promote enrollment in the program.
- **RIPIN:** Restores the Governor's proposed cut to a contract with the Rhode Island Parent Information Network (RIPIN) that provides case management for beneficiaries with complex healthcare needs.
- **DCYF Accreditation:** Adds \$9.4 million from general revenues and 75.0 FTE positions to provide the staffing resources that the Department of Children, Youth, and Families identified it would need to attain and maintain accreditation.
- **Eleanor Slater Hospital:** Does not include the Governor's proposal to redesign Eleanor Slater Hospital.
- **RICLAS:** Rejects the Governor's proposed privatization of the State-run group home system for individuals with developmental disabilities.

- **Direct Support Professionals:** Provides \$16.8 million from general revenues and \$23.0 million from federal funds to increase the average DSP wage from \$13.18 per hour to \$15.75 per hour. This involves reinvesting \$13.0 million of the Governor’s proposed \$15.0 million Consent Decree transition fund.
- **Consent Decree:** Maintains \$2.0 million from the Consent Decree transition fund, including \$1.0 million from general revenues, to implement and manage compliance with the Consent Decree. The Budget also adds includes language in Article 3to include DD caseloads and costs in the Caseload Estimating Conference.
- **Regional Substance Abuse Coalitions:** Provides \$500,000 in Opioid Stewardship funds for the State’s seven regional substance abuse prevention coalitions.
- **Child Care:** Provides \$3.6 million in federal funds to support increased child care rates for licensed child care centers and licensed family child care providers. The Budget also includes \$485,679 in federal funds to cap child care co-pays at 7.0 percent of a family’s income.
- **Home and Community Care Co-Pay Expansion:** Includes the Governor’s proposal to increase income eligibility for the Office of Healthy Aging’s @Home program from 200.0 percent to 250.0 percent and expands the program to individuals under 65 with early onset Alzheimer’s or other dementia diagnoses.
- **RI Works:** Increases the base RI Works benefit by 30.0 percent.

PUBLIC SAFETY:

- **Body Worn Cameras:** Adds \$15.0 million from general revenues to establish a body-worn camera grant program for the State Police and municipalities.
- **State Police Barracks:** Includes RICAP funding for a Southern Barracks proposed in West Greenwich and provides \$350,000 for architectural and engineering work to rehabilitate the Portsmouth Barracks.
- **Inmate Post-Release Employment Services:** Adds \$200,381 to the Department of Labor and Training to support an additional FTE position to help connect incarcerated individuals with post-release employment.
- **Multi-State Litigation:** Includes \$38,687 in general revenue and \$406,326 in restricted receipts to fund 4.0 FTE Attorney positions within the Attorney General’s Office. These positions will work on multi-state litigation issues.
- **Veterans Treatment Court Grant:** Expands Rhode Island’s statewide pre-plea, pre-sentence treatment court project to meet the growing needs of veterans presenting with substance abuse, mental health, or co-occurring disorders with 5-year federal grant funding.

NATURAL RESOURCES:

- **Commercial Fishing:** Modernizes the Commercial Fishing industry in Rhode Island
- **Dockside Program:** Authorizes the Director of the Department of Health (DOH), with the assistance of DEM, to establish a dockside program, including rules and regulations.
- **Galilee Fees:** Does not increase annual parking passes at the state lot in the Port of Galilee.

TRANSPORTATION/TRANSIT:

- **Gas Tax Adjustment:** Reduces gas tax funds by \$2.8 million to reflect a downward revision of the gas tax estimate from the Department of Revenue. In May 2021, the Office of Revenue Analysis estimated the gas tax per-penny yield will decrease by \$82,160 per penny in FY2022.



FY2022 BUDGET

FY2022 Revenue Changes

The FY2022 Budget includes \$4,406.7 in total general revenue, a \$165.1 million increase above the Governor's proposal. In addition to the \$189.0 million revenue increase identified by the May 2021 Revenue Estimating Conference, major revenue changes include tax changes related to the Payroll Protection Program, the elimination of the Governor's adult-use marijuana program proposal, and the reauthorization of the hospital license fee. The following section highlights changes to the Governor's recommended revenue proposals:

May Revenue Estimating Conference **\$189.0 million**

The May 2021 Revenue Estimating Conference (REC) increased total general revenue by a net \$189.0 million. The personal income tax revenue estimate was increased by \$95.9 million over the November 2020 REC estimate of \$1,439.1 million, or 6.7 percent. Estimates of sales and uses taxes increased 3.1 percent, or \$45.0 million and other revenues, including lottery income, increased 3.7 percent, or \$23.1 million. These increases were offset by a \$14.0 million decrease in general business taxes.

PPP Tax Policy Changes **(\$13.2 million)**

Article 6 of the Budget partially decouples Rhode Island law from federal tax statutes governing how Paycheck Protection Program (PPP) loans are treated relative to income for purposes of personal and business income taxes. The purpose of the initiative is to preserve pandemic relief for those smaller businesses that received PPP loans of \$250,000 or less, while mitigating the significant state revenue loss that would result by completely aligning with federal law. The Budget increases the loan threshold amount to \$250,000, resulting in a \$13.2 million reduction in revenue.

- **Background:** In response to devastating impacts of the COVID-19 pandemic on businesses, Congress enacted a series of supports and relief measures. The CARES Act, enacted in March 2020, established the federal PPP program, which provides loans to help businesses keep their workforce employed during the pandemic. Eligible costs for the PPP program include certain payroll, operating, supplier, property, and worker protection costs. The CARES Act also permitted loan forgiveness if businesses conform to the program. In December 2020, Congress enacted the Consolidated Appropriations Act (CAA) to provide further pandemic relief, including for businesses. The CAA allowed businesses to deduct expenses paid for with PPP loans. This amounts to a double tax benefit.

Rhode Island income tax statutes conform to federal tax statutes and regulations, particularly as it relates to what constitutes income, adjusted for deductions and other modifications. Any significant change in these modifications affects how income is determined for purposes of Rhode Island taxes. These include the PPP expense deductions.

- **Proposal:** Article 2 decouples from the federal treatment of forgiven PPP loans. Specifically, the article exempts the first \$250,000 of a PPP loan from State taxation. This means loans over \$250,000 would be taxed.

Hospital License Fee **(\$8.0 million)**

The Budget reduces revenue collections by \$8.0 million to reflect a reduction in the hospital license fee from 6.0 percent to 5.725 percent. The Governor's Budget assumed \$178.2 million in new revenues in FY2022, based on a 6.0 percent fee assessed on an estimated FY2020 patient revenue base. The Budget adjusts the revenue base to account for actual FY2020 hospital revenues, which were finalized in May 2021, and reduces the rate to 5.725 percent. The Budget assumes \$170.2 million in revenue from the fee.

Adult-use Marijuana **(\$1.7 million)**

Article 11 of the Governor's proposed FY2022 Budget included \$1.7 million in tax and license fee revenue attributable to the implementation of an adult-use marijuana market as shown in the following table:

Adult Use Marijuana Program Revenue

Revenue Item	FY2022
Adult-Use Marijuana Program - Licensing Fees	\$590,561
Adult-Use Marijuana Program - Cultivator Excise Tax	451,684
Adult-Use Marijuana Program - Retail Excise Tax	369,550
Adult-Use Marijuana Program - Sales Tax	258,685
Total	\$1,670,480

The Budget eliminates this proposal and reduces revenue accordingly by \$1.7 million.

DEM Revenue Changes**(\$1.6 million)**

The Budget eliminates or adjusts several revenue initiatives proposed by the Governor related to programs overseen by the Department of Environmental Management. FY2022 revenue is reduced by \$1.6 million.

DEM Revenue Changes	Change
Transfer - Underground Storage Tank Account	(\$1,000,000)
Commercial Feed Registration Fee	(460,640)
Parking Lot Fee	(112,188)
Beach Fee	(26,262)
Total	(\$1,599,090)

- **Transfer - Underground Storage Tank Account:** The Governor's FY2022 proposed Budget requires the transfer of \$1.0 million from the UST restricted receipt fund to the general revenue fund by June 30, 2022. Rhode Island currently has 500 facilities with 1,350 underground storage tanks, 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. The Budget does not include this proposal and adjusts revenue accordingly
- **Commercial Feed Registration Fee:** The Governor's proposed Budget included \$460,640 in new revenue from an increase in the registration fee that manufacturers and distributors of commercial agricultural animal feed products must pay to operate in the State. The Budget does not include this proposal and reduces revenue accordingly.
- **Parking Lot Fee:** The Governor's proposed Budget included \$112,188 in new revenue from an increase in the fees at the Galilee parking lot in Narragansett. The Budget eliminates this proposal and reduces revenue accordingly.
- **Beach Fee:** The Governor's proposed Budget included \$621,634 in revenue from an increase in the fees to enter Misquamicut Beach in Westerly. Subsequent to the submittal of the Budget, the Governor requested an amendment to the Budget that eliminates the proposed increase on the fees for senior citizens only. This results in a \$26,262 reduction in revenues.

Real Estate Conveyance Tax Change**\$1.5 million**

The Budget restores \$1.5 million in real estate conveyance tax revenue in FY2022 related to the elimination of the Governor's proposal to shift \$0.16 of the State's share of the tax to a new restricted Housing Production Fund (HPF), adjusting for the May 2021 Revenue Estimating Conference real estate conveyance tax estimate. As an alternative to adjusting this general revenue funding stream, the Budget invests \$25.0 million in one-general revenue into the HPF. Article 14 of the Budget also provides a dedicated funding stream for affordable housing by modifying the Governor's proposal to increase the real estate conveyance on the value of sold property above \$700,000 to \$800,000 and depositing the marginal revenue into the HPF.

Workplace Tax Compliance Initiative**(\$545,000)**

The Governor's proposed Budget included \$545,000 in new revenue attributable to a reorganization of the Department of Labor and Training's (DLT) Misclassification Task Force, Workforce Fraud Unit, and its Prevailing Wage section. The reorganization includes 2.0 additional FTE positions. The Budget includes the new staff, however, it does not include the new revenue.

DOH Revenue Changes**\$379,981**

The budget eliminates several revenue initiatives included in the Governor's FY2022 Budget related to the Department of Health, reducing revenue by a net \$379,981.

DOH Revenue Changes	Change
Data Request Fee	(\$438,900)
Interstate Compact	58,919
Total	(\$379,981)

- **Data Request Fee:** Article 6 of the Governor's Budget authorizes DOH to establish a fee for data requests from the Center for Health Data and Analysis (CDHA). The fee would only apply to for-profit special data requests that require CDHA to analyze, calculate, and/or interpret data and is expected to generate \$438,900. The Budget does not include this initiative and revenue reduced accordingly.
- **Interstate Compact:** Article 15 of the Governor's Budget provides the statutory framework to allow the State to enter into several medical interstate licensure compacts that allow reciprocity and expedited licensure for health care professionals. The initiative is anticipated to reduce licensing revenue by \$58,919. The Budget does not include this initiative and revenue is increased accordingly.

Non-General Revenue Changes**\$1,765.9million**

The Budget includes a net additional \$1,765.9 million in federal receipts in FY2022.

- **Unemployment Insurance Benefits:** The Budget includes an additional \$303.0 million in federal funds and \$1.1 million in other funds for unemployment insurance benefits payments and administration. Several major federal pandemic-relief initiatives that began the Families First Act and the Coronavirus Aid, Relief, and Economic Security Act (CARES) in 2020 and continues in 2021 with the American Rescue Plan (ARP), have provided Rhode Island with significant income support resources. These include \$303.0 million in regular unemployment insurance (UI) benefits and supplemental Pandemic Unemployment Assistance (PUA) and \$1.1 million in additional Employment Security Trust funds to help the State meet its UI benefits share.
- **Pandemic Relief and Other Non-General Revenues:** The Budget increases pandemic relief and other federal funding in FY2022 by \$1.461.8 million. Subsequent to the submission of the Budget, Congress, enacted the federal American Rescue Plan Act State which appropriated significant federal resources across numerous federal programs to Rhode Island. This Budget includes these federal resources while making adjustments to align with eligible federal spending currently authorized under previous federal pandemic legislation.

FY2022 Expenditure Changes by Agency

STATEWIDE

VRI Savings

(\$8.2 million)

The State of Rhode Island initiated a voluntary retirement incentive (VRI) payment to active state employees as of January 4, 2021, who have a full benefit retirement date on or before December 31, 2020. The program does not include members of the State Police or Correctional Officers who are under separate retirement plans. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

The State identified 901 executive branch, higher education, constitutional office, judicial, and legislative employees who matched the eligibility requirement. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000 that will be paid through the assessed fringe benefits fund, which is a bi-weekly assessment of 3.95 percent charged to direct salaries. The program is being offered in stages based on the individual employee's longevity entitlement level. The last group of employees must submit a written notice of their election to retire on or before May 15, 2021. As of May 20, 2021, 307 employees filed their intention to retire under the VRI program. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the State is \$8.2 million.

Internal Service Fund Distribution

\$7.4 million

The Budget increases general revenue expenditures to adjust for centralized facilities management and information technology services costs that were not included in the proposed FY2022 Budget. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures were then reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

The Governor's FY2022 Recommended Budget included \$33.2 million in general revenue for centralized facilities management services and \$21.5 million in general revenue for centralized information technology services. After submitting the proposed budget to the General Assembly, the Office of Management and Budget updated the estimates for these two centralized services to \$37.4 million in general revenue for centralized facilities management services and \$24.7 million in general revenue for centralized information technology services reflecting an increase of \$7.4 million in the FY2022 budget.

LIUNA Settlement

\$254,767

The Budget includes \$254,767 in general revenue (\$544,677 all funds) in FY2022 to fund the pension liability with state employee members in the Laborers International Union of North America (LIUNA) to account for the recalculation and compensation to affected LIUNA members for longevity and overtime payments back to January 1, 2012.

Over the past 21 years, in lieu of a portion of the pay LIUNA members received over the years, the State agreed to make payments to a LIUNA pension fund (LPF). The amount of the payments the State makes is a dollar amount per hour/up to a maximum of thirty-five (35) hours per week. In order to effectuate these employer contributions to the LPF, the State over the years annualized the dollar amount per hour and pay scales for participating LIUNA members were reduced by the annualized amount. The State proposed to change the payroll methodology prospectively to correct effects of the contributions on longevity and overtime calculations.

LIUNA has employees throughout a number of State Agencies, including Department of Business Regulation, employees in the Office of the Fire Marshal; Department of Public Safety, E-911 operators; Department of Transportation, Maintenance, Supervisors and Operators; Division of Motor Vehicles, supervisors; BHDDH, CNAs at the Zambarano Hospital; Rhode Island Emergency Management Agency; Judiciary, Clerks at the Superior Court; Office of the Public Defender, office personnel; and at the Office of the Secretary of State.

While the projected cost of the LIUNA Settlement is provided within the impacted programs, the total statewide cost is \$544,677, of which \$254,767 is general revenue. There is an additional expense of \$746 in internal service funds.

Statewide Distribution Table

Agency	VRI Savings	DCAMM ISF Distribution	IT ISF Distribution	LIUNA Settlement Distribution	LIUNA Settlement Distribution (Gen Rev)
Administration	(\$475,758)	(\$1,198,478)	\$335,128	\$11,904	\$697
Business Regulation	(231,565)	166,773	50,274	12,065	11,819
Commerce	(29,441)	137,465	4,448	938	938
Labor & Training	(113,254)	36,476	-	-	-
Revenue	(524,336)	631,781	519,820	7,664	7,664
Legislature	(772,574)	-	42,661	-	-
Lt. Governor	-	-	13,041	-	-
State	-	-	28,455	4,977	4,247
Treasury	(76,635)	13,678	(27,423)	-	-
Elections	-	-	52,431	-	-
Ethics	(72,099)	-	10,617	-	-
Governor	(68,848)	-	42,922	-	-
Human Rights	(42,408)	-	5,717	-	-
Public Utilities	-	-	-	-	-
EOHHS	(244,534)	26,955	471,672	-	-
DCYF	(726,110)	121,263	433,661	-	-
Health	(543,123)	(407,622)	154,833	-	-
DHS	(800,994)	(433,752)	326,377	1,523	-
BHDDH	(1,429,347)	2,355,819	528,349	130,965	130,944
Disabilities	-	-	6,449	-	-
CDHH	-	-	22,422	-	-
Child Advocate	-	(22,341)	(4,486)	-	-
Mental Health	-	33,108	779	-	-
ElSec	(71,593)	(22,236)	(20,089)	-	-
Higher Education	-	65,942	(932)	-	-
Arts Council	-	-	10,546	-	-
Atomic Energy	-	-	7,520	-	-
HPHC	-	(58,703)	(12,627)	-	-
Attorney General	(143,262)	-	40,005	-	-
Corrections	(146,017)	2,711,934	105,291	-	-
Judicial	(830,821)	-	-	72,923	71,000
Military Staff	-	-	(6,432)	-	-
Public Safety	(109,281)	20,890	(79,627)	49,107	16,919
Public Defender	(79,096)	-	1,906	6,886	6,886
RIEMA	(12,138)	(1,500)	64,656	13,131	3,653
DEM	(610,457)	-	112,493	-	-
CRMC	(46,309)	-	3,495	-	-
Transportation	-	-	-	232,594	-
Total	(\$8,200,000)	\$4,177,452	\$3,244,352	\$544,677	\$254,767

DEPARTMENT OF ADMINISTRATION***RICAP Repayment******(\$42.5 million)***

The Budget shifts \$42.5 million in general revenue to reimburse the State's Budget Stabilization and Cash Reserve Account (Rainy Day Fund) from FY2022 to FY2021. This reflects a decrease of \$42.5 million from the Governor's FY2022 Recommended Budget.

The FY2020 Budget as Enacted transferred \$120.0 million from the Budget Stabilization and Cash Reserve Account for use in balancing that budget. The Rhode Island General Law requires that the repayment be made to the Rhode Island Capital Plan fund in the following fiscal year.

The FY2021 Budget as Enacted included a \$90.0 million repayment and included legislation under Section 18 of Article 1 to delay the full payback, \$30.0 million, until FY2022. Article 1 of the Governor's FY2021 Supplemental Budget proposed to further delay the RICAP payback to FY2023 by reducing the appropriation to \$7.5 million in FY2021, include \$42.5 million in FY2022, and \$70.0 million in FY2023.

This initiative fully reimburses the State's Budget Stabilization and Cash Reserve Account in FY2021, thus following the requirements of the general law, and eliminates the appropriations recommended in FY2022 and in FY2023.

Centralized Services Distribution***(\$7.9 million)***

The Budget decreases general revenue expenditures by a net \$7.9 million to adjust for centralized facilities management and information technology services costs that were included within the Department of Administration to be disbursed to state agencies. The Budget instead disburses the \$7.9 million throughout the state agencies thereby eliminating the need to account for the full savings within the Department.

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures were then reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

VRI Savings Distribution***\$7.7 million***

The Governor initiated a voluntary retirement incentive (VRI) payment to active state employees as of January 4, 2021, who have a full benefit retirement date on or before December 31, 2020. The Governor included net VRI savings of \$19.0 million (\$8.2 million general revenue) covering FY2021 and FY2022. The net savings is the result after the cost of refilling the position and payment of the incentive buyout (\$2.2 million in general revenue). The \$8.2 million in general revenue net savings were included within the Department of Administration to be disbursed to state agencies. The Budget instead disburses the \$7.7 million throughout the state agencies thereby eliminating the need to account for the full savings within the Department.

LIUNA Settlement***(\$4.3 million)***

The Budget shifts \$4.3 million in general revenue from FY2022 to FY2021 to fund the pension liability with state employee members in the Laborers International Union of North America (LIUNA) to account for the recalculation and compensation to affected LIUNA members for longevity and overtime payments back to January 1, 2012.

Over the past 21 years, in lieu of a portion of the pay LIUNA members received over the years, the State agreed to make payments to a LIUNA pension fund (LPF). The amount of the payments the State makes is a dollar amount per hour/up to a maximum of thirty-five (35) hours per week. In order to effectuate these employer contributions to the LPF, the State over the years annualized the dollar amount per hour and pay scales for participating LIUNA members were reduced by the annualized amount. The State proposed to change the payroll methodology prospectively to correct effects of the contributions on longevity and overtime calculations.

LIUNA has employees throughout a number of State Agencies, including Department of Business Regulation, employees in the Office of the Fire Marshal; Department of Public Safety, E911 operators; Department of Transportation, Maintenance, Supervisors and Operators; Division of Motor Vehicles, supervisors; BHDDH, CNAs at the Zambarano Hospital; Rhode Island Emergency Management Agency; Judiciary, Clerks at the Superior Court; Office of the Public Defender, office personnel; and at the Office of the Secretary of State.

The Budget disburses \$544,677 in all funds and \$746 in internal service funds to impacted agencies in the FY2022 Budget.

Tort Awards ***(\$250,000)***

The Budget removes \$250,000 in general revenue for court awards. Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island. The Budget includes \$900,000 in general revenue for tort judgments. An appropriation of \$650,000 in FY2022 is based on historical expenditures.

VRI Savings ***(\$172,506)***

The Budget increases the projected voluntary retirement incentive (VRI) general revenue savings by \$172,506. The Budget included another voluntary retirement incentive (VRI) payment to active state employees as of January 4, 2021, who have a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

The FY2022 Budget estimated total VRI net all fund savings of \$19.0 million (\$8.2 million general revenue) covering FY2021 and FY2022. This projection was based on the assumption that 33.0 percent or 301 employees would take the VRI. The Budget Office updated the VRI savings projection. As of June 7, 2021, 307 employees took advantage of the VRI. The revised all fund savings decreased to \$16.7 million but the general revenue savings increased to \$8.3 million, reflecting an additional savings of \$172,506.

Office of Diversity, Equity, and Opportunity – New Administrator Position ***\$140,402***

The Budget includes \$140,402 in general revenue to support a new 1.0 Administrator State Equal Opportunity position in the Office of Diversity, Equity, and Opportunity. The purpose of the position is to support statewide equal opportunity initiatives. At the time of the budget submission, the position was vacant and was omitted from the budget.

Federal Fund Changes ***\$125.9 million***

The Budget increases federal funds by \$125.9 million for:

- **Emergency Rental Assistance:** The State received \$152.0 million in federal funds from the American Rescue Plan Act for emergency rental assistance to assist individuals that are unable to pay for rent or housing related utilities. The Budget appropriates \$114.0 million of the award in FY2022. The funds will be administered by RI Housing and the federal authorization to expend these funds will expire on September 30, 2025.
- **Homeowner Assistance Fund (HAF):** The State received \$50.0 million in federal funds from the American Rescue Plan Act to assist homeowners who are experiencing financial hardship. The HAF is to be used to prevent mortgage delinquencies, foreclosures, and loss of utilities. The Budget appropriates \$25.0 million of the award in FY2022. The funds will be administered by RI Housing and the federal authorization to expend these funds will expire on September 30, 2025.
- **COVID Relief – Surge Hospital Operations and Deconstruction:** The Budget decreases federal funds from \$12.0 million to \$2.1 million, a \$9.9 million reduction to reflect projected expenses for surge hospital operations and deconstruction.

- **COVID Related Expenses:** The Budget decreases federal funds by \$6.2 million to reflect expenses projected to be incurred in response to the COVID-19 pandemic during FY2022.
- **Library Services:** The Budget adds \$2.2 million in federal funds from the American Rescue Plan Act. This award from the Institute of Museum and Library Services will be administered by the Office of Library and Information Services to support library services throughout the State.
- **COVID Relief Residual Expenses:** The Budget increases federal funds from \$14.8 million to \$15.6 million, a \$786,365 increase, to reflect residual Coronavirus Relief Funds (CRF) to be redirected to the Division of Capital Asset Management and Maintenance as a contingency against unforeseen COVID-19 response expenses.

Restricted Receipt Fund Changes

\$15.8 million

The Budget increases restricted receipts by \$15.8 million for:

- **Pandemic Recovery and Grants Management:** The Budget increases restricted receipts by \$8.8 million pursuant to the Governor’s request to fund the operations, legal, and grants management by the Pandemic Recovery Office (PRO). The Governor intended to use federal funds from the American Rescue Plan Act. The Budget modifies the funding mechanism. Instead the Budget requires that the expenses incurred by the PRO will be billed through an assessment on all grants and the assessment will be maintained in a restricted receipt account.
- **Enterprise Resource Planning (ERP):** The Governor proposed borrowing \$49.8 million in certificates of participation (COPs) to finance a portion of the modernization of the State’s decades-old legacy systems for human resources, payroll, grants management, and financial data systems. The current system is outdated, leaving decision makers unable to receive accurate information in a timely manner. The current systems are susceptible to various single points of failure and are at-risk for security breaches. The new system, referred to as the Enterprise Resource Planning System (ERP), will have a total projected cost of \$68.7 million. The Budget modifies the funding mechanism. Instead, the FY2021 Revised Budget transfers \$67.0 million in State revenues to capitalize the State’s Information Technology Investment Fund (ITIF) to finance IT projects without issuing debt or incurring interest, including \$50.0 million for ERP. The FY2022 Budget adds \$5.0 million in restricted receipt ITIF funds to finance the first year of the project.
- **DCYF RICHIST Project:** The Governor proposed borrowing \$17.0 million in certificates of participation (COPs) to replace the Department of Children, Youth, and Families’ case management system, RICHIST, between FY2022 and FY2024. The Budget modifies the funding mechanism. Instead, the FY2021 Revised Budget transfers \$67.0 million in State revenues to capitalize the State’s Information Technology Investment Fund (ITIF) to finance IT projects without issuing debt or incurring interest, including \$17.0 million for RICHIST. The FY2022 Budget adds \$2.0 million in restricted receipt ITIF funds to finance the State’s 60.0 percent share of the \$3.3 million in expenses for the first year of the project. The Budget also includes \$1.3 million in federal funds in FY2022 within DCYF.

DEPARTMENT OF BUSINESS REGULATION

Current Service Adjustments

(\$634,167)

The Budget includes \$634,167 in general revenue savings (\$1.3 million all funds) to fund the Department at the current service level. This includes aligning some staffing and operating expenses in the Division of Building, Design, and Fire Professionals; reducing expenditures that appear in other agency budgets; and maintaining actuarial expenses at the Enacted level based on historical spending.

COVID-19 Response (federal funds)

(\$1.6 million)

Pursuant to the Governor’s Budget Amendment dated June 7, 2021, the Budget reduces federal funds by \$1.6 million to reflect updated projections for the Department’s expenses related to COVID-19.

Restricted Receipts Changes**(\$4.1 million)**

- **Adult-Use Marijuana:** The Budget reduces restricted receipts by \$3.9 million to reflect the elimination of the adult-use marijuana program proposed in the Governor's Budget. This includes the personnel costs of 13.0 new FTEs to oversee the market, \$1.2 million for the purchase of seed-to-sale software, and \$1.2 million for the administrative costs of the market including record keeping, office-related expenses, and obtaining outside legal counsel.
- **OHIC Personnel:** The Budget reduces restricted receipts by \$126,867 and eliminates 1.0 FTE to reflect the elimination of a proposal for the Office of the Health Insurance Commissioner to conduct pre-examination analyses and examinations of health insurers.

Rhode Island Capital Fund (RICAP) Changes**(\$100,000)**

- **Fire Marshal – Asset Protection:** The Budget reduces RICAP funding for the asset protection at the Fire Academy by \$100,000. This reflects the revised estimate of work to be completed in FY2022.

DEPARTMENT OF LABOR AND TRAINING**Real Jobs Rhode Island****(\$3.0 million)**

The Governor's Budget included an additional \$3.0 million in general revenue to support the Real Jobs Rhode Island (RJRI) program in FY2022. The Budget does not include this additional funding and instead level funds the RJRI program at \$5.4 million, consistent with the FY2021 Budget as Enacted. Additional federal funds are available to support workforce training initiatives.

Direct Care and Support Service Staff Training**\$600,000**

The Budget includes \$600,000 in general revenue to support enhanced training for direct care and support services staff. This enhanced training is intended to improve the quality of care of nursing facility residents as required in the Nursing Home Staffing and Quality Care Act, passed by the House and Senate in May2021. The Act requires that each nursing facility have the necessary nursing service staff, both licensed and non-licensed, on a twenty-four hour basis.

Workforce Development Services- Inmate Post Release**\$200,381**

The Budget includes an additional \$200,381 to support 1.5 FTE positions within the Department of Labor and Training. The Governor's Budget includes funding to support a partnership between the Department of Labor and Training and the Department of Corrections, but did not include funding for the positions that will be needed to support this partnership within DLT. No additional FTE positions will be required. The partnership will focus on providing resources to help incarcerated inmates navigate programs and increase access to employment once they are released.

Opportunities Industrialization Center**(\$100,000)**

The Budget removed \$100,000 in general revenue related to the elimination of a grant for the Opportunities Industrialization Center. The Center has ceased operations and funding is no longer required.

Federal Funds Changes:**\$322.3 million**

The Budget includes an additional \$322.3 million in federal funds including:

- **Unemployment Benefits:** The Budget includes an additional \$303.0 million in federal funds and \$1.1 million in other funds for unemployment benefits. These additional funds are required due to the COVID-19 pandemic. The Department experienced an uptick in individuals applying for unemployment insurance requiring additional federal funds to meet the demand for the additional claims.

The federal government also made a number of changes to unemployment insurance regulations as a result of the pandemic, including increasing the length of time a person may collect unemployment

insurance up to 79 weeks and including an additional supplemental payment for eligible individuals. Beginning in April 2020 the Department of Labor and Training was authorized to provide supplemental payments to individuals collecting unemployment. This additional payment was \$600/week from April 4, 2020, through July 31, 2020. An additional payment of \$300/week began again on January 2, 2021, and has been extended through September 4, 2021, at a rate of \$300/week.

- **Unemployment Administration:** The Budget includes an additional \$9.8 million in federal funds to support additional administrative costs needed to support unemployment insurance claims. The majority of this additional funding, \$7.8 million, is provided through Coronavirus Aid, Relief, and Economic Security (CARES) Act funds.
- **Back to Work RI:** The Budget includes \$9.5 million in FY2022 for Back to Work RI, this is a funding shift from FY2021. Back to Work RI is a program, run through the Governor’s Workforce Board, intended to help Rhode Island residents who have been displaced by the COVID-19 pandemic.

Employer Tax Unit Transfer (restricted receipts)

(\$1.1 million)

The Budget includes the transfer of the Employer Tax Unit from the Department of Revenue (DOR) to the Department of Labor and Training (DLT). The Employer Tax Unit administers the unemployment tax, the temporary disability tax, and the job development assessment tax. These taxes are used to fund Unemployment Insurance (UI) benefits and Temporary Disability Insurance (TDI) benefits. Although the Employer Tax Unit has been housed in DOR, the funding they collect is used for DLT benefit programs. The transfer is intended to centralize the unit’s efforts related to UI and TDI benefits. The transfer includes 35.0 FTE positions. There is no funding included as the Employer Tax Unit is already funded by DLT.

The \$1.1 million reduction is a shift from restricted receipts to other funds to accurately include where the funding for this unit will be budgeted.

DEPARTMENT OF REVENUE

Restricted Receipts Funds Changes

\$770,574

The Budget increases restricted receipt funds by a net \$770,574 over the Governor’s original proposed level within the Division of Taxation in FY22022.

- **TIF:** Pursuant to a Governor’s Budget Amendment request dated May 21, 2021, the Budget adds \$1.5 million in restricted receipts in FY2022 related to cover the projected expenditures for the first projects eligible for Tax Increment Financing reimbursements.
- **Adult Use Marijuana:** Article 11 of the Governor’s FY2022 Budget creates an adult-use marijuana program. The State’s Office of Cannabis Regulation within the Department of Business Regulation was to be the principal entity administering the program, with assistance and cooperation from various health, safety and taxation agencies. In the Division of Taxation, the Governor’s Budget provides \$798,938 from restricted receipts to support the personnel, operating, and contract services expenditures required by the Division to carry out its responsibilities under the program. The Budget does not include the adult-use marijuana program, and reduces restricted receipts accordingly.

Local Fiscal Recovery Fund (federal funds)

\$132.0 million

The Budget includes \$132.0 million in federal ARP funding in FY2022 from the U.S. Treasury’s Local Fiscal Recovery Fund (LFRF) grant. Program grants provide support to municipalities for public health expenditures, address negative economic impacts caused by the pandemic, replace lost public sector revenue, premium pay for essential works, and invest in water, sewer, and broadband infrastructure. Local Fiscal Recovery Funds are passed through to municipalities by the State.

Lottery Headquarters Roof Repairs (other funds) (\$170,200)

The Budget does not include the \$170,200 in Lottery Funds proposed by the Governor to be used to pay for the final repairs to the roof of the Division of Lottery's Cranston headquarters. The project was completed in 2020 and the proposed funding was erroneously included in the Governor's FY2022 Budget. Department of Public Safety

SECRETARY OF STATE**Rhode Island 250th Anniversary Commission \$100,000**

The Budget adds \$100,000 in general revenue to support the work of the Rhode Island Semiquincentennial Commission commemorating the 250th Anniversary of the founding of the United States. Funding will be used to contract an employee as well as to conduct marketing, advertising, and operating supplies.

Staffing Base Adjustment \$85,549

Pursuant to the Governor's Budget Amendment dated May 21, 2021, the Budget increases general revenue by \$85,549, to fund a projected deficit in general revenue and over-projection of restricted receipts for the Historic Records Trust.

The Budget uses the Historical Records Trust to fund certain personnel and operating costs in the State Archives program. The Historical Records Trust account restricted receipt portion 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 helps to fund operating costs in the State Archives program.

For FY2022, the Governor included \$158,405 in general revenue and \$532,697 in restricted receipts. The Office of the Secretary of State argues that the restricted receipt amount is overstated by \$85,549 and that the projected collections will not cover the State Archive expenses in FY2022. The budget amendment adds \$85,549 in general revenue and decreases restricted receipts by the same amount.

OFFICE OF THE GENERAL TREASURER**Unclaimed Property Expenses (restricted receipts) \$3.7 million**

Based on Treasury's testimony received during Revenue Estimating Conferences conducted in May 2021, net expenditures in the Unclaimed Property program are projected to increase by \$3.7 million.

Unclaimed Property Accounts	FY2022 Gov	FY2022 Chg to Gov	Change
Rate reimbursement change	\$9,500,000	\$14,200,000	\$4,700,000
Refunds/Bad Debt	14,000,000	13,000,000	(1,000,000)
Change in Liability	(730,464)	(730,464)	-
Total	\$22,769,536	\$26,469,536	\$3,700,000

Based on Conference projections, the transfer to the General Fund increases \$4.7 million, claim payouts decrease by \$1.0 million, and the change in liability (the amount required by general accounting rules that the fund must carry forward to the next fiscal year for claim payouts) remains as recommended, resulting with an increase of \$3.7 million. [\$4,700,000 + (\$1,000,000) + \$0 = \$3,700,000].

EXECUTIVE OFFICE OF COMMERCE**Rebuild RI****\$30.0 million**

The FY2021 Supplemental Budget provides \$52.5 million for the Rebuild RI program, \$30.0 million more than the Governor's proposed amount. The Rebuild Rhode Island program uses both tax credit and sales tax exemption to promote investment in real estate development for commercial and/or residential use. The Commerce Corporation has awarded \$192.2 million in combined tax credits and sales tax exemptions across 49 projects. Appropriated general revenue is set aside in the Rebuild RI Fund. On an annual basis, the Commerce Corporation works with the Executive Office of Commerce (EOC), the Department of Administration (DOA), and the Division of Taxation to determine the availability of funds to award new tax credits and sales tax exemptions. The Director of Revenue requests the amounts necessary to offset the revenue loss that occurs the credits and exemptions are exercised.

Budget	Rebuild RI	
	Appropriation	Awarded
2016 Enacted (Final)	\$1,000,000	\$32,944,041
2017 Enacted (Final)	25,000,000	56,334,991
2018 Enacted (Final)	12,500,000	38,266,656
2019 Enacted (Final)	11,200,000	14,617,222
2020 Enacted (Final)	-	13,342,889
2021 Enacted	22,500,000	36,692,300
<i>Subtotal - Activity to Date</i>	<i>\$72,200,000</i>	<i>\$192,198,099</i>
2021 Final Revised	37,500,000	36,692,300
2022 Budget (HFC)	52,500,000	-
Total	\$139,700,000	\$192,198,099

The following table provides the estimated obligations and annual drawdowns by fiscal year. It also shows an appropriation scenario that sufficiently covers planned draw down activity. The combined FY2021 and FY2022 investment of \$90.0 million reduces the amount of out-year appropriations, originally planned to average \$25.0 million annually, necessary to cover the draw downs and leave a reasonable ending balance, for the following fiscal year.

	Estimated Cash Flow Summary for Rebuild RI										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance	\$48.2	\$38.7	\$53.9	\$67.3	\$51.4	\$30.6	\$18.4	\$14.8	\$17.9	\$15.9	\$9.2
Combined Draw Downs*	(9.5)	(22.3)	(39.1)	(30.9)	(35.8)	(22.2)	(13.6)	(6.9)	(2.0)	(6.7)	0.0
Estimated Appropriation [^]	0.0	37.5	52.5	15.0	15.0	10.0	10.0	10.0	0.0	0.0	0.0
Ending Balance	38.7	53.9	67.3	51.4	30.6	18.4	14.8	17.9	15.9	9.2	9.2

*Includes tax credits and sales tax exemptions. Amounts take into consideration all projects as of May 10, 2021.

[^] Appropriation levels for FY2023 through FY2030 have been chosen for demonstration purposes only. The appropriation amounts are Senate Fiscal

Housing Production Fund**\$25.0 million**

The Budget provides \$25.0 million in one-time general revenue to capitalize a new restricted fund that will support the production of affordable housing in Rhode Island. Article 14 of the Budget creates the new restricted receipt fund, called the Housing Production Fund (HPF), and establishes a new dedicated funding stream for affordable housing construction by increasing the real estate conveyance tax on the property value above \$800,000 and depositing it into the HPF.

Quonset Development Corporation**\$1.2 million**

The Budget provides \$1.2 million in one-time general revenue to the Quonset Development Corporation (QDC) in FY2022. The FY2020 Budget as Enacted included a revenue initiative that required QDC to transfer \$1.2 million of its reserves to the general fund by June 30, 2020. The Budget restores these funds back to the QDC.

Rhode Island Municipal Infrastructure Grant Program**\$1.0 million**

The Budget provides \$1.0 million for grants to be made through the State's Municipal Infrastructure Grant program (MIG). Through the program the State provides public infrastructure grants to municipalities for design, construction, building, land acquisition, rehabilitation, repair, and other improvements to publicly owned infrastructure including sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian ways. The program also assists

municipalities with economic development projects, housing development and rehabilitation, and other community development projects.

Article 9 of the Budget shifts the MIG program from the Division of Statewide Planning (Division), within the Department of Administration (DOA), to the Rhode Island Infrastructure Bank (RIIB), a quasi-public corporation that provides low-interest loans to municipalities for infrastructure projects.

Small Business Programs Shift ***(\$350,000)***

The Governor’s proposed FY2022 Budget included \$1.0 million for the Executive Office of Commerce’s Small Business Assistance program, which helps small businesses (under 200 employees) gain access to capital through the Commerce Corporation’s lending partners. Since it was established in 2015, the program has disbursed \$4.3 million through its partners, generating \$20.9 million in total loans to 150 businesses.

The Budget reduces the appropriation to \$650,000 and shifts \$350,000 to the University of Rhode Island’s Small Business Development Center (SBDC), augmenting the latter’s FY2022 Budget to \$700,000. The SBDC provides small business owners with the no cost expert counseling, relevant training, and access to important resources. Since FY2018, the SBDC has received \$350,000 annually in state support, which has then been used to leverage additional federal funding. However, additional funding in FY2022 is necessary in order to fully meet the current matching requirements. According to the RISBDC, every \$1 of state investment generates \$3 in state return.

Industry Cluster Grants ***(\$100,000)***

The Budget does not reauthorize the Executive Office of Commerce’s Industry Cluster Grant program and eliminates the Governor’s proposed \$100,000 for it in FY2022. Established in FY2016, the program provided matching grants to start or improve industry sector partnerships or “clusters”. These partnerships are intended to facilitate the exchange of ideas, solve problems unique to the sector, share personnel and technology resources. The General Assembly has appropriated \$1.5 million for the program since it was established and the Commerce Corporation has awarded \$1.3 million to 12 industry partnerships and one business accelerator.

Housing Production Fund (restricted receipts funds) ***\$359,327***

The Budget includes a net \$359,327 increase above the Governor’s FY2022 recommended level for restricted receipts within the EOC’s new Housing Production Fund. Article 14 of the Budget establishes the Housing Production Fund to support the development of affordable housing and creates a dedicated funding stream for this purpose by increasing the real estate conveyance tax on the value of sold property above \$800,000 and depositing it into the fund. The Office of Management and Budget (OMB) originally estimated that this change would yield \$862,513 in revenue available to spend on affordable housing in FY2022. Subsequent to the submittal of the Budget, OMB realized that it had underestimated the amount by \$431,283. The Governor requested an amendment to the Budget on April 19, 2021, to correct this error. In the same request, the Governor proposed exempting affordable housing developments that use federal low-income housing tax credits from the transfer tax. This proposal reduces general revenue by \$71,957. The Budget makes both these adjustments.

Federal Funds Changes ***\$81.0 million***

The Budget includes a net \$81.0 million in additional federal pandemic relief and recovery funding in the Executive Office of Commerce in FY2022.

Federal Initiative	FY2022
Small Business Credit Initiative (ARP)	\$56.2
HOME Investment Partnerships (ARP)	13.5
EAA Revolving Loan Fund Capitalization (ARP)	6.8
COVID-19 Response (CRF)	4.5
Stimulus Reserve	(0.1)
Total	\$81.0

\$ in millions

- **State Small Business Credit Initiative:** The Budget includes \$56.2 million in federal American Rescue Plan Act (ARP) funding in FY2022 from the U.S. Treasury’s State Small Business Credit Initiative (SSBCI) grant. The grant provides small business credit support and investment programs, which the Executive Office of Commerce will administer. Funding may be used for small business financing programs and technical assistance to small businesses applying for SSBCI and other government programs. Small business financing programs that SSBCI funds may be used to support include capital access programs, loan participation, loan guarantee, collateral support, and venture equity programs.
- **HOME Investment Partnerships:** The Budget includes \$13.5 million in federal ARP funding in FY2022 from the U.S. Department of Housing and Urban Development’s (HUD) HOME Investment Partnerships Program grant. The grant assists individuals or households who are homeless, at risk of homelessness, and other vulnerable populations, by providing housing, rental assistance, supportive services, and noncongregate shelter, to reduce homelessness and increase housing stability. These funds will be administered by the Executive Office of Commerce and remain available through September 30, 2025.
- **EAA Revolving Loan Capitalization:** The Budget includes \$6.8 million in federal ARP funding in FY2022 from the U.S. Department of Commerce’s Economic Adjustment Assistance Revolving Loan Fund (EAA RLF) program. The program supports loans to businesses that cannot otherwise obtain traditional bank financing and provide access to capital as gap financing that enables small businesses to grow and lead to new employment opportunities with competitive wages and benefits. These funds will be available through FY 2022.
- **COVID-19 Response:** The Governor’s proposed FY2022 Budget assumed six-months of pandemic-related activity and included \$4.5 million in CRF funding for it. Subsequent to the submittal of the Budget in March 2021, the Governor determined that a comprehensive pandemic response by EOC will necessarily have to span the entire fiscal year. A budget amendment requesting an additional \$4.5 million in federal CRF funds was made in June 2021 and the Budget includes this additional appropriation.
- **Stimulus Reserve:** The Governor’s proposed FY2022 Budget included \$91,250 as a federal stimulus reserve with the Central Management program of the EOC. Subsequent to the submission of the proposed Budget, the Governor requested an amendment to the Budget eliminating this reserve explaining that a federal grant source had not been identified to fund the reserve and that with the additional federal funding made available by ARP, it was no longer needed.

Quonset Industrial Park infrastructure (RICAP funds)

\$2.9 million

The Budget includes an additional \$2.9 million in FY2022, for a total of \$6.0 million, for the ongoing Quonset Industrial Park infrastructure renovations and improvements. The FY2021 Budget as Enacted authorized level for the project in FY2022 was \$6.0 million. According to the Office of Management and Budget, the Governor’s FY2022 proposed level erroneously reduced the amount to \$3.1 million. The Governor requested a budget amendment in April 2021 that adjusts the amount. The project includes

various infrastructure improvements at the Park, such as road infrastructure improvements, including increasing roadway crossings capacity for heavier shipping, electrical system, and gas and sewer line relocation, in preparation for potential future expansion and additional development.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

May Caseload Estimating Conference

\$16.8 million

The Budget includes a net general revenue increase of \$16.8 million (\$78.4 million all funds) to reflect the results of the May 2021 Caseload Estimating Conference (CEC). The variance is related to a projected increase in enrollment because the Executive Office may not terminate beneficiaries during the COVID-19 public health emergency, which is currently extended through December 2021. The State impact of the enrollment surge is mitigated by a temporary 6.2 percent increase in the federal medical assistance percentage (FMAP) rate which is available to offset general revenue expenditures through the same date.

The \$16.8 million figure also accounts for the impact of the CEC estimates on proposals that were included in the Governor's Budget. This results in a net increase of \$24.7 million to account for initiatives that are included in the adopted estimate or were recalculated using updated projections. There is also one initiative related to transitions from Eleanor Slater Hospital that was proposed in Article 12 but was not accounted for in the Governor's Budget. The Governor submitted an amendment on April 12, 2021, adding \$5.9 million from general revenues to reflect the additional costs associated with this proposal.

Initiative (General Revenue)	FY2022 Governor	FY2022 Current	Change to Governor	Reason for Change
Caseload Estimating Conference	\$1,009,281,231	\$1,001,427,597	(\$7,853,634)	
Enhanced FMAP	(46,669,828)	-	46,669,828	Included in CEC
Disproportionate Share Hospital	32,563,827	-	(32,563,827)	Included in CEC
LTSS Resiliency and Rebalancing	(4,517,202)	436,406	4,953,608	Rebased
Outpatient UPL	(2,158,639)	(2,629,573)	(470,934)	Rebased
Managed Care Risk Margin	(1,244,185)	(1,241,586)	2,599	Rebased
Graduate Medical Education	(1,000,000)	(1,000,000)	-	
Rlte Share	(729,128)	(688,860)	40,268	Rebased
Program Integrity	(700,938)	(518,189)	182,749	Rebased
Home Stabilization	660,000	612,190	(47,810)	Rebased
Third Party Liability	(575,791)	(536,405)	39,386	Rebased
Health Care Cost Trends	150,000	139,740	(10,260)	Rebased
Community Health Workers	(115,082)	(107,593)	7,489	Rebased
Perinatal Doula Services	112,252	104,840	(7,412)	Rebased
Eleanor Slater Transitions	-	5,861,565	5,861,565	Budget Amendment
Total	\$985,056,517	\$1,001,860,132	\$16,803,615	

Enhanced FMAP Reserve

\$39.0 million

The Budget adds \$39.0 million from general revenues to account for the potential early expiration of the enhanced FMAP. As noted above, the enhanced rate is currently extended through December 2021 and is accounted for in the May 2021 CEC estimate. However, it can be terminated by the federal government prior to December with 60 days' notice. Because of the notice requirement, the enhanced rate is guaranteed for the first quarter of FY2022; however, it is possible that the enhanced rate could be withdrawn before second quarter. This would shift approximately \$39.0 million in expenses back to the State; the Budget maintains a reserve in the event that this occurs.

Hospital Payments

\$10.6 million

The Budget adds \$10.6 million from general revenues (\$28.2 million all funds) to restore supplemental payments to community hospitals. This includes \$2.0 million from general revenues for the Graduate Medical Education (GME) payment and \$8.6 million from general revenues (\$26.2 million all funds) for

the inpatient and outpatient upper payment limit (UPL) payments. Article 1 contains proviso language that distributes \$1.0 million of the GME appropriation to hospitals designated as Level I Trauma Centers (Rhode Island Hospital) and \$1.0 million to hospitals with a Neonatal Intensive Care Unit (Women & Infants).

Pay for Success

\$6.0 million

The Budget adds \$6.0 million from general revenues to capitalize a restricted receipt account for the pay for success housing program established in Article 14. The program allows EOHHS to contract with non-profit investors and service providers to provide permanent supportive housing and wraparound services to 125 individuals experiencing homelessness. Providers will only receive funds if specific contract benchmarks are achieved. The Budget includes \$1.5 million in restricted receipt expenditures in FY2022 to reflect year one of the program; the remaining \$4.5 million will be spent in future years.

Initiative Savings Delays

\$4.3 million

The Budget adds \$4.3 million from general revenues (\$10.1 million all funds) to reflect a delay in the return on investment for a number of new programs. The Governor's Budget provided additional funding for several new Medicaid programs, but assumed that the costs would be offset by lower healthcare costs or other returns. The Budget includes the investments, but does not assume the same level of savings due to uncertainty in the estimates. This applies to the investments made in long term services and supports (LTSS) programs, community health workers, and perinatal doula services. The Budget assumes that savings will eventually be achieved, but it is not likely to occur immediately.

Eleanor Slater Hospital Transitions

(\$2.9 million)

Pursuant to the Governor's Budget Amendment dated June 6, 2021, the Budget removes \$2.9 million in general revenue funding that was associated with the Governor's proposal to redesign the State-run Eleanor Slater Hospital (ESH). Article 12 of the Governor's Budget included rate enhancements for patients with complex behavioral health diagnoses, on ventilators, or in Mental Health Psychiatric Rehabilitation Residential (MHPRR) programs to incentivize community-based settings to accept complex patients from ESH. The May 2021 CEC estimate included \$5.9 million to support the additional costs of moving patients from ESH to community-based settings funded by Medicaid. Of this amount, \$2.9 million was for 32 patients currently at ESH who would be discharged into community-based settings and \$2.9 million captured the costs to increase rates for certain non-ESH patients already living in the community. The Governor's proposal to redesign Eleanor Slater Hospital was later withdrawn and the Budget removes the costs associated with the ESH population; however, the Budget maintains the funding to increase rates for high-need non-ESH patients.

Managed Care Risk Margin

\$1.2 million

The Budget adds \$1.2 million from general revenues (\$4.6 million all funds) to maintain the risk margin included in the managed care rates to the current level of 1.5 percent. The Governor's Budget reduced the margin to 1.25 percent.

Nursing Home Staffing

\$668,763

The Budget adds \$668,763 from general revenues (\$1.5 million all funds) to reflect the 0.5 percent rate increase included in 2021-S-0002, the nursing home staffing legislation enacted by the General Assembly in May 2021. The rate increase is effective October 1, 2021. Additional rate adjustments are required in October 2022 and October 2023.

Rlte Share

\$427,005

The Budget does not include the Governor's proposal to impose reporting requirements and penalties for businesses with employees on Medicaid. This restores \$688,860 in general revenue savings and removes \$261,855 in general revenue implementation costs. An additional \$1.6 million in federal funds are also restored.

RIPIN Contract **\$279,000**

The Budget adds \$279,000 from general revenues (\$558,000 all funds) to restore the Governor's proposed cut to the Rhode Island Parent Information Network (RIPIN) contract that provides case management and other supports to individuals with complex healthcare needs.

Health Care Cost Trends **(\$139,740)**

The Budget does not include the Governor's proposal to impose a \$1 fee per insured individual per year to fund the health care cost trends project. The Governor's Budget assumed \$502,752 in new restricted receipts from this proposal, most of which was paid by the State through the Medicaid managed care plans. The Budget reduces managed care expenditures by \$330,980 all funds, including \$139,740 from general revenues, to exclude the fee and removes the \$502,752 in new restricted receipts, accordingly.

Clinical Evaluator **(\$90,000)**

The Budget removes \$90,000 in general revenue funding (\$180,000 all funds) proposed by the Governor for a contracted clinical evaluator specializing in children's behavioral health. This service is already provided through the Department of Children, Youth, and Families.

COVID-19 Response (federal funds) **(\$2.8 million)**

Pursuant to the Governor's Budget Amendment dated June 7, 2021, the Budget reduces federal funds by \$2.8 million to reflect updated projections for the Executive Office's expenses related to COVID-19.

Adult-Use Marijuana (restricted receipts) **(\$1.4 million)**

The Budget removes \$1.4 million in restricted receipt funding that was allocated to EOHHS to support data analysis and other public health initiatives associated with the Governor's proposed adult-use marijuana program. The funding is excluded as the Budget does not legalize adult-use marijuana.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES**Accreditation Staffing** **\$9.4 million**

The Budget adds \$9.4 million from general revenues and 75.0 FTE positions in support of the staffing needs that were identified in the October 2020 accreditation plan submitted by the Department. The plan highlighted the need for an additional 91.0 FTE positions in order to meet accreditation standards, including frontline staff and quality management personnel. The Budget provides the authorization and funding for these positions. The Governor's Budget already included 16.0 FTEs to bolster frontline staff; the Budget provides the difference of 75.0 FTEs. The funding includes \$8.7 million for salaries and benefits and \$591,581 for fixed costs such as application fees.

Sublet Savings **\$478,123**

The Budget restores \$478,123 in general revenue savings associated with the Governor's recommendation to sublet the Department's primary office space at 101 Friendship Street in Providence. With the additional staffing, the Department is anticipated to require the use of the space.

Workload Study **\$200,000**

The Budget adds \$200,000 from general revenues to fund a workload study tool. This is required as part of a corrective action plan that resulted from the Department's failure to meet a number of benchmarks established in the Children's Rights Settlement.

Federal Fund Changes **\$2.0 million**

The Budget adds \$2.0 million from federal funds for the following:

- **RICHIST:** Pursuant to the Governor's Budget Amendment dated April 19, 2021, the Budget adds \$1.3 million from federal funds to reflect the 40.0 percent federal share of the \$3.3 million in planned costs for the RICHIST upgrade in FY2022.

- **Child Care Rates:** The Budget adds \$686,767 from federal funds to reflect the cost to increase reimbursement rates for child care under Article 13. DCYF incurs child care expenses on behalf of children in foster care and the payments are subject to these rate increases.

COVID-19 Response (federal funds)**\$92,153**

The Budget adds a net \$92,153 in federal funds related to COVID-19 programs and other federal pandemic relief. This includes:

- An increase of \$1.5 million to account for federal funds received directly from the federal government in the Consolidated Appropriations Act of 2021 and the American Rescue Plan. This is the net of \$682,915 in Community-Based Child Abuse Prevention funds and \$319,138 in Child Abuse State Grant funds to improve child protective services; \$257,651 in Chafee Education and Training Vouchers to help reconnect youth to education that was interrupted by the pandemic; and \$208,042 in MaryLee Allen Promoting Safe and Stable Families Program funding for family preservation and other prevention and reunification efforts.
- A reduction of \$1.4 million pursuant to the Governor's Budget Amendment dated June 7, 2021, to reflect updated projections for the Department's FEMA reimbursements related to COVID-19.

DEPARTMENT OF HEALTH**Shift to Opioid Stewardship Funds****\$1.5 million**

The Budget reverses general revenue savings of \$1.5 million within the Health Laboratories and Medical Examiner program, shifting the expenditures from restricted receipts back to general revenue. The Governor's Budget shifted these expenses to available Opioid Stewardship Funds. Funds raised through the opioid registration fee must be appropriated by the General Assembly and can only be used for opioid treatment, recovery, prevention, education services, and other related programs.

Center for Health Data & Analysis**(\$214,450)**

The Budget reduces general revenue expenditures by \$214,450 for an expansion of the Center for Health Data & Analysis. The expansion would have been funded by the Governor's proposed fee for special data requests which was excluded from the Budget.

COVID-19 Response (federal funds/restricted receipts)**\$75.2 million**

The Budget includes a net increase of \$75.2 million in federal funds and restricted receipts for the Department's response to COVID-19. The funds are allocated as follows:

- **Testing:** The Budget increases federal funds by \$38.7 million for costs related COVID-19 testing. This includes testing and lab supplies, infrastructure for testing sites, and transportation costs.
- **Stimulus Reserve:** The Budget reduces federal stimulus reserve funds by \$27.3 million. The Governor's Budget included these funds assuming that additional stimulus funds would pass by Congress.
- **Vaccinations:** The Budget increases federal funds by \$21.9 million for the distribution of the COVID-19 vaccine. This includes cold storage, security, transportation, and supplies of the vaccine; personnel to conduct vaccinations; infrastructure; and communications and outreach.
- **Personnel Costs:** The Budget increases restricted receipts by \$17.2 million for personnel costs related to the COVID-19 pandemic. This includes the addition of 15.0 new FTEs.
- **Public Health Communications and Data Analytics:** The Budget increases federal funds by \$9.2 million for communications, data, modeling, and analytics related to the COVID-19 pandemic.
- **Contact Tracing:** The Budget increases federal funds by \$8.9 million for the infrastructure required for contact tracing and investigations and the personnel to manage the overall process.

- **Other Related Expenses:** The Budget increases federal funds by \$6.6 million for other COVID-19 related expenses.

Adult-Use Marijuana (restricted receipts) ***(\$366,785)***

The Budget reduces restricted receipts by \$366,785 that was included in the Governor’s Budget to fund 2.0 FTE positions and operating expenses associated with the legalization of adult-use marijuana. The funding and positions are eliminated as the Budget does not establish a legal adult-use marijuana market.

DEPARTMENT OF HUMAN SERVICES

May Caseload Estimating Conference ***(\$784,431)***

The May 2021 Caseload Estimating Conference led to a general revenue decrease of \$784,431 and a federal funds decrease of \$4.2 million from the November 2020 Caseload Estimating Conference. The general revenue decrease is related to a decrease in the number of persons included in the General Public Assistance (GPA) program, as well as changes in the child care program allowing for additional costs to be supported by federal funds. The decrease in federal funds is related to a decrease in persons for the Supplemental Security Income (SSI) Program, RI Works program, and changes within child care costs.

Home and Community Care for Early Onset Alzheimer’s ***\$446,192***

The Budget includes an additional \$446,192 in general revenue and \$610,633 in federal funds to support an expansion of the Office of Health Aging’s Home and Community Care to support persons with early onset Alzheimer’s.

Veterans’ Home ***(\$179,553)***

Pursuant to a Governor’s Budget Amendment dated April 19, 2021, the Budget includes a general revenue savings of \$179,553 million and a federal funds savings of \$1.2 million within Veterans’ Services. This decrease accounts to allotted funding available in FY2022.

Federal Funds Changes: ***\$101.7 million***

The Budget includes an additional \$101.7 million in federal funds for the Department including the following:

- **Consolidated Appropriations Act:** The Budget includes an additional \$35.6 million in funding from the Consolidated Appropriations Act (CAA). The CAA was signed into law in December 2020 and includes an additional \$680.9 million for Rhode Island. The \$35.6 million included in DHS will support additional Low Income Heating Assistant Program (LIHEAP) costs, adult protective services, congregate and home delivered meals programs, emergency food assistance, vaccine access and the Veterans’ Home.
- **Child Care Providers Stabilization Grants:** The Budget includes \$57.3 million for child care stabilization grants to support child care centers that have been open during the pandemic. Child care centers were required to make a number of changes to their facilities to continue to support children and families including increase sanitization needs, additional space for social distancing, and modified hours.
- **RI Works Benefit Increase:** The Budget includes an additional \$4.3 million to support expanded eligibility for the RI Works program. Article 13 of the Budget increase the cash assistance amounts for families who qualify for the RI Works program.
- **Vocational Rehabilitation:** The Governor’s Budget inadvertently included an additional \$4.0 million in federal funds for vocational rehabilitation services. The Budget removes these funds as they are not available in FY2022.

- **Child Care Rate Increase:** Includes an additional \$3.6 million to support increase child care rates for licensed child care centers and licensed child care family providers. Rates for child care centers are implemented in a tier structure based on the centers state quality system rating. Rates for licensed child care family providers are determined through collective bargaining.
- **LIHEAP Funding Shift:** The Department anticipated spending \$2.6 million in Low Income Heating Assistant Program (LIHEAP) funds in FY2021. The Budget shifted the remaining \$3.3 million in unspent funding to FY2022.
- **Federal Funds Revision:** The Budget shifts \$1.1 million in federal funds to FY2022 to reflect updated projected expenditures.
- **Child Care Co-Pays:** The Budget includes \$485,679 to support capping child care co-pays at 7.0 percent of a family's income. This is supported by federal TANF funds.
- **Aging and Disability Resource Center:** The Budget includes \$158,836 from the American Rescue Plan to support vaccine access and distribution at aging and disability resource centers. This is intended to allow seniors and disabled persons to gain access to the COVID-19 vaccine.

Paratransit Program (other funds)

(\$158,508)

The Budget includes a decrease of \$158,508 in other funds to support the Department's Paratransit Program run through the Office of Healthy Aging. This decrease reflects a downward revision of the gas tax estimate from the Department of Revenue. In May 2021, the Office of Revenue Analysis estimated the gas tax per-penny yield will decrease by \$82,160 per penny in FY2022.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS

Eleanor Slater Transformation

\$38.7 million

Pursuant to the Governor's Budget Amendment dated June 6, 2021, the Budget restores general revenue savings of \$38.7 million within the Eleanor Slater Hospital (ESH). ESH provides care for approximately 200 patients across two campuses. The census consists of forensic, undocumented, psychiatric, and long-term medical patients. Due to federal billing issues, the State has primarily paid for ESH services as a State-only expense since FY2020. The State engaged with Alvarez & Marsal to develop a redesign plan to address these issues and the Governor's Budget included \$38.7 million in related savings by reducing staffing and operating costs and discharging patients to lower levels of care. The redesign plan would have closed all buildings on the Pastore campus except for the Benton building, which would be separately licensed as an Institute for Mental Disease and would serve forensic patients who are hospitalized by court order. A new facility on the Zambarano campus would have been built and licensed as a mixed-use facility for skilled nursing, custodial care, and traumatic brain injuries.

The State submitted a Medicaid State Plan Amendment (SPA) to allow billing for certain patients at the Hospital in May of 2020 and the application was approved by the Centers for Medicare and Medicaid Services on March 25, 2021. However, there is still a concern that the Hospital is out of compliance with the IMD exclusion, which does not allow the State to bill Medicaid when the majority of patients have a primary diagnosis of mental disease. Currently, the State is working with a contractor to review patient records to ensure the accuracy and eligibility for reimbursement of certain expenses from Medicaid. The Budget reverses the proposed savings while accuracy and eligibility are determined.

DSP Wage Increase

\$7.8 million

Pursuant to the Governor's Budget Amendment dated June 7, 2021, the Budget increases general revenues by \$7.8 million and federal funds by \$19.0 million to provide a wage increase for Direct Support Professionals (DSPs). The Amendment also repurposes \$9.0 million in general revenues and \$4.0 million in federal funds that the Governor's Budget allocated for a developmental disability system transformation fund. The Governor's Budget included \$10.0 million from general revenues and \$5.0 million from federal

funds for the transformation fund; the Budget retains the remaining \$1.0 million from general revenues and \$1.0 million from federal funds to be used for State infrastructure to implement and manage compliance with the Consent Decree. The combined all funds total of \$39.7 million for DSP wages is anticipated to increase the average wage from \$13.18 to \$15.75 per hour. Article 1 includes proviso language ensuring that the general revenue and federal funds appropriations are directed towards the wage increase and that the Consent Decree allocation shall be reappropriated to future years if not used in FY2022.

RICLAS Privatization

\$4.5 million

The Budget adds \$4.5 million from general revenues, \$6.5 million from federal funds, and \$1.1 million from restricted receipts to reflect the reversal of the Governor's proposed privatization of the Rhode Island Community Living and Supports (RICLAS) system. RICLAS operates 20 State-owned and State-run group homes for approximately 115 individuals. The operations and clients of the RICLAS system would have been transitioned to private licensed Developmental Disability Organizations (DDOs). The Budget does not include the proposal and adjusts funding accordingly.

ESH Medicaid Billing

(\$2.0 million)

Pursuant to the Governor's Budget Amendment dated June 6, 2021, the Budget reduces general revenues by \$2.0 million and increases federal funds by the same amount to reflect that the Department can bill for a portion of the patient population regardless of the Hospital's patient mix.

Maintenance of Need

\$1.1 million

Pursuant to the Governor's Budget Amendment dated April 12, 2021, the Budget adds \$1.1 million from general revenues to reflect the increase in the Maintenance of Need allowance from 100.0 percent of the federal poverty level plus \$20 to 300.0 percent of the federal Social Security Income standard. This increase is part of the Medicaid long-term services and supports (LTSS) redesign included in Article 12 and allows individuals to retain more of their income while receiving Medicaid services. The increase requires the State to contribute more towards an individual's cost of care. The funding was initially added to the Executive Office of Health and Human Services in the Governor's Budget; a portion was later shifted to BHDDH to reflect the additional costs on behalf of individuals with developmental disabilities.

Hospital License Fee

(\$16,893)

The Budget includes \$16,893 in general revenue savings to reflect a reduction in the hospital license fee. The fee, which is paid by all hospitals in the State including Eleanor Slater Hospital (ESH), is reduced from the Governor's recommendation of 6.0 percent to 5.725 percent in FY2022. The Budget assumes that the fee will be paid as a State-only expense due to federal billing issues.

Federal Fund Changes

\$25.1 million

The Budget increases federal funds by \$25.1 million within the Behavioral Healthcare Services program to reflect the receipt of federal grants through the Consolidated Appropriations Act of 2021 and American Rescue Plan as follows:

- **Substance Abuse Prevention and Treatment Block Grant:** The Budget adds \$13.5 million from federal funds provided by the Substance Abuse and Mental Health Services Administration (SAMHSA), with \$7.1 million awarded under the Consolidated Appropriations Act and \$6.4 million under the American Rescue Plan. The funds are to help plan, implement, and evaluate activities that prevent and treat substance abuse and to support providers.
- **Mental Health Services Block Grant:** The Budget adds \$8.7 million in new block grant funds provided by SAMHSA, with \$3.1 million under the Consolidated Appropriations Act and \$5.6 million under the American Rescue Plan. The funds are to provide and monitor comprehensive community-based services for adults with serious mental illnesses and children with serious emotional disturbances.

- **Emergency Grants to Address Mental Health and Substance Use Disorders:** The Budget adds \$2.9 million from federal funds that were directed to the Department under the Consolidated Appropriations Act of 2021 to improve access to behavioral healthcare services. This includes enhancing crisis intervention, providing treatment, and bolstering telehealth services.

Restricted Receipts Changes

\$1.3 million

The Budget adds \$1.3 million from restricted receipts for the following:

- **Financial Management:** Pursuant to the Governor’s Budget amendment dated April 19, 2021, the Budget increases restricted receipts by \$580,409 to correct an inadvertent negative expenditure and to increase the restricted receipt account to reflect historical trends.
- **Regional Substance Abuse Prevention and Treatment Block Grant:** The Budget adds \$500,000 in Opioid Stewardship funds to support the State’s seven regional substance abuse prevention coalitions. These funds shall be apportioned equally in the amount of \$71,428 to each regional coalition. Funding supports access to resources, developing plans to address any gaps in resources or community readiness, implementing interventions based on community needs, and evaluation.
- **Adult-Use Marijuana:** The Budget reduces restricted receipts by \$236,734 that was included in the Governor’s Budget for 2.0 FTE positions and operational costs to promote and oversee prevention and treatment related to the legalization of adult-use marijuana. The positions and funding were excluded as the Budget does not legalize adult-use marijuana.
- **Suicide Prevention Grant:** Pursuant to the Governor’s Budget Amendment dated May 21, 2021, the Budget increases restricted receipts by \$30,000 to reflect the receipt of a grant to launch a suicide prevention hotline. BHDDH has received funding from the Vibrant Emotional Health’s National Suicide Prevention Lifeline to support the State’s coordination, capacity, funding, and communication strategies for the launch of a national suicide prevention hotline.

COMMISSION ON DEAF AND HARD OF HEARING

Current Service Adjustment

\$21,000

The Budget adds \$21,000 from general revenues to fully fund the Commission’s 4.0 FTE positions. The Governor’s Budget appeared to understate the expenses for these staff. All positions are currently filled and the Budget adjusts funding, accordingly.

OFFICE OF THE CHILD ADVOCATE

Unfreeze Grants Manager Position

\$18,137

The Budget adds \$18,137 from general revenues and \$72,548 from federal funds to restore funding for the Office’s Grants Manager position. The Governor’s Budget froze the position in order to achieve marginal general revenue savings. The position is funded with 80.0 percent federal funds.

ELEMENTARY AND SECONDARY EDUCATION

Density Aid

\$1.0 million

The Budget reestablishes density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school and provides \$1.0 million in education aid for FY2022. The intent is to provide one \$500 payment for each new resident student enrolled in a charter or state school. For FY2022, the aid will be calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In subsequent fiscal years, the \$500 will be paid for each new charter or state school student relative to the previous year.

Education Aid Data Update - Hold Harmless**\$649,319**

In an effort to hold local education agencies (LEAs) harmless from enrollment declines due to the COVID-19 pandemic, the Budget provides that, in FY2022, the enrollment used to calculate education aid will be the greater of March 2020 or March 2021. The Student Success Factor (SSF), which provides a 40.0 percent weight for each student living in poverty, will be calculated based on the year with the greatest percentage of students enrolled in the district living in poverty. An additional \$649,319 in education formula aid is provided to fund this change.

School Construction Services Fund Shift**\$500,000**

The Budget shifts \$500,000 in personnel costs for School Construction Services to general revenue from restricted receipts. Article 9 of the FY2019 Budget as Enacted shifted the payment of expenses for the School Building Authority, which is located within the Department of Elementary and Secondary Education, from general revenue to a restricted receipt account. The restricted receipt account 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. Article 10 of the Governor's FY2021 Budget raised the cap on the fee charged to municipalities from one tenth of one percent (0.001) to one percent (0.01) of the principal amount; however, the General Assembly did not concur with the increase. In FY2022, costs are projected at \$793,596. Shifting some of these costs back to general revenue will bring the costs covered by RIHEBC back in line with projected fee revenue.

Advanced Placement (AP) Test Waivers for Low-Income Students**\$400,000**

The Budget includes \$400,000 in general revenue to reduce financial barriers that may prevent students from taking the AP test by providing subsidized rates to low-income students. This is in addition to \$25,000 included in the FY2019 Budget as Enacted for the same purpose. Studies by the United States Department of Education have shown that students who complete AP courses are more likely to graduate from college within five years and have higher grade point averages. Students who take the credit-bearing exit exam are even better prepared for college than those who only complete the coursework. According to the College Board website, AP test generally cost \$95; however, the College Board provides a \$33 fee reduction to eligible students with financial need, resulting in a cost of \$62 per exam for a standard AP test. Based on this per-exam cost, the total funding of \$425,000 should provide for 6,855 AP exams.

COA School Spending Analysis (2.0 new FTE positions)**\$292,182**

The Budget provides \$292,182 in salaries and benefits and 2.0 new FTE positions to enable the Department to meet new spending analysis requirements. Article 10 requires the Department to use UCOA data to develop benchmarks, specific to each local education agency (LEA), to improve cost controls, efficiencies, and program effectiveness, as well as provide a report to each LEA and a summary of all the LEA reports to the Governor and General Assembly.

The Department is also required to assess the programmatic compliance of each LEA with BEP to ensure a high-quality education is available to all public schools students, regardless of where they reside or what school they attend, and determine the sufficiency of state and local education to support compliance with the BEP.

School for the Deaf – Current Service**\$160,000**

The Budget provides an additional \$160,000 in general revenue to support personnel and operating costs at the Rhode Island School for the Deaf (RISD). The Council on Elementary and Secondary Education requested an increase of about \$588,000 in FY2022 primarily for salaries and benefits. Much of this was for unachievable turnover (\$435,000) that was built into the base; however, the

Governor's Budget restored the turnover savings since RISD needs to fill every FTE currently available in order to meet every student individual education plan (IEP) as required by state and federal law. The additional funds will support ongoing costs such as the cost-of-living adjustments (COLA's) in the state employee contract. The current state employee contract agreements between the State and the state employee bargaining units includes a 4-year contract ending June 30, 2020, that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. According to RISD, the additional cost was never built into their budget.

World Language Education Specialist (1.0 new FTE position) \$146,091

The Budget provides \$146,091 in salary and benefits to support 1.0 new FTE World Language Education Specialist. The position will work with districts to establish and improve world language and dual language programs, oversee the implementation of dual language immersion pilot program, and ensure the inclusion of world language and dual language immersion program data. This position is in addition to an English Learner/ World Language Leadership position provided in the FY2018 Budget as Enacted.

Communications Manager (1.0 FTE position) (\$146,091)

The Budget does not provide \$146,091 in salary and benefits or 1.0 new FTE Communication Manager position to focus on digital communication including web content and social media. Duties were to include developing overall layout and production design for print and electronic graphics, flyers, and report, as well transforming statistical data into visual graphics.

Transformation Specialist (1.0 new FTE position) (\$146,091)

The Budget does not include \$146,091 or 1.0 new FTE position for a Transformation Specialist to support Rhode Island's persistently lowest-performing schools. Under the leadership of the new Commissioner, the Department is shifting from a compliance-focused institution to a supportive organization offering more technical assistance and planning for districts.

COVID Relief (federal funds) \$631.2 million

- ***Education Stabilization Aid to Districts (\$539.8 million):*** In addition to the \$46.4 million provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Rhode Island is slated to receive additional \$166.3 million in Elementary and Secondary School Emergency Relief (ESSER) II funds from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. Another \$373.5 million in ESSER III funds were provided through the American Rescue Plan (ARP) Act. These subgrants may be used for the same purposes as the CARES Act ESSER I funds, such as preventing, preparing for, and responding to COVID-19, as well as additional uses such as addressing learning loss and preparing for reopening. The ARP Act requires that LEAs reserve at least 20.0 percent of its total ESSER III 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.
- ***Education Stabilization Discretionary (\$60.0 million):*** The CRRSA and ARP Acts provide \$18.5 million and \$41.5 million, respectively, in ESSER funds reserved by the SEA for emergency needs in responding to the pandemic. These funds may be used for activities and interventions that respond to students' academic, social, and emotional needs, and that address the disproportionate impact of COVID-19 on underrepresented subgroups such as racial groups, low-income students, children with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care.

- **Governor’s Emergency Education Stabilization Funds (\$13.4 million):** The Budget includes \$7.1 million in federal aid for Emergency Assistance to Non-Public School (EANS) provided through the CRSSA Act and an additional \$6.2 million from the ARP Act. Private schools will apply to the Rhode Island Department of Education for federal aid to support the safe reopening of schools, continuing instruction, addressing learning loss, supporting educational technology, and reimbursing for certain coronavirus-related costs.
- **Individuals with Disabilities Education Act (IDEA) (\$11.7 million):** These funds will be administered by the Department to help recover from the pandemic and reopen schools safely. The IDEA grants assist in providing free appropriate public education in the least restrictive environment for children, ages three through 21, with disabilities. Of the total, \$9.6 million will be used for school-age children, \$1.2 million for infants and toddlers with disabilities, and \$875,645 for preschool.
- **Rethink K-12 Education Grant Correction (\$6.3 million):** The Department received \$10.9 million in Rethink K-12 Education Models grant funding from the US DOE as part of the CARES Act package for states that were hardest hit by COVID. The grant funds can be used over three years. The FY2021 Budget as Enacted included all the funds in one fiscal year, despite the Department only expects to spend \$1.0 million in FY2021; consequently, the Budget shifts funding into FY2022 and FY2023. The funding will be used for the following:
 - Advanced Course Network (ACN): The Department plans to triple the size of the ACN, expand the program to all grade levels, expand course offerings, offer virtual dual enrollment course, and expand the College Readiness Project courses in math and ELA for 8th and 12th graders.
 - High-quality instructional materials: to add materials in core subject areas and provide professional development for teachers to use the materials successfully
 - Counselors: to imbed more school counselors in high poverty communities.
 - Enrollment platform: build a user-friendly online platform to serve as one-stop-shopping for RIDE’s statewide course options.

PUBLIC HIGHER EDUCATION

Last Dollar (Promise I) Scholarship fund Source

\$9.6 million

The Budget shifts \$4.0 million in federal and \$5.6 million in other funds to general revenue to reserve future program funding. Based on current projections, there will not be sufficient funding for the Dual/Concurrent Enrollment program and the RI Last Dollar (Promise I Need-Based) Scholarship program in FY2023. Shifting one year of scholarship funding to general revenue will allow funding from other sources to be reserved for FY2023.

Office of the Postsecondary Commissioner
Projection of DHEA Revenues/Expenses for FY2020 through FY2023

Revenues	Governor's Budget				HFC	
	FY2020 Enacted	FY2021 Projected	FY2022 Projected	FY2023 Projected	FY2022 Projected	FY2023 Projected
Reserves	\$21,298,391	\$14,803,391	\$8,007,560	\$312,560	\$8,007,560	\$5,907,560
CollegeBound Fund Fees (from Treasurer)	5,800,000	5,500,000	4,600,000	4,400,000	4,600,000	4,400,000
Total	\$27,098,391	\$20,303,391	\$12,607,560	\$4,712,560	\$12,607,560	\$10,307,560
Expenditures						
Promise 1 Scholarship (CollegeBound Fees)	(5,595,000)	(5,595,000)	(5,595,000)	(5,595,000)	\$0	(5,595,000)
Promise 1 Scholarship (DHEA Reserves)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Dual/Concurrent Enrollment (DHEA Reserves)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)
Personnel Expenses (DHEA Reserves)	(400,000)	(400,831)	(400,000)		(400,000)	
Total	(\$12,295,000)	(\$12,295,831)	(\$12,295,000)	(\$11,895,000)	(\$6,700,000)	(\$11,895,000)
Ending Balance	\$14,803,391	\$8,007,560	\$312,560	(\$7,182,440)	\$5,907,560	(\$1,587,440)

Source: Reserves and expenditure projections from the OPC. CollegeBound Fee projections from the General Treasurer's Office.

On December 6, 2017, the Council on Postsecondary Education voted to authorize the Commissioner to transfer the Federal Family Education Loan Portfolio to the United States Department of Education. The transfer was completed in FY2018; consequently, the Division of Higher Education Assistance (DHEA) no longer receives any guaranty agency fee revenues. Without the revenues, the reserves balance declines and will be exhausted in FY2022. 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.

The average age of the participants is currently 16; and, as these participants enter college, they will withdraw assets. Furthermore, the new, younger participants are not joining in the numbers needed to offset withdrawals, and these new participants are generally making smaller contributions to their savings plans. Historically generating about \$6.0 million annually, the General Treasurer projects revenue to decline to \$5.5 million in FY2021, \$4.6 million in FY2022, and \$4.3 million in FY2023. These revenues are used to partially support the need-based Promise I grant program.

Rhode Island College Operating Support

\$5.9 million

The Budget includes \$5.9 million in general revenue support. Rhode Island College (RIC) had requested an \$6.0 million increase in the state appropriation to support fixed costs and commitments such as the third and final year of contracted salary adjustments to bring faculty salaries in line with peer institutions (\$4.2 million), contracted COLAs for July 1, 2021 (\$1.6 million), and healthcare and fringe benefit costs to meet the budget planning values instructions (\$750,000). The request also restores temporary cuts from FY2021 that were possible due to the nature of remote instruction. An initiative to target new student populations with online, evening, and weekend class scheduling is intended to increase enrollment by reaching the students where they are and appealing to a broader population of more diverse learners. The Governor's Budget included an increase in the state appropriation of \$35,770.

Small Business Development Center

\$350,000

The Governor's FY2022 Budget included \$1.0 million for the Executive Office of Commerce's Small Business Assistance program, which helps small businesses (under 200 employees) gain access to capital through the Commerce Corporation's lending partners. The Budget reduces the appropriation to \$650,000 and shifts \$350,000 to the University of Rhode Island's Small Business Development Center (SBDC), bringing the total state support for the SBDC to \$700,000.

The Rhode Island Small Business Development Center (RISBDC) has been housed at URI since 2014, where it provides small business owners with the services and expertise need to launch and grow to maturity

at no cost. Since FY2018, the Center has received \$350,000 annually in state support, which has then been used to leverage additional federal funding. According to the RISBDC, every \$1 of state investment generates \$3 in state return.

Higher Education Emergency Fund (HEERF) (federal funds)

\$145.4 million

The Budget appropriates \$145.4 million in federal HEERF II and III to the public higher education institutions. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was signed into law on December 27, 2020, providing \$22.7 billion to the U.S. Department of Education for distribution to institutions of higher education to prevent, prepare for, and respond to through the Higher Education Emergency Relief Fund (HEERF) II. The American Rescue Plan (ARP) was signed into law on March 11, 2021, providing \$39.6 million in support to institutions of higher education in serving students and ensuring learning continues during the COVID-19 pandemic.

Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) HEERF II					American Rescue Plan (ARP) HEERF III			Grand Total
Institution	Institutional Allocation	Minimum Amount for Student Grants	SIP	Total	Institutional Allocation	Minimum Amount for Student Grants	Total	
CCRI	\$17.0	\$5.0	\$0.9	\$22.9	\$19.1	\$19.4	\$39.5	\$62.3
RIC	8.4	3.7	0.5	12.6	11.3	10.7	22.0	34.6
URI	11.8	5.6	-	17.4	11.7	19.4	31.1	48.5
Total	\$37.2	\$14.3	\$1.4	\$52.9	\$42.1	\$49.4	\$92.5	\$145.4

Source: Rhode Island Office of Management and Budget

Rhode Island Capital Plan (RICAP) Fund Changes

\$2.3 million

The Budget includes a net increase of \$2.3 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **OPC – Northern RI Education Center – (RICAP):** The Budget as Enacted provided \$4.0 million, split between FY2021 and FY2022, to expand the RI Education Center model to Northern RI; however, since the new Center is now scheduled to open in October 2021 in Woonsocket. The Budget shifts the \$2.0 million from FY2021 into FY2022.
- **CCRI – Knight Campus Renewal:** Due to an updated project schedule, the Budget shifts \$890,000 in funding from FY2021 into FY2022 (\$250,000) and FY2023 (\$640,000), leaving \$665,817 remaining in FY2021. The project includes the renovation of the Knight Campus Megastructure, which was completed in 1972, including painting, door replacements, and interior and exterior upgrades. Plans include elevator upgrades, hi-tech AV upgrades, the relocation of several offices, modifications to the cafeteria, student dining commons, student lounge, and bookstore, as well as roadway and landscape improvements to the main entrance road and facility entrance.

STATE COUNCIL ON THE ARTS

Discretionary Grant Funding

(\$50,000)

The Budget removes \$50,000 (\$590,000 remaining) for discretionary grants, that was added in the Governor's recommendation. The discretionary grant program is a competitive, peer-led process that provides funding to diverse arts programs across the State. In FY2003, the program was funded with \$905,700 in general revenue. In FY2019, the funding was \$590,000. In FY2022, RISCA requests an increase of \$410,000 for the discretionary arts program to bring total general revenue support to \$1.0 million.

National Endowment for the Arts Grant (federal funds) \$1.5 million

To reflect increased federal aid provided through American Rescue Plan (ARP) Act, the Budget adds \$763,740 for a National Endowment for the Arts grant to support organizations and jobs in the arts sector that have been impacted by the pandemic. The Budget further provides another \$749,340 grant provided through the ARP Act from the National Endowment for the Humanities to support organizations and jobs in the cultural and humanity sector that have been impacted by the pandemic.

Rhode Island Arts and Health Network (restricted receipts) (\$30,000)

The Budget removes \$30,000 in restricted receipts for the Rhode Island Arts and Health Network (RIAHN) since the program is not expected to be active in FY2022. RIAHN was developed through collaboration of the Rhode Island Department of Health (RIDOH) and the RISCA to create and support the Rhode Island State Arts and Health Plan (Plan). The Plan outlines a strategy for fully integrating arts and arts-based therapies into healthcare and community settings through innovative and sustainable policy, practice, and research recommendations.

ATOMIC ENERGY COMMISSION**Federal Instrumentation Grant (federal funds) \$477,000**

The Budget includes \$477,000 in federal funds for a new grant from the federal Department of Energy to support upgrades to reactor control instrumentation. Project delay are expected to extend the project beyond September 2021.

HISTORIC PRESERVATION AND HERITAGE COMMISSION**Personnel Adjustment (\$100,000)**

The Budget includes general revenue savings for \$100,000 due to projected actual spending for salary and benefits within the Commission. As of June, 2021, the Commission anticipates spending \$192,704 less than Budgeted for FY2021. The Commission routinely has a general revenue surplus for salary and benefit costs.

Federal Funds Correction (\$17,950)

The Budget includes a correction of \$17,950 to reflect actual grant funding available in FY2022.

DEPARTMENT OF THE ATTORNEY GENERAL**Multi-State Litigation Positions \$38,687**

The Budget includes a net increase of \$38,687 in general revenue to fund an additional 4.0 FTE positions within the Attorney General's Office. The Governor's Budget included an additional 4.0 FTE positions, 2.0 Paralegals and 2.0 Attorneys, this is 4.0 positions less than the Department's request of 8.0 FTE positions. Adding these additional 4.0 FTE positions aligns the Budget with the Department's FY2022 request.

The Budget includes an additional \$241,850 to fund 2.0 Attorney positions within the Criminal division. This increase is partially offset by a shift of \$203,163 from general revenue to restricted receipts within the Civil Division to support 2.0 FTE positions. The Budget includes \$406,326 in restricted receipts including the \$203,163 shift and an additional \$203,163 from multi-state litigation restricted receipts.

Federal Funds Changes \$920,000

The Budget includes an additional \$920,000 in federal funds including:

- **New Federal Grants:** The Budget includes an additional \$570,000 in additional federal grants. This includes additional from the Department of Justice, National Criminal History Improvement Program, and liaison grants.

- **Forfeiture Funds:** The Budget includes \$350,000 in federal forfeiture funds. These funds were included in the Department's Capital Budget request but were not include in the Governor's Budget.

DEPARTMENT OF CORRECTIONS

Substance Abuse Contract **\$563,250**

Pursuant to a budget amendment requested by the Governor, the Budget includes \$563,250 in general revenue to restore funding within the Institutional Based Rehabilitation program for substance abuse services. This funding was inadvertently omitted from the Department's FY2022 budget request.

COVID-19 Response Funds (federal funds) **(\$139,103)**

Pursuant to a budget amendment requested by the Governor, the Budget includes a federal funds decrease of \$139,103 to accurately reflect the Department's COVID-19 response costs.

JUDICIARY

Pay-Go Judges' Pensions **(\$120,153)**

The Budget reduces general revenue funding for pay-go pensions by \$120,153 throughout the system in to reflect the cost reduction projected by the Judiciary in the FY2021 third quarter report and expected to carry into FY2022. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

Veterans Treatment Court Grants (federal funds) **\$385,620**

Federal support for a five-year program to expand Rhode Island's statewide pre-plea, pre-sentence treatment court project to meet the growing needs of veterans presenting with substance abuse, mental health, or co-occurring disorders increases by \$385,620 (\$571,495 total) in FY2022. Successful completion of the Rhode Island Veterans Treatment Court (RIVTC) program results in jail diversion, reduction of charges, or alternative sentencing, including dismissal of charges. The RIVTC projects to serve 115 unique clients annually with a total of 575 unique veterans served throughout the grant period.

MILITARY STAFF

Injured on Duty Adjustment **\$121,293**

The Budget adds \$121,293 for general revenue personnel expenses involving the Injured on Duty (IOD) payment to a Quonset Airport Firefighter who remains on IOD status. The Budget as recommended reduced personnel expenses by \$499,439 in general revenue reflecting savings achieved through the Injured on Duty (IOD) reforms enacted as part of the FY2020 Budget as Enacted. Since passage of the IOD reforms two long-term Quonset Airport Firefighters on IOD accepted the retirement disability package offered to them. The Budget anticipated that a third firefighter on IOD status would either return to duty or be retired on disability. However, the remaining firefighter has not yet filed for disability pension, therefore preempting, at this time, the general revenue savings for FY2022.

When a federally-funded firefighter is placed on IOD, the salary shifts to 100.0 general revenue funding and the IOD salary is tax exempt. Removing the firefighters from IOD status to return to duty or to retirement on disability eliminates the general revenue expense.

EMERGENCY MANAGEMENT

Federal Fund Changes **\$290,574**

The Budget increases federal funds by \$290,574 for:

- **American Rescue Plan Act:** The Budget includes \$940,445 for Emergency Management Performance Grants awarded through the Federal Emergency Management Agency. This funding will be used to

support efforts to build and sustain core capabilities for prevention, mitigation and response and recovery missions. These funds will remain available to the Rhode Island Emergency Management Agency through 2025.

- **COVID Related Expenses:** The Budget decreases federal funds from \$16.4 million to \$15.8 million, a \$649,871 reduction, to reflect expenses projected and incurred by RIEMA in response to the COVID-19 pandemic during FY2022.

DEPARTMENT OF PUBLIC SAFETY

Body Worn Cameras for Law Enforcement

\$15.0 million

The Budget includes \$15.0 million of one-time general revenue to support a new statewide body worn camera program for law enforcement officers. On June 16, 2021, the State's political and law enforcement leadership announced support for a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers - across every municipal police department and the Rhode Island State Police - with body-worn cameras by December 2022. The Budget includes \$15.0 million in one-time funding in FY2022, enough to fund an anticipated \$3.0 million in annual operating support for local law enforcement participation. Funds will be reappropriated to the following fiscal year.

- **Funding:** The DPS's Grant Administration Office would provide grants to support most, or all, of a police department's projected implementation costs, depending on the equipment and technology procured by the department.
- **Purchasing and Technical Assistance:** The program would coordinate purchasing through the statewide Master Price Agreement and provide technical assistance to police departments in securing available federal funding that supports body-worn camera programming.
- **Policy:** The Rhode Island Attorney General's Office and the DPS, in consultation with the Rhode Island Police Chiefs Association, will create model policies that address key areas like activation, officer review, records retention, etc. and that must be adopted by departments seeking state funding.

Adult-use Marijuana Program (restricted receipts funds)

(\$849,997)

Article 11 of the Governor's FY2022 Budget creates an adult-use marijuana program. The State's Office of Cannabis Regulation within the Department of Business Regulation was to be the principal entity administering the program, with assistance and cooperation from various health, safety and taxation agencies. In the Department of Public Safety, the Governor's Budget provides \$849,997 from restricted receipts to support the personnel, operating, and contract services expenditures required by the Division to carry out its responsibilities under the program. The Budget does not include the adult-use marijuana program, and reduces restricted receipts accordingly.

Rhode Island Capital Plan Fund (RICAP) Changes

\$2.3 million

The Budget includes a net \$2.3 million increase in RICAP funds within the DPS in FY2022.

- **Southern Barracks:** The Budget includes \$2.1 million in additional RICAP funds for a new State Police barracks located in the southern part of the State. The Governor recommended issuing certificates of participation to finance the project in the FY2022. The Budget shifts this financing to RICAP. In 2018, the Department of Public Safety initiated a comprehensive planning review and feasibility study related to the Rhode Island State Police (RISP) barracks facilities located in Wickford, Hope Valley, and Portsmouth. The review and study were completed in the fall of 2019, and were coordinated by a master planning committee consisting of members of the RISP, representatives from the Department of Administration, and an architectural and engineering design firm. The committee found that the existing three barracks, which were built in the 1930s, do not meet the modern public safety and policing requirements of the State Police. It was originally determined that it is not feasible to renovate each the

existing structures and therefore is necessary to build a new, combined barracks in the southern part of the State. The preferred location, which remains subject to Federal Highway Administration and RI Department of Transportation approval, is a parcel of land located off Route 95 at Exit 7 in West Greenwich.

- **Portsmouth Barracks:** The Budget includes an additional \$350,000 in RICAP funds to be provided to the DPS to begin architectural and engineering work necessary to rehabilitate the Portsmouth Barracks. The shift was made at the request of the Governor, based on a June 4, 2021, correspondence (the amendment also decreases scheduled out year RICAP funding for asset protection within DPS, reflecting the newer building opening).
- **Administrative Support Building:** The Budget shifts \$200,000 of RICAP funding planned for the renovation of the DPS's Administrative Support Building in Scituate in FY2022 to surplus asset protection RICAP funds in DPS. RICAP funding for project is reduced accordingly. Total project costs from FY2022 through FY2023 are \$1.2 million. Funding will support an A&E assessment of the building's needs; repairs to the exterior envelope, including exterior siding, trim, and window replacement and repointing of brick work and chimneys; and, if sufficient funds are available, installation of a new HVAC system, electrical upgrades, and IT upgrades. Repairs will be undertaken in compliance with historic preservation codes, as the building is a historic property originally constructed in the 1790s.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

Bureau of Natural Resources - Seasonal Employees and Minimum Wage Increase ***\$44,430***

The minimum wage in Rhode Island will increase from \$11.50 per hour to \$12.25 per hour on January 1, 2022, due to legislation enacted on May 20, 2021. As was done with previous minimum wage increases, the Department of Environmental Management will need to increase the hourly wages of those season Parks and Recreational staff that are currently paid less than \$12.25 per hour, as well as the wages of other season staff in order to maintain salaries that reflect different job duties and responsibilities. The increase reflects a portion of total impact since only about 40.0 percent of the season expenses occur between January and the end of the fiscal year.

Article 14 of the FY2018 Budget as Enacted increased the minimum wage from \$9.60 to \$10.10 per hour effective October 1, 2017, and again to \$10.50 per hour beginning January 1, 2019. Previously, the minimum wage was increased on January 1, 2016, from \$9.00 to \$9.60 per hour.

Bureau of Natural Resources – COVID-19 Projected Cost (federal funds) ***(\$335,000)***

The Governor's recommendation assumed a six-month budget for the COVID-19 response in FY2022. The Governor's Budget Amendment, dated June 7, 2021, reduces the projected costs by \$335,000 to reflect a full year.

Galilee Piers (Rhode Island Capital Plan funds) ***\$4.0 million***

The Budget shifts \$4.0 million in Rhode Island Capital Plan (RICAP) funding from FY2021 into FY2022 to adjust for the update project schedule. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. Current work is focused on the North Bulkhead and Docks AA-QQ. The North Bulkhead is more than 50 years old and includes 16 piers along its 1,500 foot length. The piers include berthing for vessels and businesses such as RI Engine, which provides regional vessel services, and Sea Freeze, a fish processing house with worldwide shipping.

DEPARTMENT OF TRANSPORTATION***Federal Funds Changes******(\$267,385)***

The Budget includes a net reduction of \$267,385 in federal funding in FY2022 for:

- **CARES Act:** The Budget includes a decrease of \$1.7 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act transit grant funds to accurately reflect the available funding in FY2022.
- **Rail Infrastructure and Safety Improvements Grant:** Pursuant to a budget amendment requested by the Governor, the Budget includes an additional \$1.5 million in federal funds for the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant. The Department anticipates this Grant being used in FY2022.
- **COVID-19 Response Funds:** Pursuant to a budget amendment requested by the Governor, the Budget includes a federal funds decrease of \$38,585 to accurately reflect the Department's COVID-19 response costs.

Other Funds Changes***(\$2.8 million)***

- **Gas Tax Adjustment:** The Budget includes a decrease of \$2.8 million in gas tax funds to reflect a downward revision of the gas tax estimate from the Department of Revenue. In May 2021, the Office of Revenue Analysis estimated the gas tax per-penny yield will decrease by \$82,160 per penny in FY2022. The updated per-penny estimate yields a decrease of \$800,598 in gas tax funds that will be transferred to RIPTA, a decrease of \$287,560 in funds that will be transferred to the RI Turnpike and Bridge Authority, and a decrease of \$1.7 million in funding for DOT, including a decrease of \$164,320 that will be used by DOT to pay for debt service on GARVEE bonds.



FY2021 SUPPLEMENTAL BUDGET

FY2021 Revenue Changes

The Governor proposed \$4,017.3 million in general revenues for FY2021, a \$39.1 million reduction in revenues below the November 2020 revenue estimate. The Budget increases general revenue collections by \$218.7 million in FY2021 based on the following adjustments:

May Revenue Estimating Conference **\$250.6 million**

The Budget includes \$250.6 million in additional revenue based on the May 2021 Revenue Estimating Conference (REC). The REC increased its personal income tax revenue estimate from the FY2021 enacted level by 6.2 percent, or \$89.6 million. Business taxes were revised down \$35.3 million from the enacted level and sales taxes increased by \$84.3 million. These adjustments, along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.), net the overall \$250.6 million increase.

Hospital License Fee **(\$31.4 million)**

The Budget reduces revenue collections by \$31.4 million to reflect a reduction in the hospital license fee from 6.0 percent to 5.0 percent. The Governor's Budget assumed \$193.8 million in revenues in FY2021 from a 6.0 percent fee assessed on hospital fiscal year 2018 revenues. The Budget reduces the fee to 5.0 percent and updates the revenue base year to 2019 to align with prior year practice for the license fee calculation. The 5.0 percent fee will generate \$162.5 million in FY2021, or \$31.4 million less than the Governor's Budget. The fee will be paid in July 2021 and booked as a receivable to FY2021.

PPP Tax Policy Changes **(\$509,071)**

Article 6 of the FY2021 Supplemental Budget partially decouples Rhode Island law from federal tax statutes governing how Paycheck Protection Program (PPP) loans are treated relative to income for purposes of personal and business income taxes. The purpose of the initiative is to preserve pandemic relief for those smaller businesses that received PPP loans of \$150,000 or less, while mitigating the significant state revenue loss that would result by completely aligning with federal law. The Budget increases the loan threshold amount to \$250,000, resulting in a \$509,071 reduction in revenue.

- **Background:** In response to devastating impacts of the COVID-19 pandemic on businesses, Congress enacted a series of supports and relief measures. The CARES Act, enacted in March 2020, established the federal PPP program, which provides loans to help businesses keep their workforce employed during the pandemic. Eligible costs for the PPP program include certain payroll, operating, supplier, property, and worker protection costs. The CARES Act also permitted loan forgiveness if businesses conform to the program. In December 2020, Congress enacted the Consolidated Appropriations Act (CAA) to provide further pandemic relief, including for businesses. The CAA allowed businesses to deduct expenses paid for with PPP loans. This amounts to a double tax benefit.

Rhode Island income tax statutes conform to federal tax statutes and regulations, particularly as it relates to what constitutes income, adjusted for deductions and other modifications. Any significant change in these modifications affects how income is determined for purposes of Rhode Island taxes. These include the PPP expense deductions. Based on the recent federal tax changes and expansion of the PPP program, the Office of Management and Budget projects a \$133.3 million combined loss in State revenue in FY2021 and FY2022.

- **Proposal:** Article 2 decouples from the federal treatment of forgiven PPP loans. Specifically, the article exempts the first \$250,000 of a PPP loan from State taxation. This means loans over \$250,000 would be taxed.

Fund Transfers **(\$87.0 million)**

- **Information Technology Investment Fund Capitalization:** The Budget shifts \$67.0 million in one-time general revenue receipts to the State's Information Technology Investment restricted receipts fund

(ITIF) in FY2021. The ITIF was established by the General Assembly in 2011 (FY2012 Enacted Budget) as a dedicated funding stream for the ongoing improvement and upgrading of the State's information technology systems. Eligible spending includes all hardware, software, consulting services, and ongoing maintenance/scheduled upgrade expenditures across all State agencies. The ITIF is primarily capitalized by proceeds from all State land and building sales (excluding the I-195 land), 10.0 percent of the first-responders surcharge on wireline and wireless telecommunications, and any other appropriations made by the General Assembly. The one-time investment of general revenue will support the following projects:

- **ERPS Project:** The Budget provides \$50.0 million for a new Enterprise Resource Planning System (ERPS) for human resources, information systems, payroll, and financial management. The Governor had recommended the financing the project with Certificates of Participation.
- **DCYF RICHIST Project:** The Budget provides \$17.0 million of ITIF funds for the state match on a new child welfare IT system to replace the current Rhode Island Children's Information System (RICHIST). The Governor had recommended that the match be made through the issuance of new Certificates of Participation.
- **Historical Preservation Tax Credit Trust Fund Capitalization:** The Budget transfers \$20.0 million in one-time general revenue receipts to the Historic Preservation Tax Credit Trust Fund (HPTC) in FY2021. This investment recapitalizes the program and enables it to fund additional program that have applied and been waiting in the queue to receive credits. There are currently 38 projects in awaiting credits, of which the next 10 have requested \$24.0 million. Article 9 of the Budget also extends the sunset for the Historic Preservation Tax Credits 2013 program by one year to June 30, 2022.

Federal Funds Revenue Changes

\$452.7 million

The Budget includes a net additional \$452.7 million in federal receipts in FY2021.

- **Unemployment Insurance Benefits:** The Budget includes an additional \$531.3 million in federal funds and \$8.6 million in other funds for unemployment insurance benefits payments and administration. These additional funds are due to the COVID-19 pandemic. The Department of Labor and Training was awarded additional federal funds including an additional \$482.0 million in COVID-19 Pandemic Unemployment Assistance (PUA) funding, \$40.6 million in CARES Act funding, \$6.0 from the Families First Act, and \$2.6 million to support unemployment insurance administration.
- **Pandemic Relief and Other Non-General Revenues:** The Budget reduces pandemic relief and other federal funding in FY2021 by \$78.5 million. The net reduction is primarily related to adjustments to federal resources made to align with FY2021 eligible federal Coronavirus Relief Funds (CRF) spending.

FY2021 Supplemental Expenditure Changes by Agency

DEPARTMENT OF ADMINISTRATION

RICAP Repayment

\$112.5 million

The Budget includes \$120.0 million in general revenue to reimburse the State's Budget Stabilization and Cash Reserve Account (Rainy Day Fund). This reflects an increase of \$112.5 million from the Governor's FY2021 Revised Budget.

The FY2020 Budget as Enacted transferred \$120.0 million from the Budget Stabilization and Cash Reserve Account for use in balancing that budget. The Rhode Island General Law requires that the repayment be made to the Rhode Island Capital Plan fund in the following fiscal year.

The FY2021 Budget as Enacted included a \$90.0 million repayment and included legislation under Section 18 of Article 1 to delay the full payback, \$30.0 million, until FY2022. Article 1 of the Governor's FY2021 Supplemental Budget proposed to further delay the RICAP payback to FY2023 and reduced the payback appropriation to \$7.5 million in FY2021, reflecting a \$82.5 million reduction in general revenue in FY2021.

This initiative fully reimburses the State's Budget Stabilization and Cash Reserve Account in FY2021, thus following the requirements of the general law.

LIUNA Settlement

\$4.7 million

The Budget shifts \$4.3 million in general revenue from FY2022 to FY2021 to fund the pension liability with state employee members in the Laborers International Union of North America (LIUNA) to account for the recalculation and compensation to affected LIUNA members for longevity and overtime payments back to January 1, 2012. In addition, after further review of the settlement, the Budget adds \$390,771 reflecting increased estimate in the settlement liability.

Over the past 21 years, in lieu of a portion of the pay LIUNA members received over the years, the State agreed to make payments to a LIUNA pension fund (LPF). The amount of the payments the State makes is a dollar amount per hour/up to a maximum of thirty-five (35) hours per week. In order to effectuate these employer contributions to the LPF, the State over the years annualized the dollar amount per hour and pay scales for participating LIUNA members were reduced by the annualized amount. The State proposed to change the payroll methodology prospectively to correct effects of the contributions on longevity and overtime calculations.

LIUNA has employees throughout a number of State Agencies, including Department of Business Regulation, employees in the Office of the Fire Marshal; Department of Public Safety, E911 operators; Department of Transportation, Maintenance, Supervisors and Operators; Division of Motor Vehicles, supervisors; BHDDH, CNAs at the Zambarano Hospital; Rhode Island Emergency Management Agency; Judiciary, Clerks at the Superior Court; Office of the Public Defender, office personnel; and at the Office of the Secretary of State.

3rd Quarter Savings

(\$306,000)

The Budget decreases general revenue by \$306,000 based on anticipated savings as stated in the third quarter report.

Tort Awards

\$300,000

The Budget adds \$300,000 in general revenue for tort awards. Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island. The FY2021 Budget as Enacted included \$400,000 in general revenue tort judgments. The Governor proposed revising the appropriation for tort awards to \$600,000, reflecting a \$200,000 increase.

As of June 4, 2020, tort award expenditures total \$454,990 and the Office of the Attorney General projects the tort award payments to be approximately \$900,000 in FY2021, thereby requiring an additional \$300,000 to cover the awards in the current fiscal year.

Federal Fund Changes **(\$2.0 million)**

The Budget decreases federal funds by \$2.0 million for:

- **Covid-19 Related Expenses:** The Budget removes \$2.0 million in federal funds that were designated for a grants management system within the Accounts and Control program. The Office of Management and Budget has identified an alternative method of financing this new system.

Restricted Receipt Changes **(\$8.3 million)**

The Budget decreases restricted receipts by \$8.3 million for:

- **Health Insurance Market Integrity:** The Budget reduces restricted receipts by \$8.3 million reflecting the unused appropriation for sub-awards, which was included in the FY2021 Budget as Enacted as part of the projected increase from the Health Insurance Market Integrity Fund (HIMIF). The Health Insurance Market Integrity Fund (HIMIF) is funded by taxpayer penalty payments for not maintaining minimum essential health insurance coverage. The fund supports the State's reinsurance program.

Rhode Island Capital Fund (RICAP) Changes **(\$270,000)**

The Budget includes a net decrease of \$270,000 in RICAP funds based on current expenditures and projections on the following various projects:

- **Cannon Office Building:** The Budget removes \$170,000 to reflect actual estimated project expenses.
- **Washington County Government Center:** The Budget decreases funding by \$100,000 to reflect actual estimated project expenses.

DEPARTMENT OF BUSINESS REGULATION

COVID-19 Inspections **(\$1.7 million)**

The Budget includes general revenue savings of \$1.7 million to reflect a shift to available federal funds. The funds were allocated for enforcement and inspection to ensure compliance with COVID-19 related regulations but general revenues are no longer necessary.

Third Quarter Report **(\$750,000)**

The Budget includes \$750,000 in general revenue savings (\$2.2 million all funds), including \$488,130 for lower than anticipated personnel spending and \$261,870 in operating costs.

DEPARTMENT OF LABOR AND TRAINING

Federal Funds Changes **\$520.9 million**

The Budget includes an additional \$520.9 million in federal funds within the Department of Labor and Training including the following:

- **Unemployment Benefits/Administration:** The Budget includes \$1,782.9 million in federal funds and \$385.7 million in other funds for unemployment insurance benefits, this is an increase of \$531.3 million and \$8.6 million respectively from the Governor's Budget. These additional funds were required in FY2021 due to the COVID-19 pandemic. The Department experienced an uptick in individuals applying for unemployment insurance requiring additional federal funds to meet the demand for the additional claims. The federal funds increase includes an additional \$13.3 million for related to additional administrative costs due to the increase in unemployment benefit cases.

The federal government also made a number of changes to unemployment insurance regulations as a result of the pandemic, including increasing the length of time a person may collect unemployment insurance up to 79 weeks and including an additional supplemental payment for eligible individuals. Beginning in April 2020 the Department of Labor and Training was authorized to provide supplemental payments to individuals collecting unemployment. This additional payment was \$600/week from April 4, 2020, through July 31, 2020. An additional payment of \$300/week began again on January 2, 2021, and has been extended through September 4, 2021, at a rate of \$300/week.

- **Back to Work RI Shift:** The Budget shifts \$9.5 million in federal funds for the Back to Work RI program from FY2021 to FY2022.
- **Skills RI Recruitment:** The Budget includes a reduction of \$787,685 in federal funds for the Governor's Workforce Board Skills RI Recruitment Program. These funds were inadvertently included in the FY2021 Budget.

DEPARTMENT OF REVENUE

Personnel and Operational Savings ***(\$850,000)***

The Budget includes a net \$850,000 savings in FY2021 related to personnel and operating expenditures. Based on recent historic personnel spending levels, the Department of Revenue (DOR) projects \$1.0 million in turnover savings across three of its Divisions. The Budget also includes \$150,000 in additional spending related to the relocation and reopening of the Division of Motor Vehicle's Westerly operations. The DMV has been providing limited services to the public on Fridays on the second floor of the Westerly Town Hall since 2012. In March 2020, the DMV closed the satellite because customer volume had become too disruptive to other Town Hall operations. The additional funding will be used to cover the costs of moving to a new location and installing the information technology infrastructure required to operate.

Restricted Receipt Fund Changes ***(\$1.3 million)***

The Budget decreases restricted receipt funds by a net \$1.3 million in FY2021. This change is comprised of the following:

- **TIF - Taxation:** Pursuant to a Governor's Budget Amendment request dated May 21, 2021, the Budget adds \$355,561 in restricted receipts in FY2021 related to cover the projected expenditures for the first projects eligible for Tax Increment Financing reimbursements.
- **ITF - DMV:** The Budget reduces Information Technology Investment Fund (ITIF) restricted receipt funds by \$1.7 million. The Department originally requested \$1.7 million if ITIF money within the Division of Motor Vehicles (DMV) in FY2021 to provide ongoing support to its Rhode Island Motor Vehicle System (RIMS); however, the Governor's Budget Office erroneously doubled the amount to \$3.4 million when the Budget was submitted to the General Assembly. The Budget reverses this error.

OFFICE OF THE LIEUTENANT GOVERNOR

Turnover ***(\$140,000)***

The Budget removes \$140,000 in general revenue, reflecting increased turnover savings resulting from the March 2021 appointment of a new Lieutenant Governor and the complete change in staff that created several vacancies within the Office.

OFFICE OF THE SECRETARY OF STATE

Federal HAVA Grant (federal funds) ***\$1.4 million***

The Office of the Secretary of State received two federal Help America Vote Act (HAVA) awards to assist the state with the upcoming federal 2020 elections. The first award predates 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. Total federal HAVA awards received is \$6.2 million.

A total of \$2.7 million has been appropriated with another \$1.4 million requested for FY2021 under the Governor's budget amendment dated April 19, 2021. The Budget includes \$1.8 million for FY2022, leaving the award balance of \$330,083 that must be expended on state election assistance items prior to September 2024.

HAVA Award Revenue	
2018 HAVA Award	\$3,000,000
2020 HAVA Award	3,216,181
Total HAVA Award	\$6,216,181
Expenditures	
FY2019 Actual	\$907,311
FY2020 Actual	1,358,787
FY2021 Appropriation	389,155
FY2021 Appropriation - GBA 4/19/21	1,420,845
FY2022 Appropriation	1,810,000
Total	\$5,886,098
HAVA Award Balance	\$330,083

Center for Election Innovation Research (restricted receipts) \$632,189

The Budget increases restricted receipts by \$632,189 in FY2021, reflecting the receipt of a grant from the Center for Election Innovation Research for voter education, information, and outreach for the November 2020 elections. The Center for Election Innovation & Research (CEIR) initiated the Voter Education Grant Program In September 2020, to support states' efforts to provide nonpartisan, accurate, and official voting information to the public. The grant program was specifically targeted to help states provide voters information about voting options, polling places and hours, and how to successfully cast their ballot during the 2020 general election.

OFFICE OF THE GENERAL TREASURER

Crime Victims Compensation Program \$435,000

The Budget increases general revenue and decreases restricted receipts by \$435,000 to support the Crime Victims Compensation Program. The Office of the General Treasurer requested increased general revenue appropriations in the FY2021 Revised Budget for claim payments to compensate the declining restricted receipts court revenue and federal funds. This increases the total general revenue appropriation to \$832,498 and reduces total restricted receipts to \$465,000.

Unclaimed Property Expenses (Restricted Receipts) \$5.4 million

Based on Treasury's testimony received during Revenue Estimating Conferences conducted in May 2021, net expenditures in the Unclaimed Property program are projected to increase by \$5.4 million.

Unclaimed Property Accounts	FY2021 Gov	FY2021 Chg to Gov	Change
Rate reimbursement change	\$10,300,000	\$15,600,000	\$5,300,000
Refunds/Bad Debt	12,900,000	13,000,000	100,000
Change in Liability	222,548	222,548	-
Total	\$23,422,548	\$28,822,548	\$5,400,000

Based on Conference projections, the transfer to the General Fund increases \$5.3 million, claim payouts increase \$100,000, and the change in liability (the amount required by general accounting rules that the fund must carry forward to the next fiscal year for claim payouts) remains as enacted, resulting with an increase of \$5.4 million. [\$5,300,000 + \$100,000 + \$0 = \$5,400,000].

BOARD OF ELECTIONS**3rd Quarter Savings****(\$500,000)**

The Budget decreases general revenue by \$500,000 based on anticipated personnel savings as stated in the third quarter report.

EXECUTIVE OFFICE OF COMMERCE**Rebuild RI****\$15.0 million**

The FY2021 Supplemental Budget provides \$37.5 million for the Rebuild RI program, \$15.0 million more than the Governor's proposed amount. The Rebuild Rhode Island program uses both tax credit and sales tax exemption to promote investment in real estate development for commercial and/or residential use. The Commerce Corporation has awarded \$192.2 million in combined tax credits and sales tax exemptions across 49 projects. Appropriated general revenue is set aside in the Rebuild RI Fund. On an annual basis, the Commerce Corporation works with the Executive Office of Commerce (EOC), the Department of Administration, and the Division of Taxation to determine the availability of funds to award new tax credits and sales tax exemptions. The Director of Revenue requests the amounts necessary to offset the revenue loss that occurs the credits and exemptions are exercised.

Budget	Rebuild RI	
	Appropriation	Awarded
2016 Enacted (Final)	\$1,000,000	\$32,944,041
2017 Enacted (Final)	25,000,000	56,334,991
2018 Enacted (Final)	12,500,000	38,266,656
2019 Enacted (Final)	11,200,000	14,617,222
2020 Enacted (Final)	-	13,342,889
2021 Enacted	22,500,000	36,692,300
<i>Subtotal - Activity to Date</i>	<i>\$72,200,000</i>	<i>\$192,198,099</i>
2021 Final Revised	37,500,000	36,692,300
2022 Budget (HFC)	57,500,000	-
Total	\$144,700,000	\$192,198,099

The following table provides the estimated obligations and annual drawdowns by fiscal year. It also shows an appropriation scenario that sufficiently covers planned draw down activity. The combined FY2021 and FY2022 investment of \$95.0 million reduces the amount of out-year appropriations, originally planned to average \$25.0 million annually, necessary to cover the draw downs and leave a reasonable ending balance, for the following fiscal year.

	Estimated Cash Flow Summary for Rebuild RI										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance	\$48.2	\$38.7	\$53.9	\$72.3	\$56.4	\$35.6	\$23.4	\$19.8	\$22.9	\$20.9	\$14.2
Combined Draw Downs*	(9.5)	(22.3)	(39.1)	(30.9)	(35.8)	(22.2)	(13.6)	(6.9)	(2.0)	(6.7)	0.0
Estimated Appropriation^	0.0	37.5	57.5	15.0	15.0	10.0	10.0	10.0	0.0	0.0	0.0
Ending Balance	38.7	53.9	72.3	56.4	35.6	23.4	19.8	22.9	20.9	14.2	14.2

*Includes tax credits and sales tax exemptions. Amounts take into consideration all projects as of May 10, 2021.

^ Appropriation levels for FY2023 through FY2030 have been chosen for demonstration purposes only. The appropriation amounts are Senate Fiscal Staff estimates chosen to demonstrate out-year impacts.

Personnel Savings**(\$123,979)**

The FY2021 Supplemental Budget includes \$123,979 in savings within the EOC based on recent historical personnel expense levels. The EOC has averaged 2.3 vacancies through May 2021 and the savings is approximately 1.0 FTE position.

Quonset Point Piers (RICAP Funds)**\$20,274**

The FY2021 Supplemental Budget provides an additional \$20,274 in Rhode Island Capital Plan (RICAP) funds within the EOC for the Quonset Point Piers project. The Port of Davisville at Quonset Point has two piers (Pier One and Pier Two), each with one primary Roll-on Roll-off berth. Both piers are significantly older than their expected useful lives. The aging of the port infrastructure has created conditions that are impacting operating parameters and could influence future business decisions of its users. The current plan is to extend and rehabilitate Pier Two by building an east extension and installing a sheet pile bulkhead. The project's total planned costs through FY2026 are \$78.8 million, of which \$10.0 million are RICAP funds. Planned RICAP funding is scheduled to conclude in FY2021 with the bonding measures available

to finance the balance. The EOC requested the remaining \$20,274 of unspent planned RICAP funds for the project in FY2021; however, the Governor’s proposal erroneously omitted the funding. The Budget restores the RICAP funds.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

May Caseload Estimating Conference **(\$15.3 million)**

The Budget includes a net general revenue decrease of \$15.3 million (\$27.2 million all funds) to reflect the results of the May 2021 Caseload Estimating Conference (CEC). The estimates project total Medicaid spending of \$2,690.3 million in FY2021, including \$895.7 million from general revenues. The favorable variance is due to lower projected expenses for long-term care as well as less significant Medicaid enrollment increases than projected in the Governor’s Budget.

United Health Infrastructure Project (UHIP) **\$1.1 million**

Pursuant to the Governor’s Budget Amendment dated May 21, 2021, the Budget adds \$1.1 million from general revenues to reflect the updated expenses and federally-approved cost allocation for the United Health Infrastructure Project (UHIP) in FY2021. This also includes a \$1.5 million reduction in federal funds and an additional \$166,125 in restricted receipts for a net all funds reduction of \$216,927. The Budget accounts for other changes to the UHIP cost allocation within the Departments of Human Services and Administration and there is no net general revenue impact to the State.

Consent Decree **(\$129,000)**

The Budget includes \$129,000 in general revenue savings (\$258,000 all funds) to reflect the Executive Office’s third quarter projections for the Consent Decree Court Monitor and coordinator contracts. The Governor’s Budget included \$275,000 from general revenues (\$450,000 all funds) to cover the combined costs of these contracts in FY2021. Based on expenses through March 31, 2021, the Executive Office anticipates total general revenue expenses of \$146,000 (\$292,000 all funds) in FY2021. The Budget adjusts funding, accordingly.

Nursing Home Isolation Units **(\$70,000)**

The Budget includes \$70,000 in general revenue savings to reflect a reduction in funds that were allocated in the Governor’s Revised Budget for nursing home isolation units. The Governor’s Revised Budget added \$250,000 from general revenues to fund a program for nursing homes to establish designated isolation spaces to accept COVID-19 positive hospital discharge patients. The program ended in March 2021 with \$180,000 in expenses. The Budget adjusts funding for actual expenses, accordingly.

COVID-19 Response (federal funds) **(\$19.6 million)**

Pursuant to the Governor’s Budget Amendment dated April 19, 2021, the Budget removes \$19.6 million in federal Coronavirus Relief Funds (CRF) related to the Executive Office’s COVID-19 response. The FY2021 Enacted Budget included \$38.9 million in CRF funds within the Medicaid program for an array of programs to bolster health and human services programs during the pandemic. The Governor’s Revised Budget updated expenses and shifted \$36.2 million to dedicated accounts within the Central Management program, but left \$19.6 million in the Medicaid program, resulting in a duplicated appropriation. The Budget removes the duplicated funding from Medicaid, accordingly.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

Third Quarter Report **\$205,000**

The Budget adds \$205,000 from general revenues to reflect the Department’s projections for operating, assistance and grants, and contracted services expenditures based on expenses through March 31, 2021. This is the net of a \$1.9 million increase in expenses for rent, insurance, travel, and equipment; \$1.4 million in savings related to lower projected placement costs; and a \$379,445 reduction for contracted staff support.

Chafee Funds (federal funds)**\$1.8 million**

Pursuant to the Governor's Budget Amendment dated May 21, 2021, the Budget adds \$1.8 million in federal Chafee funds to reflect a grant award under the Consolidated Appropriations Act passed in December 2020. Chafee funds are used to support older foster youth. The additional funding allows for continued support for youth that aged out of DCYF care during the COVID-19 pandemic.

DEPARTMENT OF HUMAN SERVICES**Veterans' Services****(\$2.3 million)**

The Budget includes a savings of \$2.3 million within Veterans' Services. Due to the COVID-19 pandemic, the Department was able to shift the cost of clinical contract staff from general revenue to federal FEMA funds.

Unified Health Infrastructure Project (UHIP)**(\$1.1 million)**

Pursuant to the Governor's Budget Amendment dated May 21, 2021, the Budget removes \$1.1 million from general revenues to reflect the updated expenses and federally-approved cost allocation for the Unified Health Infrastructure Project (UHIP) in FY2021. This also includes a \$3.5 million reduction in federal funds for a net all funds reduction of \$4.5 million. The Budget accounts for other changes to the UHIP cost allocation within the Executive Office of Health and Human Services and the Department of Administration and there is no net general revenue impact to the State.

Personnel and Operating Costs**\$838,051**

Pursuant to the Department's third quarter report, the Budget includes an additional \$838,051 for personnel and operating expenses. This increase is mainly related to additional personnel costs within the Department's Central Management program.

May Caseload Estimating Conference**(\$774,563)**

The May 2021 Caseload Estimating Conference led to a general revenue decrease of \$774,563 and a federal funds decrease of \$12.5 million from the November 2020 Caseload Estimating Conference. The general revenue decrease is due to a \$613,163 decrease in Child Care Assistance, an \$88,016 decrease in General Public Assistance (GPA), and a \$73,384 decrease in the Supplemental Security Income (SSI) Program. The federal funds decrease is due to a \$9.4 million decrease in Child Care Assistance and a \$3.1 million decrease in RI Works. The decrease in Child Care Assistance is due to an estimated decrease of 1,175 subsidies, the decrease in RI Works is due to an estimated decrease of 1,200 subsidies, the decrease in SSI is due an estimated decrease of 263 subsidies, and the decrease in GPA is due to an estimated decrease of 26 subsidies.

Federal Funds Changes**(\$3.4 million)**

The Budget includes a net decrease of \$3.4 million in federal funds for:

- **LIHEAP Funding Shift:** The Department anticipates spending \$2.6 million in Low Income Heating Assistant Program (LIHEAP) funds in FY2021. The Budget shifts the remaining \$3.3 million in unspent funding to FY2022.
- **Healthy Aging:** The Budget includes a decrease of \$369,148 for grants within the Office of Healthy Aging. This decrease is related to actual grant amounts that were available in FY2021.
- **MIS System Replacement:** The Budget includes \$187,000 in federal funds to support the replacement of the MIS System. These funds were included in the Department's Capital Budget request and inadvertently excluded from the Governor's Budget.

Paratransit Program (other funds)**(\$426,769)**

The Budget includes a decrease of \$426,769 in other funds to support the Department's Paratransit Program run through the Office of Healthy Aging. This decrease reflects a downward revision of the gas tax estimate from the Department of Revenue. In May 2021, the Office of Revenue Analysis estimated the gas tax per-penny yield will decrease by \$53,799 per penny in FY2021.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS**Eleanor Slater Hospital – Medicaid Billing****\$9.4 million**

The Budget increases general revenue expenditures within the Eleanor Slater Hospital (ESH) by \$9.4 million in FY2021 to account for a federal fund deficit of \$9.4 million. ESH is the State's only Long Term Acute Care Hospital. The hospital provides long-term acute and post-acute hospital level of care to forensic, psychiatric, and medical patients with complex needs. Beginning in August of 2019, BHDDH oversight personnel found that ESH was in an Institute of Mental Disease (IMD) status, which occurs when the majority of patients have a primary diagnosis of mental illness. Regulations do not permit the State to bill Medicaid for patients aged 22-64 when the Hospital is in an IMD status.

Although the Centers for Medicare and Medicaid Services (CMS) have recently approved a State Plan Amendment (SPA) allowing the State to resume billing Medicaid for patient care at the Hospital, it is unclear if the State is in compliance with the IMD rule. The Budget shifts \$9.4 million from federal funds to general revenue to reflect the inability to bill for patients while the Hospital is in an IMD status.

Hospital License Fee**(\$957,450)**

The Budget includes \$957,450 in general revenue savings to reflect a reduction in the hospital license fee. The fee, which is paid by all hospitals in the State including Eleanor Slater Hospital (ESH), is reduced from the Governor's recommendation of 6.0 percent to 5.0 percent in FY2021. The Budget assumes that the fee will be paid as a State-only expense due to federal billing issues. The fee will be paid in July 2021 and booked as a receivable to FY2021.

Suicide Prevention Grant (restricted receipts)**\$100,000**

Pursuant to the Governor's Budget Amendment dated May 21, 2021, the Budget increases restricted receipts by \$100,000 to reflect the receipt of a grant to launch a suicide prevention hotline. BHDDH has received funding from the Vibrant Emotional Health's National Suicide Prevention Lifeline to support the State's coordination, capacity, funding, and communication strategies for the launch of a national suicide prevention hotline.

COMMISSION ON DEAF AND HARD OF HEARING**Third Quarter Report****\$60,000**

The Budget adds \$60,000 in general revenues to reflect an increased need for interpreter services due to the COVID-19 pandemic.

ELEMENTARY AND SECONDARY EDUCATION**Textbook Aid****(\$216,685)**

The State reimburses districts for the cost of providing free English/language arts and history/social studies textbooks to students in kindergarten through 12th grade who reside in the community. The FY2021 Budget as Enacted provided \$240,000 in state funding for the reimbursement of costs for textbooks. The Budget reduces funding for this program by \$216,685 to reflect actual costs in FY2021.

Group Home Aid **\$153,000**

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. The Group Home aid category provides \$17,000 annually per bed, except for group home beds associated with Bradley Hospital Children’s Residential and Family Treatment (CRAFT) Program, which received \$26,000 per bed. Based on the final December 31, 2020, report from the Department of Children, Youth, and Families, the FY2021 Revised Budget includes an increase of \$102,000 for Portsmouth for an increase of six beds, and \$51,000 for Providence for an increase of three beds.

School for the Deaf **\$100,000**

Based on the Department’s Third Quarter report, the Budget includes an additional \$100,000 to fund ongoing personnel operating costs, including contract costs provided through the most recent labor contract that were never fully funded in the budget.

COVID Grant Correction (federal funds) **\$9.9 million**

The Department received \$10.9 million in Rethink K-12 Education Models grant funding from the US DOE as part of the CARES Act package for states that were hardest hit by COVID. The grant funds can be used over three years. The FY2021 Budget as Enacted included all the funds in one fiscal year, despite the Department only expecting to spend \$1.0 million in FY2021; consequently, the Budget shifts funding into FY2022 and FY2023. The funding will be used for the following:

- Advanced Course Network (ACN): To triple the size of the ACN, expand the program to all grade levels, expand course offerings, offer virtual dual enrollment course, and expand the College Readiness Project courses in math and ELA for 8th and 12th graders.
- High-quality instructional materials: To add materials in core subject areas and provide professional development for teachers to use the materials successfully.
- Counselors: To imbed more school counselors in high poverty communities.
- Enrollment platform: To build a user-friendly online platform to serve as one-stop-shopping for RIDE’s statewide course options.

Mental Health Teacher Training Health and Achievement (restricted receipts) **\$590,000**

The Budget restores \$590,000 in restricted receipts from the Opioid Stewardship Fund to support mental/behavioral health training, curricula, and materials to increase in-classroom training resources. The enhanced training is intended to help teachers intervene more effectively when students show signs of challenges and allow teachers to teach students behavioral health skills. Of the total funding, \$330,000 will be used to train one individual at each school across the State as a “trainer”. The remaining \$260,000 will be used to purchase materials to support each trainer in training their fellow teachers.

Davies HVAC (RICAP funds) **(\$373,500)**

The Budget reduces RICAP funding for the HVAC project at Davies Career and Technical School (Davies) by \$373,500 (\$126,500 remaining) to reflect projected expenditures. Davies had originally requested \$150,000 for FY2021. It is unclear why \$500,000 was budgeted. The \$373,500 will be moved to FY2024. This project replaces and repairs the HVAC system at the Davies Career and Technical Center. The existing equipment is over 30 years old, is inefficient, and contributes to air quality issues in a number of areas in the building.

PUBLIC HIGHER EDUCATION***Rhode Island Promise*** ***(\$133,864)***

The Budget reduces funding for the Rhode Island Promise program by \$133,864 in general revenue based on updated expenditure projections. This reduction leaves a total of \$7.1 million to fund two classes in FY2021). Article 3 of the FY2018 Budget as Enacted established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island, less federal and all other financial aid available to the recipient. In the first year of the program, CCRI realized a 43.0 percent increase (477 students) in first-time, full-time students.

Rhode Island Capital Plan (RICAP) Fund Changes ***(\$2.9 million)***

The Budget includes a net decrease of \$2.9 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- ***OPC – Northern RI Education Center – (RICAP)*** The Budget as Enacted provides \$4.0 million, split between FY2021 and FY2022, to expand the RI Education Center model to Northern RI; however, since the new Center is now scheduled to open in October 2021 in Woonsocket. The Budget shifts the \$2.0 million from FY2021 into FY2022.
- ***CCRI – Knight Campus Renewal:*** The Budget shifts \$890,000 in funding into FY2022 and FY2023 (\$665,817 remaining). The project includes the renovation of the Knight Campus Megastructure, which was completed in 1972, including painting, door replacements, and interior and exterior upgrades. Plans include elevator upgrades, hi-tech AV upgrades, the relocation of several offices, modifications to the cafeteria, student dining commons, student lounge, and bookstore, as well as roadway and landscape improvements to the main entrance road and facility entrance.

STATE COUNCIL ON THE ARTS***Third Quarter Revisions (restricted receipts)*** ***(\$10,000)***

The FY2021 Budget provides an additional \$10,000 in restricted receipts for the Rhode Island Arts and Health Network (RIAHN). RIAHN was developed through collaboration of the Rhode Island Department of Health (RIDOH) and the RISCA to create and support the Rhode Island State Arts and Health Plan (Plan). The Plan outlines a strategy for fully integrating arts and arts-based therapies into healthcare and community settings through innovative and sustainable policy, practice, and research recommendations. Based on the Third Quarter Report, these funds will not be utilized in FY2021.

Third Quarter Revisions (other funds) ***(\$340,000)***

Based on expenditures through the third quarter, the Budget reduces funding for the State's Percent for Public Art Program by \$340,000 (\$262,000 remaining). Percent for the Arts was established in 1987 to expand the public experience of art, foster the development of artists, and create a more humane environment. It also serves 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.

HISTORICAL PRESERVATION AND HERITAGE COMMISSION***Personnel Adjustment*** ***(\$150,000)***

The Budget includes general revenue savings for \$150,000 due to projected actual spending for salary and benefits within the Commission. As of June 2021, the Commission anticipates spending a total of \$1.6 million for salary and benefit costs, \$192,704 less than what is included in the Governor's Budget.

National Maritime Grant (federal funds) (\$87,903)

The Budget includes a correction of \$87,903 related to the National Maritime Grant. The Grant expired in FY2020 and was inadvertently included in the FY2021 Budget.

DEPARTMENT OF THE ATTORNEY GENERAL**Third Quarter Report Savings (\$175,000)**

The Budget includes general revenue savings of \$175,000 related to savings within the Department's third quarter report. The Department has experienced savings related to operating supplies and expenses due to the COVID-19 pandemic this is mainly due to employees working from home and reduced travel costs due to travel restrictions. An additional \$755,154 in federal funds are also not anticipated to be needed this fiscal year and are removed.

RICAP- Asset Protection (other funds) (\$100,000)

The Budget includes a \$100,000 reduction in Rhode Island Capital Plan (RICAP) Asset Protection funding for the Department. The Governor's budget included \$150,000 in RICAP funding for building repairs, as of June 2021, the Department has spent \$27,000 leaving a balance of \$123,000.

DEPARTMENT OF CORRECTIONS**COVID Related Personnel Cost Shift (\$6.9 million)**

The Budget shifts \$6.9 million in salary and benefit costs from general revenues to federal funds for COVID-19 related personnel costs. This is a shift of funding from general revenue to COVID Relief Funds (CRF) to cover CRF eligible personnel expenses incurred within the Department. According to a memorandum from the Office of Management and Budget, dated November 12, 2020, \$123.8 million in CRF dollars have been allocated to cover CRF eligible personnel expenses incurred in FY2020 by public health and public safety personnel dedicated to Rhode Island's COVID-19 response. The Governor's Budget shifted \$44.7 million in personnel costs from general revenue to CRF; this additional shift brings the total CRF personnel costs to \$51.6 million in FY2021.

Population Related Savings (\$698,339)

The Budget includes a decrease of \$698,339 due to population and per-diem related expenses, which fluctuate depending on the number of inmates. The FY2021 Governor's Budget was based on a population of 2,267 inmates. The Department's third quarter report was based on a total inmate population of 2,155, a decrease of 112 inmates.

JUDICIARY**Defense of Indigent Persons (\$941,786)**

Based on the Department's third quarter report, the Budget includes a decrease of \$941,786 (\$4.1 million total general revenue remaining) for the Defense of Indigent Persons to reflect actual costs. 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 program was less active in FY2021 due to the pandemic; however, the Judiciary asked that \$392,438 of this surplus be shifted into FY2022 for an expected surge.

Jurors Fees and Expenses (\$198,061)

Based on the Department's third quarter report, the Budget decreases jurors fees and other costs by \$198,061 to reflect updated expense projections. These expenses are expected to return to normal in FY2022 when capacity and social distancing restrictions are lifted.

Pay-Go Judges' Pensions ***(\$120,153)***

The Budget reduces general revenue funding for pay-go pensions by \$120,153 throughout the system to reflect the cost reduction projected by the Judiciary in the FY2021 third quarter report. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

New State Court Improvement Program (CIP) Grant (federal funds) ***\$99,731***

The Budget includes \$99,731 for the new Court Improvement Program (CIP) grant from the federal Office of the Administration for Children & Families to allow the Department to address safety, permanence, and well-being needs of children stemming from the COVID-19 public health emergency in a timely manner. Uses may include technology investments to facilitate the transition to remote hearings for dependency courts when necessary as a direct result of the pandemic; training for judges, attorneys, and caseworkers on facilitating and participating in remote hearings such that the hearings comply with due process and all applicable laws; programs to help families with case plans to avoid delays in the legal proceedings; and, other related activities.

MILITARY STAFF***3rd Quarter Savings*** ***(\$89,000)***

The Budget decreases general revenue by \$89,000 based on anticipated savings as stated in the third quarter report.

DEPARTMENT OF PUBLIC SAFETY***Road Construction Reimbursement (Other Funds)*** ***\$317,475***

The Budget provides \$3.0 million in Road Construction Reimbursement Funds (RCRF) for the State Police in FY2021, \$317,475 more than the Governor's Budget. The RCRF is the fund that the State Police charge when billing the Rhode Island Department of Transportation (DOT) for State Trooper details assigned to transportation-related construction sites. The State Police also charge DOT a fee via this account which is used to offset maintenance and replacement of State Police vehicles. The Governor's FY2021 Budget included \$2.7 million in State Police expenditures; actual expenditures through March 30, 2021, are \$2.5 million, and billing for April and May total \$556,000, for a total of \$3.0 million.

PUBLIC DEFENDER***Caseload Backlog*** ***(\$140,000)***

The Budget decreases general revenue by \$140,000 reflecting increased personnel turnover savings and lower contract service expenses resulting from reduced trial calendars caused by the COVID-19 Pandemic.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT***Coronavirus Relief Fund Payroll Expenses in Law Enforcement (federal funds)*** ***\$1.6 million***

The Budget provides an additional \$1.6 million in federal Coronavirus Relief Funds (CRF) to defray eligible payroll expenses in the Division of Law Enforcement for the first two quarters of FY2021. This allocation was omitted from the Governor's recommendation but is needed for the Department to achieve the equivalent amount of general revenue savings previously programmed into the FY2021 Budget.

Galilee Piers (Rhode Island Capital Plan Funds) ***(\$4.0 million)***

The Budget shifts \$4.0 million in funding from FY2021 into FY2022 to adjust for the updated project schedule. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. Current work is focused on the North Bulkhead and Docks AA-QQ. The North Bulkhead is more than 50 years old and includes 16 piers along

its 1,500 foot length. The piers include berthing for vessels and businesses such as RI Engine, which provides regional vessel services, and Sea Freeze, a fish processing house with worldwide shipping.

COASTAL RESOURCES MANAGEMENT COUNCIL

Third Quarter Report ***(\$120,000)***

The Budget reduces general revenue by \$120,000 to reflect expenditure projections in the Department third quarter report. The savings includes about \$80,000 in turnover due to recent staff retirements and \$40,000 in legal costs.

DEPARTMENT OF TRANSPORTATION

Turnover Savings (other funds) ***(\$5.0 million)***

The Budget increases turnover savings by \$5.0 million within the Department of Transportation. As of May 2020 the Department had 72 vacant positions. The average cost per FTE at the Department is about \$126,000. The turnover savings is equal to about 40 positions.

Other Funds Changes ***(\$1.8 million)***

The Budget includes a decrease of \$1.8 million in gas tax funds to reflect a downward revision of the gas tax estimate from the Department of Revenue. In May 2021, the Office of Revenue Analysis estimated the gas tax per-penny yield will decrease by \$53,799 per penny in FY2021. The updated per-penny estimate yields a decrease of \$524,238 in gas tax funds that will be transferred to RIPTA, a decrease of \$188,298 that will be transferred to the RI Turnpike and Bridge Authority, and a decrease of \$1.1 million for DOT, including a decrease of \$107,598 that will be used by DOT to pay for debt service on GARVEE bonds.



SPECIAL REPORTS

Municipal Aid

The FY2022 Budget increases direct state aid for municipalities by \$1.5 million compared to the FY2021 Enacted level. For FY2022, the Distressed Community Relief Aid is reduced by \$1.4 million. The Payment in Lieu of Taxes (PILOT) program is funded at \$46.1 million for a reimbursement rate of 26.0 percent. Meal and Beverage Tax revenue is projected to increase by a total of \$1.5 million for FY2021 and the Hotel Tax is projected to increase by 83.3 percent. Tables showing impacts by community are included at the end of this analysis.

	FY2021 Enacted	FY2021 HFC Supp.	Change from Enacted		FY2022 HFC	Change from Enacted	
Direct Aid							
Payment in Lieu of Taxes	\$50.7	\$50.7	-	-	\$46.1	(\$4.6)	-9.1%
Distressed Communities	13.8	13.8	-	-	12.4	(1.4)	-10.5%
Motor Vehicle Excise Tax	123.8	123.7	(0.1)	-0.1%	139.7	15.9	12.8%
State Aid to Libraries							
Grant-in-Aid	9.6	9.6	-	-	9.6	-	
Library Construction	2.7	2.7	-	-	2.1	(0.6)	-22.2%
Pandemic Relief - Per Capita	7.8	-	(7.8)	-100.0%	-	(7.8)	-100.0%
Total Direct Aid	\$208.3	\$200.5	(\$7.8)	-3.8%	\$209.8	\$1.5	0.7%
Indirect Aid							
Public Service Corporations Tax	\$13.16	\$13.16	-	-	\$13.16	-	-
Meals & Beverage Tax	24.8	24.2	(0.5)	-2.1%	26.3	1.5	6.2%
Hotel Tax	4.2	5.4	1.2	28.6%	7.7	3.5	83.3%
Airport Impact Aid	1.0	1.0	-	-	2.1	1.1	108.2%
Total Indirect Aid	\$43.1	\$43.8	\$0.7	1.6%	\$49.2	\$6.1	14.2%
Total Aid	\$251.4	\$244.3	(\$7.2)	-2.8%	\$259.0	\$7.6	3.0%

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

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 nonprofit higher education institutions and hospitals if it were subject to taxation. The objective is to offset the costs to the community for providing public safety or other municipal services to these properties.

The Budget provides \$46.1 million in general revenue for the State's PILOT program in FY2022, \$26.9 million more than the FY2021 enacted level. The FY2021 Budget as Enacted appropriated both general revenue and federal Coronavirus Relief Funds (CRF) to meet the \$46.1 million required to level-fund the program relative to FY2020, saving \$26.9 million in general revenue. The General Assembly also appropriated an additional \$4.6 million in CRF funds in FY2021 that was distributed to municipalities according to the PILOT formula. Funding for the program is restored as general revenue only in FY2022.

Fiscal Year	PILOT Funding Trends		
	Total Funding	% Change	% Reimbursed
2008	\$27.8	0.0%	27.0%
2009	27.6	-0.7%	25.2%
2010	27.6	-	23.9%
2011	27.6	-	21.1%
2012	33.1	20.0%	23.4%
2013	35.1	6.0%	22.7%
2014	35.1	-	22.0%
2015	40.1	14.2%	25.4%
2016	40.1	-	23.7%
2017	42.0	4.7%	27.0%
2018	45.2	7.7%	27.0%
2019	46.1	2.0%	27.0%
2020	46.1	0.0%	26.7%
2021*	50.7	0.0%	28.8%
2022	46.1	-9.1%	26.0%

\$ in millions.

** includes additional federal pandemic relief funds*

Payment in Lieu of Taxes Program				
Source	FY2021	FY2022	Change	
General Revenue	\$19,203,960	\$46,089,504	\$26,885,544	140.0%
COVID Muni Aid	26,885,544	-	(\$26,885,544)	-100.0%
Subtotal	\$46,089,504	\$46,089,504	-	-
COVID Muni Aid Bonus	4,614,456	-	(4,614,456)	-100.0%
Total	\$50,703,960	\$46,089,504	(\$4,614,456)	-9.1%

Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The FY2022 Budget amount represents a rate of 26.01 percent.

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 FY2022, \$9.8 million more than the FY2021 enacted level. The FY2021 Budget as Enacted appropriated both general revenue and federal Coronavirus Relief Funds (CRF) to meet the \$12.4 million required to level-fund the program relative to FY2020, saving \$9.8 million in general revenue. The General Assembly also appropriated an additional \$1.4 million in CRF funds in FY2021 that was distributed to municipalities according to the Distressed Community Relief program formula. Funding for the program is restored as general revenue only in FY2022.

Distressed Community Relief Program				
Source	FY2021	FY2022	Change	
General Revenue	\$2,580,095	\$12,384,458	\$9,804,363	380.0%
COVID Muni Aid	9,804,363	-	(\$9,804,363)	-100.0%
Subtotal	\$12,384,458	\$12,384,458	-	-
COVID Muni Aid Bonus	1,445,637	-	(1,445,637)	-100.0%
Total	\$13,830,095	\$12,384,458	(\$1,445,637)	-10.5%

Seven communities are eligible to receive funds under the program in FY2022. 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	FY2021	FY2022	Change
	Enacted*	Governor	
Central Falls	\$245,802	\$220,713	(\$25,089)
Cranston	2,983,075	2,685,555	(297,520)
North Providence	1,073,357	987,908	(85,449)
Pawtucket	1,633,458	1,490,485	(142,973)
Providence	6,006,484	5,265,375	(741,109)
West Warwick	1,028,973	953,745	(75,228)
Woonsocket	858,947	780,677	(78,270)
Total	\$13,830,096	\$12,384,458	(\$1,445,638)

* includes additional federal pandemic relief funds

Motor Vehicle Excise Tax

The Motor Vehicle and Trailer Excise Tax Elimination Act of 1998 was enacted to offer broad-based property tax relief to the residents of Rhode Island. The FY2010 Budget as Enacted included \$135.4 million for Motor Vehicle Excise Tax reimbursement. The FY2010 Revised Budget reduced that amount to \$117.2 million. In FY2011, funding was reduced to \$10.0 million, funding for fire districts was eliminated, and the

State-mandated motor vehicle tax exemption was reduced from \$6,000 to \$500. These provisions remained in effect through FY2017.

Article 11 of the FY2018 Budget as Enacted decreased the motor vehicle excise tax each year from FY2018 through FY2023, fully eliminating the tax in FY2024. The tax is reduced over a seven-year period by decreasing tax rate caps and assessment ratios, while raising exemption floors and exempting vehicles that are more than 15 years old. Additionally, to ensure taxpayer relief, the article removed the motor vehicle excise tax from the levy calculation related to the 4.0 percent cap on municipal property tax levy increases.

Additionally, the sales tax escalator calculation, which was in place from the 1998 motor vehicle excise tax phase-out language, was changed. The language previously rounded the changes so that it could significantly and negatively impact the levy reimbursements to cities and towns. Article 11 also changed the rounding of the sales tax received from the nearest tenth of one cent to the nearest thousandth of one cent, reducing the impact of the rounding. The authority to make this calculation shifted from the Director of Administration to the Director of Revenue.

The following table shows the updated phase-out schedule, estimated aid amounts, and the changes in State aid under the program.

Motor Vehicle Tax Phase-out and Forecast Based on Current Law							
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Current Law							
State Assessment Ratio	95.0%	90.0%	85.0%	80.0%	75.0%	70.0%	-
Rate Cap	\$60.0	\$50.0	\$35.0	\$35.0	\$30.0	\$20.0	-
Exemption Amount	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000	-
Total Statewide Aid	\$24,543,927	\$46,281,611	\$80,265,446	\$100,513,618	\$129,656,362	\$165,730,128	\$222,350,194
Additional Aid from Previous FY	\$24,543,927	\$21,737,684	\$33,983,835	\$20,248,172	\$29,142,744	\$36,073,766	\$56,620,066

Source: Office of Revenue Analysis

For FY2022, the Budget includes \$139.7 million in total general revenue reimbursement funding for cities and towns, consistent with the current law, \$102.0 million more than the FY2021 enacted level. The FY2021 Budget as Enacted appropriated both general revenue and federal Coronavirus Relief Funds (CRF) to meet \$112.4 million in statutorily-required FY2021 reimbursements to cities and towns, saving \$74.8 million in general revenue. The General Assembly also appropriated an additional \$11.2 million in CRF funds in FY2021 that was distributed to municipalities according to the phase-out formula. Funding for the phase-out is restored as general revenue only in FY2022.

Motor Vehicle Excise Tax Phase Out				
Source	FY2021	FY2022	Change	
General Revenue	\$37,728,007	\$139,656,362	\$101,928,355	270.2%
COVID Muni Aid	74,838,213	-	(74,838,213)	-100.0%
Subtotal	\$112,566,220	\$139,656,362	\$27,090,142	24.1%
COVID Muni Aid Bonus	11,189,907	-	(11,189,907)	-100.0%
Total	\$123,756,127	\$139,656,362	\$15,900,235	12.8%

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 \$9.6 million in total direct library aid in FY2022. This includes a \$701,052 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 FY2022 appropriation is funded at 22.1 percent.

Fiscal Year	Grant in Aid*	Library Aid		% Change
		Construction	Total Aid	
2008	\$8.7	\$2.7	\$11.4	-0.4%
2009	8.7	2.6	11.3	-1.0%
2010	8.8	2.7	11.5	1.9%
2011	8.7	2.5	11.2	-2.4%
2012	8.7	2.8	11.5	2.6%
2013	8.7	2.5	11.2	-3.0%
2014	8.7	2.5	11.2	0.3%
2015	8.7	2.3	11.0	-1.8%
2016	8.8	2.7	11.5	4.5%
2017	9.4	2.2	11.6	0.7%
2018	9.4	2.2	11.5	-0.5%
2019	9.3	2.2	11.5	-
2020	9.3	1.9	11.2	-2.4%
2021	9.6	2.7	12.3	9.8%
2022	9.6	2.1	11.7	-4.9%

\$ 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 FY2022, the Budget includes \$2.1 million for Library Construction Aid, \$595,278 less than the FY2021 Enacted level. According to OLIS, the reduction reflects planned reimbursement costs.

INDIRECT AID TO LOCAL GOVERNMENT

Public Service Corporation Tax

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations is exempt from local taxation. It is, however, subject to taxation by the State. The State Tax Administrator applies the average assessment ratio and the average tax rate to the value of tangible personal property of each company to calculate the amount of tax due. The "average assessment ratio" is the total assessed valuation divided by the full market value of the valuation. The "average property rate" is the total statewide property levy divided by the total statewide assessed valuation.

The revenue from this tax flows through the State; it is not appropriated. The State is allowed to keep 0.75 percent of the tax for administrative fees. The remainder of the revenue is deposited into a restricted receipt account and apportioned to the cities and towns based on the ratio of each municipality's population relative to the total population of the State.

Collections from this tax decreased from \$18.0 million in FY2003 to \$9.2 million in FY2009. In 2009, the General Assembly passed legislation freezing the tax rate on telecommunications tangible personal property at a rate equal to or greater than the rate that applied in FY2008. For each year thereafter, the tax rate applied to telecommunications tangible property can be no less than the rate that applied in FY2008.

Fiscal Year	Public Service Corporation	
	Total Funding	% Change
2008	\$10.3	0.0%
2009	9.2	-11.1%
2010	10.2	10.9%
2011	11.4	11.8%
2012	11.8	3.5%
2013	12.7	7.6%
2014	13.2	3.9%
2015	14.3	8.3%
2016	13.0	-9.0%
2017	13.6	4.2%
2018	13.2	-2.9%
2019	13.3	1.0%
2020	13.3	-
2021	13.2	-0.8%
2022	13.2	-

\$ in millions.

can be no less than the rate that

The FY2022 Budget provides \$13.2 million to be distributed to municipalities on July 31, 2021.

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 FY2021, the Office of Revenue Analysis anticipates \$24.2 million in collections, increasing to \$26.3 million in FY2022.

Meals & Beverage Tax		
Fiscal Year	Total Funding	% Change
2015	\$23.9	7.0%
2016	25.7	7.5%
2017	26.3	2.5%
2018	28.9	9.7%
2019	28.3	-2.1%
2020	26.2	-7.6%
2021	24.2	-7.3%
2022	26.3	8.5%

\$ in millions.

Hotel Tax

The State levies a 5.0 percent gross receipts tax on charges for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised, or held out to the public to be a space where living quarters are supplied for pay for transient use (30 days or less). This tax is collected by the hotel and remitted to the Division of Taxation on a monthly basis.

This tax is in addition to all other taxes and fees currently imposed. The Division of Taxation collects the tax and is responsible for distribution, except for the City of Newport, which is authorized to collect and disburse taxes from all hotels physically located in the City. 25.0 percent of the revenue from the 5.0 percent hotel tax is distributed to the city or town where the hotel which generated the tax is physically located.

Hotel Tax Distribution		
Fiscal Year	Total Distribution	Change
2015	\$17.2	9.7%
2016	19.4	12.5%
2017	19.6	1.2%
2018	21.5	-0.7%
2019	21.7	0.7%
2020	17.7	-18.4%
2021	5.4	-69.6%
2022	7.7	-64.7%

\$ in millions.

The FY2016 Budget as Enacted expanded the hotel tax to include vacation home rentals, small bed and breakfasts, hotel room resellers, and unlicensed lodging rentals (such as those listed on the Airbnb.com website).

The Budget includes \$5.4 million in hotel tax distribution in FY 2021 and \$7.7 million in FY2022. The significant decrease in hotel tax collections from FY2020 to FY2021 (69.6 percent) is related to the impact of pandemic restrictions on travel.

OTHER AID TO LOCAL GOVERNMENT

Warwick Rental Car Tax Revenue

The RI Airport Corporation levies a customer service charge (CSC) of \$5.00 per day for all vehicle rentals from companies operating at T.F. Green Airport in Warwick. Revenues from the CSC are to be used to pay for the construction, expansion, reconfiguration, operation and maintenance of the Warwick Intermodal Transit Station. The CSC is applied prior to the application of the sales tax and rental vehicle surcharge. Since 2003, per RIGL 1-2-17.1, all sales taxes (7.0 percent) and rental vehicle surcharges (6.0 percent) collected from the application of the CSC have been deposited into a restricted receipt account for the City of Warwick. The Budget includes \$995,120 in CSC payments to the City in FY2021 and FY2022.

Airport Impact Aid

The Budget provides \$1.0 million in funding for the Airport Impact Aid program in FY2022. The Airport Impact Aid program provides State aid funds to municipalities which host airports. Under current law, the aid is distributed according to a statutory formula that provides 60.0 percent of the first \$1.0 million, or \$600,000, for communities with airports serving more than 1.0 million passengers per year. T.F. Green in

Warwick is the only airport in the State that meets this threshold. The remaining 40.0 percent is distributed to communities based on each airport's share of total landings in a calendar year, including T.F. Green. Under current law, no community that hosts an airport can receive less than \$25,000.

The following table shows the distribution of Airport Impact Aid for FY2022:

Airport	FY2021	FY2022*	Change
Warwick T.F. Green	\$784,348	\$784,348	-
Block Island	35,706	35,706	-
Middletown - Newport Airport	47,094	47,094	-
North Central - Smithfield	25,003	25,003	-
North Central - Lincoln	25,003	25,003	-
North Kingstown - Quonset	47,442	47,442	-
Westerly	45,440	45,440	-
Total	\$1,010,036	\$1,010,036	-

** Airport Impact Aid distributions are Senate Fiscal Office estimates and are based on May 2020 landing data. Final distribution levels will be adjusted based on updated May 2021 data.*

Property Revaluation Reimbursement

In 1997, the General Assembly enacted legislation requiring municipalities to conduct full property revaluations every nine years and statistical updates at year 3 and year 6. Communities are responsible for appropriating funds to cover the costs of full property revaluations; however, the State reimbursed municipalities for 100.0 percent of the first statistical update. Reimbursements for subsequent updates were set at 80.0 percent (up to \$16 per parcel) for the second statistical update and 60.0 percent (up to \$12 per parcel) for the third and subsequent statistical revaluations. The Budget includes \$1.5 million for the Property Revaluation program in FY2022, an increase of \$385,067 from the FY2021 enacted level. The change is based on anticipated reimbursements, which are required by law. The following communities will be reimbursed for statistical updates in FY2022: Coventry, Gloucester, Portsmouth, Richmond, Warren, and West Greenwich. Full revaluations will occur in Charlestown, Cumberland, Hopkinton, and North Providence.

Property Revaluation Program

Fiscal Year	Amount	% Change
2015	\$0.6	20.0%
2016	1.4	133.3%
2017	0.6	-57.1%
2018	0.9	50.0%
2019	1.6	77.8%
2020	0.5	-68.8%
2021	1.1	120.0%
2022	1.5	36.4%

\$ in millions

Municipal Road and Bridge Fund

The FY2014 Budget as Enacted transferred \$7.0 million of bond premium proceeds derived from the sale of 2013 general obligation bonds from Rhode Island Capital Plan (RICAP) funds to capitalize a Municipal Road and Bridge Revolving Fund. The FY2014 Revised Budget increased this amount by \$3.3 million, for a total of \$10.3 million. The FY2015 Budget included an additional \$5.0 million in funding made available from the sale of Tobacco Settlement Bonds, and the Clean Water Finance Agency (now the Rhode Island Infrastructure Bank) contributed \$3.5 million to the program from its board-designated administrative fund in FY2015. The Budget does not include any additional funding for the Municipal Road and Bridge Fund in FY2022.

These funds are available for municipalities to borrow for road and bridge projects. Loans began in FY2014, and future capitalizations, combined with the revolved funds, allow State-sponsored financing on an ongoing basis. This fund is administered by the Rhode Island Infrastructure Bank (RIIB) Applications are

submitted to the Rhode Island Department of Transportation (RIDOT), based on regulations developed by RIDOT. RIDOT developed a project priority list based on 6 criteria:

- The extent to which the project generates economic benefits.
- The extent to which the project would be able to proceed at an earlier date.
- The likelihood the project will provide mobility benefits.
- The cost effectiveness of the project.
- The likelihood that the project will increase safety.
- The readiness of the project to proceed during the next calendar year.

Municipal Road and Bridge Fund					
Borrower	Program Year	Amount Requested	Amount Borrowed	Loan Outstanding	Credit Limit Remaining
East Providence	2014	\$1,215,000	\$1,215,000	\$520,000	-
Newport	2014	4,000,000	1,500,000	627,000	-
Warwick	2014	1,600,000	1,600,000	1,065,541	131,459
Burrillville	2014	680,000	680,000	335,452	4,548
New Shoreham	2014	255,000	255,000	131,802	29,198
Westerly *	2014	625,000	225,000	-	-
Pawtucket	2014	7,000,000	3,500,000	2,638,000	-
Cumberland	2014	560,000	560,000	373,550	45,450
Coventry	2014	340,000	340,000	144,000	-
West Warwick	2015	150,515	150,515	69,515	-
Bristol	2015	500,000	500,000	364,000	-
Hopkinton	2015	253,000	253,000	48,104	-
Pawtucket	2015	5,000,000	5,000,000	3,912,000	-
East Greenwich	2015	2,000,000	2,000,000	925,000	-
Coventry	2015	900,000	900,000	607,000	-
Bristol	2016	1,175,000	1,175,000	927,000	-
Cranston	2016	1,755,000	1,755,000	1,436,000	-
New Shoreham	2016	296,000	296,000	241,000	-
Pawtucket	2016	3,000,000	3,000,000	2,467,000	-
East Greenwich	2017	5,000,000	5,000,000	4,111,407	214,593
Pawtucket	2017	3,000,000	3,000,000	2,603,000	-
New Shoreham	2018	449,000	449,000	392,000	-
Providence Public Building Authority	2018	10,000,000	10,000,000	8,767,000	-
Pawtucket	2018	2,000,000	2,000,000	1,830,000	-
Middletown	2018	5,000,000	5,000,000	3,957,307	609,693
Barrington	2019	3,500,000	3,500,000	1,247,452	1,902,548
Warren	2019	2,500,000	2,000,000	(11,000)	2,000,000
Westerly	2019	15,000,000	15,000,000	6,598,422	7,894,578
Central Falls	2019	1,500,000	1,500,000	1,100,025	335,975
Pawtucket	2019	2,000,000	2,000,000	1,835,000	-
Providence Public Building Authority	2020	20,000,000	20,000,000	1,441,658	18,558,342
Cumberland	2020	2,500,000	2,500,000	1,456,356	934,644
Warwick	2020	3,000,000	3,000,000	(246,000)	2,963,000
Warwick	2020	7,000,000	7,000,000	3,841,489	2,501,511
Total		\$113,753,515	\$106,853,515	\$55,756,080	\$38,125,539

*\$400,000 turned back by Westerly

OTHER MUNICIPAL ISSUES***Tax Stabilization Incentive***

Article 19 of the FY2016 Budget as Enacted created the Tax Stabilization Incentive program whereby municipalities can apply to the Rhode Island Commerce Corporation for partial reimbursement of personal and/or real estate tax revenue forgone due to the granting of a tax stabilization agreement by that community for a qualified construction or rehabilitation project. The Corporation provides a partial reimbursement of no more than 10.0 percent of the property tax revenue that would have otherwise been collected.

Under this program, a community can grant a stabilization agreement for the rehabilitation of an existing structure where the total cost of the development budget exceeds 50.0 percent of the adjusted basis of the property (original cost of the property reduced by depreciation deductions and increased by capital expenditures), or for a new construction project that begins within twelve months of the approval of the tax stabilization agreement and is completed within 36 months. The qualifying property must be used or intended to be used for offices, commercial enterprises, or residential purposes. The terms of the stabilization agreements must be for a minimum of twelve years and reimbursements cease upon termination of the underlying tax stabilization agreement or upon exhaustion of funds appropriated to the reimbursement fund.

Article 17 of the FY2017 Budget modified the Tax Stabilization Agreement incentive program to allow the Commerce Corporation to reimburse municipalities up to 50.0 percent of foregone revenue for up to five projects statewide in any given year. The current reimbursement rate is 10.0 percent. The city or town council of any qualifying community must pass a resolution designating a qualifying project as the most important project to the municipality's economic development for that fiscal year. Designated "Hope Communities" may select two projects for potential qualification annually. The total amount of funding to be awarded is subject to general revenue appropriation.

Since FY2016, the Commerce Corporation has provided \$606,426 in tax stabilization incentives in support of three projects:

Project	Municipality	Board Approval Date	Board Approval Amount
Residence Inn (Former Fogarty Building)	Providence	2/22/2016, 5/22/17	\$246,597
Immunex RI Corporation	West Greenwich	4/10/2018	179,829
Rubius Therapeutics	Smithfield	6/28/2018	180,000
Total			\$606,426

Source: Commerce Corporation

FY2022 Direct Municipal Aid to Cities and Towns

Municipality	FY2021 Enacted	Payment in Lieu of Taxes	Distressed		Library Grant-in-Aid	Library Construction Aid	FY2022 HFC	Change from FY2021 Enacted
			Communities Relief Fund	Motor Vehicle Excise Tax				
Barrington	\$3,536,863	\$17,094	-	\$3,566,139	\$365,527	\$107,551	\$4,056,310	\$519,446
Bristol	3,343,879	1,327,172	-	1,474,839	190,810	292,294	3,285,114	(58,765)
Burrillville	3,361,397	98,835	-	3,204,281	186,270	231,931	3,721,316	359,920
Central Falls	1,838,006	-	220,713	1,532,474	31,902	-	1,785,089	(52,917)
Charlestown	566,057	-	-	516,867	53,533	-	570,399	4,342
Coventry	3,354,789	-	-	3,141,355	197,001	-	3,338,356	(16,433)
Cranston	22,580,958	4,778,876	2,685,555	14,740,627	664,578	-	22,869,637	288,679
Cumberland	3,313,950	-	-	3,073,980	308,514	29,844	3,412,338	98,388
East Greenwich	1,807,341	729,131	-	865,992	123,871	49,190	1,768,184	(39,157)
East Providence	5,884,162	260,127	-	5,600,113	447,125	53,991	6,361,355	477,193
Exeter	1,103,364	-	-	1,174,231	60,044	29,901	1,264,176	160,812
Foster	902,475	-	-	1,027,831	34,393	-	1,062,224	159,749
Glocester	1,269,331	-	-	1,205,509	81,660	-	1,287,169	17,837
Hopkinton	901,414	-	-	896,335	37,216	-	933,552	32,138
Jamestown	310,202	-	-	182,168	109,968	-	292,136	(18,067)
Johnston	6,049,911	-	-	6,502,131	126,270	-	6,628,400	578,490
Lincoln	2,251,539	-	-	2,395,450	217,473	-	2,612,923	361,384
Little Compton	164,657	-	-	105,149	37,355	-	142,504	(22,153)
Middletown	960,312	-	-	794,581	126,831	45,005	966,418	6,106
Narragansett	760,886	-	-	526,083	87,158	-	613,241	(147,645)
Newport	3,083,475	1,601,050	-	672,750	415,522	-	2,689,322	(394,153)
New Shoreham	326,537	-	-	94,711	91,679	63,325	249,714	(76,823)
North Kingstown	2,075,644	1,080	-	2,015,597	301,066	-	2,317,743	242,099
North Providence	7,522,452	-	987,908	6,697,585	201,533	-	7,887,025	364,574
North Smithfield	2,407,302	-	-	2,662,361	80,421	-	2,742,782	335,480
Pawtucket	14,246,422	3,501	1,490,485	12,271,628	421,641	-	14,187,255	(59,167)
Portsmouth	1,155,999	-	-	1,079,761	117,111	-	1,196,871	40,873
Providence	72,262,894	34,027,865	5,265,375	26,298,168	1,319,744	646,446	67,557,598	(4,705,296)
Richmond	760,139	-	-	756,231	26,826	-	783,056	22,917
Scituate	681,551	-	-	574,145	109,928	-	684,074	2,523
Smithfield	4,386,141	860,981	-	3,880,588	317,166	-	5,058,736	672,595
South Kingstown	2,066,755	209,069	-	1,659,007	242,750	-	2,110,827	44,072
Tiverton	1,051,059	-	-	526,855	127,469	299,621	953,945	(97,114)
Warren	1,145,483	-	-	1,106,897	64,909	-	1,171,806	26,324
Warwick	12,998,839	1,528,261	-	13,018,239	736,708	-	15,283,208	2,284,369
Westerly	3,523,674	185,126	-	2,944,189	316,166	253,767	3,699,248	175,574
West Greenwich	839,034	-	-	655,354	48,116	-	703,470	(135,564)
West Warwick	3,902,364	-	953,745	3,008,286	171,836	-	4,133,868	231,504
Woonsocket	8,672,092	461,334	780,677	7,036,751	200,324	-	8,479,087	(193,005)
SRL ¹	701,052	-	-	-	701,052	-	701,052	-
ILG ²	62,609	-	-	-	62,609	-	62,609	-
Fire Districts	172,109	-	-	171,125	-	-	171,125	(984)
Total	\$208,305,119	\$46,089,504	\$12,384,458	\$139,656,362	\$9,562,072	\$2,102,866	\$209,795,262	\$1,490,143

¹ SRL: Statewide Reference Library Resources Grant² ILG: Grant-in-Aid to Institutional Libraries

FY2021 Supplemental - Direct Municipal Aid to Cities and Towns

Municipality	Distressed					Library		FY2021 HFC	Change from FY2021 Enacted
	FY2021 Enacted	Payment in Lieu of Taxes ¹	Communities Relief Fund ¹	Motor Vehicle Excise Tax ¹	Municipal COVID- Relief Fund PCF ²	Library Grant-in-Aid	Library Construction Aid		
Barrington	\$3,536,863	\$18,185	-	\$2,915,246	\$118,662	\$375,185	\$109,585	\$3,536,863	-
Bristol	3,343,879	1,408,834	-	1,282,376	163,081	194,607	294,981	3,343,879	-
Burrillville	3,361,397	109,259	-	2,707,298	120,679	184,839	239,321	3,361,397	-
Central Falls	1,838,006	-	245,802	1,418,289	142,163	31,752	-	1,838,006	-
Charlestown	566,057	-	-	456,190	57,065	52,802	-	566,057	-
Coventry	3,354,789	-	-	2,871,721	253,600	229,468	-	3,354,789	-
Cranston	22,580,958	5,297,860	2,983,075	13,065,635	595,554	638,834	-	22,580,958	-
Cumberland	3,313,950	-	-	2,731,343	254,164	297,545	30,898	3,313,950	-
East Greenwich	1,807,341	791,019	-	720,298	112,288	132,534	51,202	1,807,341	-
East Providence	5,884,162	279,679	-	4,788,852	348,028	411,631	55,972	5,884,162	-
Exeter	1,103,364	-	-	872,260	49,744	53,203	75,968	1,051,175	(52,189)
Foster	902,475	-	-	834,221	34,393	33,861	-	902,475	-
Glocester	1,269,331	-	-	1,116,825	73,802	78,704	-	1,269,331	-
Hopkinton	901,414	-	-	806,071	59,492	35,851	-	901,414	-
Jamestown	310,202	-	-	161,751	40,312	108,139	-	310,202	-
Johnston	6,049,911	-	-	5,710,079	214,432	125,400	-	6,049,911	-
Lincoln	2,251,539	-	-	1,879,056	158,754	213,729	-	2,251,539	-
Little Compton	164,657	-	-	102,785	25,708	36,164	-	164,657	-
Middletown	960,312	-	-	653,751	117,928	142,580	46,053	960,312	-
Narragansett	760,886	-	-	469,805	114,056	177,025	-	760,886	-
Newport	3,083,475	1,771,032	-	547,657	181,624	402,053	181,109	3,083,475	-
New Shoreham	326,537	-	-	167,330	6,066	90,133	63,008	326,537	-
North Kingstown	2,075,644	1,195	-	1,584,619	192,222	297,608	-	2,075,644	-
North Providence	7,522,452	-	1,073,357	6,013,814	238,079	197,202	-	7,522,452	-
North Smithfield	2,407,302	-	-	2,237,096	90,577	79,629	-	2,407,302	-
Pawtucket	14,246,422	3,873	1,633,458	11,673,796	526,314	408,981	-	14,246,422	-
Portsmouth	1,155,999	-	-	912,150	127,757	116,092	-	1,155,999	-
Providence	72,262,894	37,489,776	6,006,484	25,316,411	1,316,115	1,301,180	832,928	72,262,894	-
Richmond	760,139	-	-	679,468	55,935	24,736	-	760,139	-
Scituate	681,551	-	-	497,355	77,771	106,425	-	681,551	-
Smithfield	4,386,141	952,391	-	2,967,539	158,651	307,560	-	4,386,141	-
South Kingstown	2,066,755	231,266	-	1,378,616	225,434	231,439	-	2,066,755	-
Tiverton	1,051,059	-	-	509,454	116,007	122,762	302,836	1,051,059	-
Warren	1,145,483	-	-	1,007,703	76,927	60,853	-	1,145,483	-
Warwick	12,998,839	1,690,515	-	9,950,235	578,295	779,794	-	12,998,839	-
Westerly	3,523,674	178,683	-	2,617,639	165,942	307,643	253,767	3,523,674	-
West Greenwich	839,034	-	-	749,418	45,322	44,294	-	839,034	-
West Warwick	3,902,364	-	1,028,973	2,495,806	212,378	165,207	-	3,902,364	-
Woonsocket	8,672,092	480,393	858,947	6,661,869	304,679	200,967	165,238	8,672,092	-
SRL ³	701,052	-	-	-	-	701,052	-	701,052	-
ILG ⁴	62,609	-	-	-	-	62,609	-	62,609	-
Fire Districts	172,109	-	-	135,855	-	-	-	135,855	(36,254)
Total	\$208,305,119	\$50,703,960	\$13,830,096	\$123,667,682	\$7,750,000	\$9,562,072	\$2,702,866	\$208,216,676	(88,443)

¹ Includes both general revenue and federal Coronavirus Relief Funds (CRF)² PCF: Per Capita Funds (CRF Funds)³ SRL: Statewide Reference Library Resources Grant⁴ ILG: Grant-in-Aid to Institutional Libraries

FY2022 - Indirect Municipal Aid to Cities and Towns

Municipality	FY2021	Public Service	Hotel Tax	Meals and	Airport	FY2022 HFC	Change from
	Enacted	Corp. Tax		Beverage Tax	Impact Fees ¹		FY2021
							Enacted
Barrington	\$348,546	\$201,493	\$2,780	\$153,880	-	358,152	\$9,607
Bristol	697,039	276,918	51,623	418,434	-	746,976	49,936
Burrillville	382,036	204,918	147	188,080	-	393,145	11,109
Central Falls	367,672	241,398	644	133,569	-	375,610	7,939
Charlestown	299,789	96,898	63,940	153,885	-	314,723	14,934
Coventry	876,588	430,622	64,299	440,888	-	935,809	59,221
Cranston	2,801,324	1,011,274	63,065	1,869,562	-	2,943,901	142,578
Cumberland	911,425	431,581	296	509,611	-	941,488	30,063
East Greenwich	764,723	162,821	1,992	638,322	-	803,135	38,411
East Providence	1,553,083	590,964	59,059	992,030	-	1,642,054	88,971
Exeter	190,235	84,468	158	112,271	-	196,897	6,663
Foster	74,552	58,400	323	16,997	-	75,720	1,168
Glocester	197,253	125,319	2,647	75,076	-	203,042	5,790
Hopkinton	147,225	101,020	822	49,019	-	150,861	3,636
Jamestown	151,897	68,451	24,913	69,817	-	163,181	11,285
Johnston	1,014,159	364,114	5,891	687,593	-	1,057,598	43,438
Lincoln	991,586	269,570	100,165	689,309	25,000	1,084,045	92,458
Little Compton	108,410	43,654	21,665	48,817	-	114,135	5,726
Middletown	1,335,179	200,247	818,563	727,856	42,340	1,789,006	453,827
Narragansett	972,859	193,671	231,650	633,511	-	1,058,832	85,973
Newport	3,372,156	308,404	1,867,151	2,236,694	-	4,412,249	1,040,093
New Shoreham	779,036	10,300	497,291	376,441	31,017	915,049	136,012
North Kingstown	980,048	326,401	82,817	583,266	64,987	1,057,471	77,423
North Providence	809,361	404,268	2,542	429,163	-	835,973	26,611
North Smithfield	453,223	153,803	3,161	316,492	-	473,457	20,234
Pawtucket	1,818,660	893,702	73,820	945,009	-	1,912,530	93,870
Portsmouth	484,733	216,936	17,897	272,819	-	507,652	22,919
Providence	7,993,704	2,234,814	1,453,471	5,282,907	-	8,971,192	977,488
Richmond	225,987	94,980	6,800	135,881	-	237,661	11,674
Scituate	193,628	132,057	6,301	61,911	-	200,270	6,642
Smithfield	1,138,497	269,396	140,083	824,897	25,000	1,259,376	120,878
South Kingstown	1,313,015	382,796	192,530	876,322	-	1,451,648	138,633
Tiverton	472,224	196,984	22,854	280,088	-	499,926	27,702
Warren	414,374	130,625	1,646	302,209	-	434,480	20,106
Warwick	4,836,839	1,009,817	850,723	2,801,253	780,829	5,442,623	605,784
Westerly	1,524,955	281,776	681,839	864,129	40,863	1,868,607	343,652
West Greenwich	246,755	76,958	99,216	129,623	-	305,797	59,042
West Warwick	794,794	360,627	100,210	410,149	-	870,986	76,191
Woonsocket	1,075,943	517,357	47,533	569,172	-	1,134,062	58,119
Total	\$43,113,512	\$13,159,804	\$7,662,525	\$26,306,952	\$1,010,036	\$48,139,317	\$5,025,805

¹ Airport Impact Aid distributions are Senate Fiscal Office Estimates and are based on May 2020 landing data. Final distribution levels will be adjusted based on updated May 2021 data.

FY2021 Supplemental - Indirect Municipal Aid to Cities and Towns

Municipality	FY2021 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	FY2021 Supplemental	Change from FY2021 Enacted
Barrington	\$348,546	\$201,493	\$2,666	\$141,822	-	\$345,981	(\$2,565)
Bristol	697,039	276,918	36,583	385,645	-	699,147	2,107
Burrillville	382,036	204,918	145	173,341	-	378,404	(3,632)
Central Falls	367,672	241,398	613	123,102	-	365,113	(2,559)
Charlestown	299,789	96,898	55,526	141,826	-	294,250	(5,539)
Coventry	876,588	430,622	42,997	406,339	-	879,958	3,370
Cranston	2,801,324	1,011,274	42,836	1,723,057	-	2,777,168	(24,156)
Cumberland	911,425	431,581	293	469,676	-	901,551	(9,874)
East Greenwich	764,723	162,821	1,763	588,301	-	752,885	(11,839)
East Providence	1,553,083	590,964	41,252	914,292	-	1,546,509	(6,575)
Exeter	190,235	84,468	156	103,473	-	188,097	(2,137)
Foster	74,552	58,400	230	15,665	-	74,295	(257)
Glocester	197,253	125,319	1,812	69,193	-	196,325	(928)
Hopkinton	147,225	101,020	631	45,177	-	146,829	(396)
Jamestown	151,897	68,451	22,244	64,346	-	155,041	3,145
Johnston	1,014,159	364,114	3,943	633,711	-	1,001,768	(12,391)
Lincoln	991,586	269,570	66,441	635,293	25,000	996,304	4,718
Little Compton	108,410	43,654	18,616	44,992	-	107,261	(1,148)
Middletown	1,335,179	200,247	559,780	670,819	42,340	1,473,186	138,007
Narragansett	972,859	193,671	189,344	583,867	-	966,882	(5,977)
Newport	3,372,156	308,404	1,282,422	2,061,421	-	3,652,246	280,090
New Shoreham	779,036	10,300	393,386	346,942	31,017	781,645	2,609
North Kingstown	980,048	326,401	60,278	537,559	64,987	989,226	9,178
North Providence	809,361	404,268	2,542	395,532	-	802,342	(7,019)
North Smithfield	453,223	153,803	2,173	291,691	-	447,667	(5,556)
Pawtucket	1,818,660	893,702	49,934	870,956	-	1,814,591	(4,069)
Portsmouth	484,733	216,936	14,977	251,440	-	483,353	(1,380)
Providence	7,993,704	2,234,814	998,382	4,868,924	-	8,102,120	108,416
Richmond	225,987	94,980	6,031	125,233	-	226,244	257
Scituate	193,628	132,057	4,395	57,060	-	193,512	(115)
Smithfield	1,138,497	269,396	93,243	760,256	25,000	1,147,895	9,398
South Kingstown	1,313,015	382,796	136,945	807,651	-	1,327,392	14,377
Tiverton	472,224	196,984	16,703	258,139	-	471,827	(397)
Warren	414,374	130,625	1,589	278,527	-	410,742	(3,633)
Warwick	4,836,839	1,009,817	576,424	2,581,738	780,829	4,948,808	111,969
Westerly	1,524,955	281,776	483,501	796,413	40,863	1,602,553	77,598
West Greenwich	246,755	76,958	65,950	119,466	-	262,374	15,619
West Warwick	794,794	360,627	66,865	378,008	-	805,500	10,706
Woonsocket	1,075,943	517,357	32,311	524,570	-	1,074,237	(1,706)
Total	\$43,113,512	\$13,159,804	\$5,375,925	\$24,245,464	\$1,010,036	\$43,791,229	\$677,717

¹ Airport Impact Aid distributions are Senate Fiscal Office Estimates are based on May 2020 landing data. Final distribution levels will be adjusted based on updated May 2021 data.

Education Aid

In an effort to hold local education agencies (LEAs) harmless from enrollment declines due to the COVID-19 pandemic, the Budget provides that, in FY2022, the enrollment used to calculate education aid will be the greater of March 2020 or March 2021. The Student Success Factor (SSF), which provides a 40.0 percent weight for each student living in poverty, will be calculated based on the year with the greatest percentage of students enrolled in the district living in poverty. An additional \$649,319 in education formula aid is provided to fund this change.

The Budget also reestablishes density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school and provides \$1.0 million in education aid for FY2022. The intent is to provide one \$500 payment for each new resident student enrolled in a charter or state school. For FY2022, the aid will be calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In subsequent fiscal years, the \$500 will be paid for each new charter or state school student relative to the previous year.

EDUCATION AID

Education Aid Funding Formula: In FY2022, the enrollment used to calculate education aid will be the greater of March 2020 or March 2021. The Student Success Factor (SSF), which provides a 40.0 percent weight for each student living in poverty, will be calculated based on the year with the greatest percentage of students enrolled in the district living in poverty. An additional \$649,319 in education formula aid is provided to fund this change, bringing the total change, relative to the FY2021 Budget as Enacted, to \$36.3 million and total funding formula aid to \$1.037.2 million.

Categorical Programs: When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. The Density Fund support ended in FY2019; however, Article 10 of the FY2022 Budget as passed by the House Finance Committee reestablishes the Density aid category based on charter and state enrollments changes relative to FY2019. Article 9 of the FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers at public middle and high schools, which expires after FY2021.

FY2022 Education Aid as passed by the HFC

Categorical	Change from	
	Enacted	Total Funding
Formula Formula	\$36.3	\$1,037.2
Central Falls Stabilization	2.1	9.1
Density Aid	1.0	1.0
Transportation	-	7.7
Early Childhood	-	14.9
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
Davies Stabilization	0.9	5.8
English Learners	-	5.0
Met School Stabilization	(0.6)	1.1
Regionalization Bonus	-	-
School Resource Officer Support	(0.3)	-
Group Home Aid	(0.1)	2.9
Total	\$39.4	\$1,093.8

\$ in millions

- Central Falls Stabilization:** The Budget funds this category at \$9.1 million in FY2022, an increase of \$2.1 million over the FY2021 Budget as Enacted. Central Falls schools are currently 100.0 percent state funded, with the State providing both the local and state contributions calculated through the formula, as well as the local share that would be supported outside of the core amount. Generally, the costs outside the foundation aid formula, such as transportation, facility maintenance and retiree health benefits, are paid by the district. This program was created due to concerns regarding the city's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly

amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula.

Although Central Falls has been working with the Department to reduce expenditures over the last several years, 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.

- **Density Aid:** The Budget reestablishes density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school, and provides \$1.0 million in categorical aid for FY2022. The intent is to provide one \$500 payment for each new resident student enrolled in a charter or state school. For FY2022, the aid will be calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In subsequent fiscal years, the \$500 will be paid for each new charter or state school student relative to the previous year.
- **Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$7.7 million in FY2022, level with the FY2021 Budget as Enacted.

Analyst Note: For Regional Transportation, only \$4.2 million of the \$4.6 million in the Budget is distributed to districts in the aid tables, since the distribution is based on the June 30, 2020, unaudited expenditure data from the Uniform Chart of Accounts (UCOA). However, the full \$4.6 million needed to level fund regional transportation relative to the FY2021 Budget as Enacted is included in the funding. The decrease in spending is likely due to virtual learning practices implemented in response to COVID-19.

- **Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds will be distributed through a request for proposals process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. The Budget funds this category at \$14.9 million in FY2022, level with the FY2021 Budget as Enacted.
- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed five times the combined core instruction and student success factor funding (currently \$74,445 for FY2022). The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$4.5 million in FY2022, level with the FY2021 Budget as Enacted. An additional \$4.6 million would be needed to fully fund this category.
- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associate with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2021, level with the previous year.
- **Davies Stabilization Fund:** 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 additional \$885,832 (\$5.8

million total) in FY2022. Based on the budget documents, the increase is due primarily to step increases for teachers.

- **English Learners:** Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 10.0 percent of the per-pupil core instruction amount for each qualified EL student. In FY2022, the per-pupil weight is \$1,064, to reflect 10.0 percent of the \$10,635 core instruction amount. This amount is then multiplied by the state share ratio. The formula is provided below.

(Per-pupil core instruction amount x number of EL students) x 10.0 percent x state share ratio = additional state support per EL student

This support is then ratably reduced based on the total amount appropriated.

The Article restricted the funds to provide new services to EL students and required that the funds be managed in accordance with requirements enumerated by the Commissioner. The Article also required the Department to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. Distribution is subject to a pro-rata reduction based on the funds available. The Budget provides \$5.0 million in FY2022, level with the previous fiscal year; however, an additional \$5.8 million would be needed to fully fund this category.

- **Met School Stabilization Fund:** 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 \$563,953 decrease relative to the enacted budget (\$1.1 million total) provided in FY2022 is to provide a zero net impact on funding relative to FY2021.
- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. This category has not been funded since FY2014, as no new regional districts have been formed.
- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted established an aid category to support new Resource Officers at public middle and high schools. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for schools with fewer than 1,200 students, only one resource officer position is eligible for reimbursement. Schools with 1,200 or more students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget does not fund this category since the program expired in FY2021.
- **Group Homes:** The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount. The Group Home aid category provides \$17,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$26,000 per bed. The FY2022 Budget includes \$2.9 million to fund group home beds. This is \$100,049 less than the FY2021 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, 2020, report from the Department of Children, Youth, and Families, the FY2021 Revised Budget includes an increase of \$102,000 for Portsmouth for an increase of six beds, and \$51,000 for Providence for an increase of three beds.

District	FY2021 Enacted		Group Home Aid FY2022 Change from Enacted					FY2022 Enacted Total Aid
	Total Aid	Number of Beds	FY2022 Number of Beds	Number of Beds	Aid change due to bed count	Aid change due to RIGL 16- 7-22(1)(ii)	Total Change	
Burrillville	\$73,935	8	8	-	\$0	\$1,272	\$1,272	\$75,207
Coventry	83,396	8	8	-	-	(1,468)	(1,468)	81,928
East Providence	503,600	39	39	-	-	(6,421)	(6,421)	497,179
Lincoln	88,201	8	8	-	-	(3,054)	(3,054)	85,147
Newport	136,977	14	14	-	-	(7,016)	(7,016)	129,961
North Providence	141,292	16	16	-	-	(11,109)	(11,109)	130,183
North Smithfield	98,055	8	8	-	-	(1,162)	(1,162)	96,893
Pawtucket	118,734	22	22	-	-	(8,670)	(8,670)	110,064
Portsmouth	515,155	34	40	6	102,000	(7,483)	94,517	609,672
Providence	412,525	88	91	3	51,000	(91,956)	(40,956)	371,569
Smithfield	220,744	16	8	(8)	(136,000)	21,008	(114,992)	105,752
South Kingstown	119,996	8	8	-	-	(346)	(346)	119,650
Warwick	277,870	24	24	-	-	(5,132)	(5,132)	272,738
Woonsocket	37,221	8	8	-	-	(2,711)	(2,711)	34,510
Bristol-Warren ¹	98,476	10	10	-	-	7,595	7,595	106,071
Exeter-West Greenwich	123,805	9	9	-	-	(395)	(395)	123,410
Total	\$3,049,982	320	321	1	\$17,000	(117,049)	(\$100,049)	\$2,949,933

¹ Based on final 12/31/2020 report from the Department of Children, Youth and Families., the FY2021 Revised Budget includes an increase of \$102,000 for Portsmouth (6 beds) and \$51,000 for Providence (3 beds).

On the last page of this report is a table showing the federal COVID-19 Related Emergency Relief to LEAs appropriated to date

The following table shows the education aid including the formula distribution, categorical aid, and group home aid.

HFC FY2022 Education Aid ¹									
District	FY2021 Enacted (excludes group home and categoricals)	FY2022 Formula Change	Density Aid	Transportati on ^a	High-cost Special Education (>\$74,445)	Group Home Aid ^c	English Learners	Stabilization Funding	FY2022 Aid
Barrington	\$5,871,029	\$2,053,089	\$0	\$126,362	\$159,283	\$0	\$4,441	\$0	\$8,214,204
Burrillville	14,142,025	(361,569)	23,500	27,957	82,527	75,207	1,258	-	13,990,906
Charlestown	1,310,336	(19,036)	-	-	-	-	75	-	1,291,375
Coventry	23,412,703	653,401	-	12,526	24,830	81,928	4,028	-	24,189,417
Cranston	68,450,816	15,426	-	808,661	317,133	-	152,207	-	69,744,243
Cumberland	20,695,039	(293,462)	-	104,943	17,393	-	17,171	-	20,541,084
East Greenwich	3,289,856	1,015,994	-	78,286	145,133	-	1,511	-	4,530,780
East Providence	35,396,348	698,734	-	5,736	304,592	497,179	44,532	-	36,947,123
Foster	1,030,628	27,291	-	14,052	32,419	-	-	-	1,104,390
Glocester	2,121,901	300,252	-	10,229	47,354	-	-	-	2,479,735
Hopkinton	5,488,552	101,864	-	-	-	-	421	-	5,590,838
Jamestown	370,888	(78,920)	-	-	47,241	-	20	-	339,230
Johnston	18,685,883	803,028	-	206,685	198,886	-	39,587	-	19,934,069
Lincoln	14,948,129	992,827	-	-	196,769	85,147	9,051	-	16,231,922
Little Compton	397,611	34,408	-	-	-	-	-	-	432,020
Middletown	7,845,644	286,962	-	-	37,958	-	14,910	-	8,185,474
Narragansett	2,206,524	(28,130)	-	-	18,364	-	233	-	2,196,991
Newport	13,794,759	958,145	-	-	43,208	129,961	79,214	-	15,005,285
New Shoreham	177,909	33,177	-	-	25,178	-	736	-	237,000
North Kingstown	11,791,198	(575,161)	-	-	79,635	-	7,292	-	11,302,964
North Providence	24,700,268	1,908,133	39,500	182,510	256,548	130,183	54,883	-	27,272,024
North Smithfield	6,028,551	176,255	-	14,932	52,385	96,893	1,295	-	6,370,312
Pawtucket	91,967,189	3,070,333	102,000	162,839	101,187	110,064	452,861	-	95,966,474
Portsmouth	3,219,595	(157,071)	-	-	128,011	609,672	349	-	3,800,557
Providence	268,225,023	4,000,807	689,500	277,650	348,934	371,569	2,830,525	-	276,744,008
Richmond	4,693,797	455,845	-	-	-	-	397	-	5,150,039
Scituate	2,647,517	(289,305)	-	47,186	123,423	-	-	-	2,528,821
Smithfield	5,776,314	1,041,395	-	103,808	41,189	105,752	2,003	-	7,070,461
South Kingstown	4,463,290	96,681	-	168,489	94,436	119,650	2,369	-	4,944,915
Tiverton	7,380,299	(605,734)	-	-	120,762	-	981	-	6,896,308
Warwick	37,747,785	1,466,906	-	27,319	730,676	272,738	18,288	-	40,263,713
Westerly	8,114,881	(177,556)	-	-	141,179	-	5,217	-	8,083,720
West Warwick	29,438,359	1,419,425	-	40,076	20,533	-	21,554	-	30,939,948
Woonsocket	68,596,553	1,399,138	71,500	5,056	58,991	34,510	257,501	-	70,423,249
Bristol-Warren ³	12,630,626	(1,284,903)	-	1,474,859	151,924	106,071	6,467	-	13,085,044
Exeter-West Greenwich ³	4,226,297	16,692	-	933,583	167,989	123,410	672	-	5,468,643
Chariho	-	-	-	1,758,027	58,163	-	-	-	1,816,190
Foster-Glocester ³	4,636,715	467,538	-	546,028	112,667	-	386	-	5,763,334
Central Falls	38,101,208	456,045	84,500	86,169	4,982	-	531,596	9,145,493	48,409,993
District Total	\$874,022,047	\$20,078,948	\$1,010,500	\$7,223,967	\$4,491,882	\$2,949,933	\$4,564,031	\$9,145,493	\$923,486,802
Charter School Total	108,849,009	15,802,426	-	-	8,118	-	409,505	-	125,069,058
Davies	8,764,580	(174,910)	-	-	-	-	3,073	5,848,234	14,440,978
Met School	7,695,945	563,953	-	-	-	-	16,548	1,082,109	9,358,555
Urban Collaborative	1,555,465	74,680	-	-	-	-	6,843	-	1,636,988
Total	1,000,887,046	\$36,345,097	\$1,010,500	\$7,223,967	\$4,500,000	\$2,949,933	\$5,000,000	\$16,075,836	\$1,073,992,381

¹ Based on higher of March 2020 or MARCH 2021 enrollment updated for projected charter school growth.

² Based on final 12/31/2020 report from the Department of Children, Youth and Families. The FY2021 Revised Budget includes an increase of \$102,000 for Portsmouth (6 beds) and

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.

⁴ This distribution reflects full funding of Regional Transpiration aid based on June 2020 UCOA data, and therefore does not reflect \$437,392 in residual funding provided in the budget.

Source: Rhode Island Department of Education

The following table shows the change relative to the Governor's FY2022 education aid recommendation.

Changes to the Governor's FY2022 Education Aid

LEA	Governor's Submission	Greater of March 2020 or March 2021 Enrollment		Difference	Stabilization		
		Funding	Density Aid		Total Change		
Barrington	\$2,053,089	\$2,053,089		\$0	\$0	\$0	
Burrillville	(374,596)	(361,569)	13,027	-	23,500	36,527	
Charlestown	(19,036)	(19,036)	-	-	-	-	
Coventry	653,401	653,401	-	-	-	-	
Cranston	36,310	15,426	(20,884)	-	-	(20,884)	
Cumberland	(272,060)	(293,462)	(21,402)	-	-	(21,402)	
East Greenwich	1,015,994	1,015,994	-	-	-	-	
East Providence	707,140	698,734	(8,406)	-	-	(8,406)	
Foster	27,291	27,291	-	-	-	-	
Glocester	300,252	300,252	-	-	-	-	
Hopkinton	101,864	101,864	-	-	-	-	
Jamestown	(78,920)	(78,920)	-	-	-	-	
Johnston	817,261	803,028	(14,233)	-	-	(14,233)	
Lincoln	908,909	992,827	83,918	-	-	83,918	
Little Compton	34,408	34,408	-	-	-	-	
Middletown	286,962	286,962	-	-	-	-	
Narragansett	(28,130)	(28,130)	-	-	-	-	
Newport	958,145	958,145	-	-	-	-	
New Shoreham	13,209	33,177	19,968	-	-	19,968	
North Kingstown	(575,161)	(575,161)	-	-	-	-	
North Providence	1,995,502	1,908,133	(87,369)	-	39,500	(47,869)	
North Smithfield	138,545	176,255	37,711	-	-	37,711	
Pawtucket	2,636,671	3,070,333	433,662	-	102,000	535,662	
Portsmouth	(157,071)	(157,071)	-	-	-	-	
Providence	10,055,109	4,000,807	(6,054,302)	-	689,500	(5,364,802)	
Richmond	455,845	455,845	-	-	-	-	
Scituate	(289,305)	(289,305)	-	-	-	-	
Smithfield	1,041,395	1,041,395	-	-	-	-	
South Kingstown	96,681	96,681	-	-	-	-	
Tiverton	(605,734)	(605,734)	-	-	-	-	
Warwick	1,473,347	1,466,906	(6,441)	-	-	(6,441)	
Westerly	(177,556)	(177,556)	-	-	-	-	
West Warwick	1,419,425	1,419,425	-	-	-	-	
Woonsocket	1,391,889	1,399,138	7,249	-	71,500	78,749	
Bristol-Warren ²	(1,284,903)	(1,284,903)	-	-	-	-	
Exeter-West Greenwich ²	16,692	16,692	-	-	-	-	
Chariho	0	0	-	-	-	-	
Foster-Glocester ²	467,538	467,538	-	-	-	-	
Central Falls ³	1,109,592	456,045	(653,547)	653,547	84,500	84,500	
Subtotal District Aid	\$26,349,997	\$20,078,948	(\$6,271,049)	\$653,547	\$1,010,500	(\$4,607,002)	
Charter School Total	9,535,605	15,802,426	6,266,821	-	-	6,266,821	
Davies ¹	327,322	(174,910)	(502,232)	502,232	-	-	
Met School ¹	320,126	563,953	243,827	(243,827)	-	-	
Urban Collaborative	74,680	74,680	-	-	-	-	
Total	\$36,607,730	\$36,345,097	(\$262,633)	\$911,952	\$1,010,500	\$1,659,819	

Source: Rhode Island Department of Education

The following table shows the difference in education aid relative to the FY2021 Budget as Enacted.

HFC FY2022 Education Aid - Change to FY2021 Budget as Enacted¹

Districts	FY2021 Enacted	FY2022 Formula		High-cost Special Education		Group Home ³	English Learners	Stabilization Funding	Total Change	FY2022 Education Aid
		Change	Density Aid	Transportation ²						
Barrington	\$6,148,515	\$2,053,089	\$0	(\$13,207)	\$23,849	\$0	\$1,958	\$0	\$2,065,689	\$8,214,204
Burrillville	14,352,095	(361,569)	23,500	(29,717)	4,648	1,272	676	-	(361,190)	13,990,905
Charlestown	1,310,421	(19,036)	-	-	-	-	(11)	-	(19,047)	1,291,374
Coventry	23,564,535	653,401	-	511	(24,691)	(1,468)	(2,872)	-	624,882	24,189,417
Cranston	69,762,285	15,426	-	63,181	(110,446)	-	13,797	-	(18,042)	69,744,243
Cumberland	20,799,151	(293,462)	-	30,586	5,934	-	(1,125)	-	(258,067)	20,541,084
East Greenwich	3,490,910	1,015,994	-	3,584	19,630	-	661	-	1,039,869	4,530,780
East Providence	36,377,563	698,734	-	4,181	(119,580)	(6,421)	(7,356)	-	569,560	36,947,123
Foster	1,065,648	27,291	-	14,052	(2,601)	-	-	-	38,742	1,104,390
Glocester	2,218,174	300,252	-	10,229	(48,919)	-	-	-	261,562	2,479,735
Hopkinton	5,488,786	101,864	-	-	-	-	187	-	102,051	5,590,838
Jamestown	405,580	(78,920)	-	-	12,549	-	20	-	(66,351)	339,230
Johnston	19,127,285	803,028	-	26,097	(30,241)	-	7,901	-	806,785	19,934,070
Lincoln	15,198,685	992,827	-	-	39,787	(3,054)	3,677	-	1,033,237	16,231,922
Little Compton	397,669	34,408	-	-	-	-	(54)	-	34,354	432,023
Middletown	7,894,208	286,962	-	-	2,654	-	1,650	-	291,266	8,185,474
Narragansett	2,261,373	(28,130)	-	-	(36,039)	-	(213)	-	(64,382)	2,196,991
Newport	14,034,125	958,145	-	-	3,831	(7,016)	16,202	-	971,161	15,005,285
New Shoreham	178,491	33,177	-	-	25,178	-	154	-	58,509	237,000
North Kingstown	11,867,847	(575,161)	-	-	9,532	-	746	-	(564,883)	11,302,964
North Providence	25,275,683	1,908,133	39,500	62,169	(19,576)	(11,109)	17,225	-	1,996,342	27,272,025
North Smithfield	6,206,522	176,255	-	3,362	(14,894)	(1,162)	228	-	163,790	6,370,312
Pawtucket	92,823,636	3,070,333	102,000	9,725	(52,903)	(8,670)	22,352	-	3,142,837	95,966,473
Portsmouth	3,833,800	(157,071)	-	-	29,308	94,517	3	-	(33,243)	3,800,557
Providence	272,263,068	4,000,807	689,500	(40,281)	(34,535)	(40,956)	(93,598)	-	4,480,938	276,744,006
Richmond	4,694,206	455,845	-	-	-	-	(12)	-	455,833	5,150,039
Scituate	2,727,973	(289,305)	-	12,006	78,147	-	-	-	(199,152)	2,528,821
Smithfield	6,227,713	1,041,395	-	(32,318)	(51,539)	(114,992)	202	-	842,748	7,070,461
South Kingstown	4,853,437	96,681	-	43,426	(48,178)	(346)	(105)	-	91,478	4,944,915
Tiverton	7,475,572	(605,734)	-	-	26,295	-	175	-	(579,264)	6,896,308
Warwick	38,441,936	1,466,906	-	21,784	342,079	(5,132)	(3,862)	-	1,821,777	40,263,713
Westerly	8,255,191	(177,556)	-	-	6,180	-	(94)	-	(171,471)	8,083,720
West Warwick	29,535,239	1,419,425	-	(11,917)	(3,901)	-	1,101	-	1,404,708	30,939,947
Woonsocket	68,991,503	1,399,138	71,500	(4,760)	(35,335)	(2,711)	3,912	-	1,431,745	70,423,248
Bristol-Warren ⁴	14,514,094	(1,284,903)	-	(159,702)	8,302	7,595	(342)	-	(1,429,050)	13,085,045
Exeter-West Greenwich ⁴	5,696,332	16,692	-	(251,543)	7,895	(395)	(337)	-	(227,688)	5,468,644
Chariho	2,135,033	-	-	(281,999)	(36,845)	-	-	-	(318,844)	1,816,189
Foster-Glocester ⁴	5,207,656	467,538	-	41,991	46,153	-	(4)	-	555,677	5,763,333
Central Falls	45,680,070	456,045	84,500	41,164	1,171	-	9,388	2,137,656	2,729,924	48,409,994
District Total	\$900,782,012	\$20,078,948	\$1,010,500	(\$437,396)	\$22,899	(\$100,049)	(\$7,769)	\$2,137,656	\$22,704,790	\$923,486,802
Charter School Total	109,288,557	15,802,426	-	-	(22,899)	-	973	-	15,780,500	125,069,057
Davies	13,728,646	(174,910)	-	-	-	-	1,409	885,832	712,331	14,440,977
Met School	9,356,426	563,953	-	-	-	-	2,128	(563,953)	2,128	9,358,555
Urban Collaborative	1,559,049	74,680	-	-	-	-	3,259	-	77,939	1,636,988
Total	\$1,034,714,691	\$36,345,097	\$1,010,500	(\$437,396)	\$0	(\$100,049)	\$0	\$2,459,535	\$39,277,689	\$1,073,992,381

¹ Based on highest of March 2020 or March 2021 enrollment, updated for charter school growth.
² Based on FY2020 unaudited UCOA data, actual costs for regional transportation decreased, likely to COVID; however, the Budget level funds regional transportation.
³ Based on final 12/31/2020 report from the Department of Children, Youth and Families. The FY2021 Revised Budget includes an increase of \$102,000 for Portsmouth (6 beds) and \$51,000 for Providence (3 beds).
⁴ Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.
Source: Rhode Island Department of Education

The following table shows federal COVID-19 Related Emergency Relief to LEAs appropriated to date.

Federal COVID-19 Related Emergency Relief to LEAs

District	ESSER I (CARES Act) (available for obligation through September 30, 2021)	ESSER II (CRRSA) (available for obligation through September 30, 2022)	ESSER III (ARP) (available for obligation through September 30, 2023)	Total
Barrington	\$79,799	\$288,735	\$648,458	\$1,016,992
Burrillville	394,852	1,548,747	3,478,266	5,421,865
Charlestown	-	-	-	-
Coventry	623,392	2,419,802	5,434,532	8,477,726
Cranston	2,304,283	9,038,195	20,298,503	31,640,981
Cumberland	530,621	2,252,791	5,059,448	7,842,860
East Greenwich	69,858	241,108	541,494	852,460
East Providence	1,343,727	5,270,561	11,836,931	18,451,219
Foster	52,429	180,788	406,023	639,240
Glocester	149,926	581,253	1,305,412	2,036,591
Hopkinton	-	-	-	-
Jamestown	98,636	342,190	768,511	1,209,337
Johnston	660,667	2,591,365	5,819,839	9,071,871
Lincoln	476,313	1,931,628	4,338,162	6,746,103
Little Compton	33,278	64,348	144,517	242,143
Middletown	263,613	953,185	2,140,718	3,357,516
Narragansett	184,416	672,411	1,510,139	2,366,966
Newport	795,683	3,079,969	6,917,172	10,792,824
New Shoreham	12,538	-	-	12,538
North Kingstown	452,552	1,775,065	3,986,543	6,214,160
North Providence	720,309	2,825,301	6,345,224	9,890,834
North Smithfield	182,153	682,368	1,532,502	2,397,023
Pawtucket	3,618,740	14,193,947	31,877,588	49,690,275
Portsmouth	243,247	894,792	2,009,575	3,147,614
Providence	14,390,236	57,702,326	129,591,234	201,683,796
Richmond	-	-	-	-
Scituate	211,568	775,558	1,741,794	2,728,920
Smithfield	202,518	794,344	1,783,984	2,780,846
South Kingstown	352,990	1,344,338	3,019,191	4,716,519
Tiverton	194,599	763,284	1,714,228	2,672,111
Warwick	1,488,005	5,470,524	12,286,019	19,244,548
Westerly	552,501	2,020,394	4,537,517	7,110,412
West Warwick	961,349	3,705,668	8,322,405	12,989,422
Woonsocket	3,308,150	12,975,705	29,141,589	45,425,444
Bristol-Warren	485,476	1,904,207	4,276,577	6,666,260
Exeter-West Greenwich	142,555	521,496	1,171,205	1,835,256
Chariho	315,655	1,183,347	2,657,629	4,156,631
Foster-Glocester	90,511	535,272	1,202,144	1,827,927
Central Falls	1,575,794	6,790,598	15,250,718	23,617,110
District Total	\$37,562,936	\$148,315,610	\$333,095,791	\$518,974,337
Charter School Total	3,454,925	14,938,873	33,550,589	51,944,387
Davies	269,601	1,171,943	2,632,018	4,073,562
Met School	316,356	1,437,897	3,229,313	4,983,566
Urban Collaborative	85,140	333,948	749,999	1,169,087
School for the Deaf	26,441	114,139	256,339	396,919
Total	\$41,715,400	\$166,312,410	\$373,514,049	\$581,541,859

Source: Rhode Island Department of Education



ARTICLES

Articles

ARTICLE 1: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY2022

Article 1 makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department for FY2022.

Expenditures by Source	FY2020 Final	FY2021 Enacted	FY2022 Governor	FY2022 Budget	Change to Governor
General Revenue	\$3,937.4	\$4,153.3	\$4,371.3	\$4,549.8	\$178.5
Federal Funds	4,475.1	5,812.9	4,129.5	5,859.7	1,730.2
Other Funds	2,273.1	2,441.9	2,327.8	2,332.9	5.1
Restricted Receipts	332.1	322.3	341.9	372.5	30.6
Total	\$11,017.7	\$12,730.4	\$11,170.5	\$13,114.9	\$1,944.4
FTE Authorization	15,074.7	15,124.7	15,124.7	15,313.2	188.5

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

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes debt payments for the I-195 Redevelopment District Commission loan.
- Limits 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 \$230,000 to 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.
- Prohibits the obligation or expenditure of indirect cost recoveries on federal stimulus funds in the Department of Health without the approval of the Director of the Office of Management and Budget.
- Requires that Rhode Island Housing continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The article requires that 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.
- 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 FY2023. In addition, the University of Rhode Island shall allocate \$700,000 to the Small Business Development Center and shall allocate \$50,000 to Special Olympics Rhode Island. Also the Office of the Postsecondary Commissioner shall allocate \$7.7 million to the Rhode Island Promise Scholarship program, shall allocate \$9.6 million to the Last Dollar Scholarship program, \$355,000 to the Rhode Island College Crusade, \$147,000 to be used for the State's membership in the New England Board of Higher Education, and \$75,000 shall be allocated to Best Buddies Rhode Island.
- Details Community Service Objective grant funding recipients and amounts.
- 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 and are related to new economic development are to be made available to the City once an agreement is made between City and the State. This agreement was entered into in December 2020. Since the passage of the legislation CommerceRI has been certifying these revenues and the Division of Taxation has segregated them into their own account.

The language makes the formal appropriation in the Budget to disburse the funds to the City of Pawtucket.

- 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. The Budget allocates \$2.0 million from the ITIF and \$1.3 million in federal funds in FY2022 to fund the first year of the project.
- Provides \$600,000 in general revenue for Real Jobs set aside for training for direct care and support services staff to improve resident quality care and changing health care needs. This enhanced training is intended to improve the quality of care of nursing facility residents as required in the Nursing Home Staffing and Quality Care Act, passed by the House and Senate in May2021. The Act requires that each nursing facility have the necessary nursing service staff, both licensed and non-licensed, on a twenty-four hour basis.
- Requires \$2.0 million of the general revenue appropriation to hospitals within the Medicaid program be allocated for Graduate Medical Education. This includes \$1.0 million for hospitals designated as a Level I Trauma Center and \$1.0 million for hospitals providing Neonatal Intensive Care Unit level of care. These designations apply to Rhode Island Hospital and Women & Infants, respectively.
- Requires that the Director of Management and Budget approve any indirect cost recoveries derived from federal stimulus funds provided to the Department of Health prior to their disbursement. The language specifies that this applies to funds awarded under the Coronavirus Preparedness and Response Supplemental Appropriations Act (CPRSAA); the Families First Coronavirus Response Act (FFCRA); the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Paycheck Protection Program and Health Care Enhancement Act (PPHCEA); and the Consolidated Appropriations Act of 2021 (CAA).
- Requires that \$16.8 million of the general revenue appropriation and \$23.0 million of the federal funds appropriation within the Division of Developmental Disabilities be used to provide wage increases for direct support professionals. Article 1 also requires that an additional \$1.0 million in general revenue and \$1.0 million in federal funds be expended on State infrastructure to implement and manage compliance with the Consent Decree, which shall be reappropriated to the following fiscal year if not fully expended.
- Provides \$684,000 in RIDE's administrative share of Individuals with Disabilities Education Act funds be allocated to the Paul V. Sherlock Center on Disabilities to support the Rhode Island Vision Education and Services Program.
- The Budget includes \$15.0 million of one-time general revenue to support a new statewide body worn camera program for law enforcement officers. On June 16, 2021, the State's political and law enforcement leadership announced support for a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers, across every municipal police department and the Rhode Island State Police, with body-worn cameras over by December 2022.
- 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 Coronavirus Capital Project Fund funds.

ARTICLE 2: RELATING TO STATE FUNDS

This article adjusts or establishes new restricted receipt accounts as follows:

Elementary and Secondary Education

Article 2 creates a restricted receipt account within the Department of Elementary and Secondary Education to receive and expend monies received from public or private sources, limited to gifts, grants, and donations. The monies will be used for the same educational purposes that the state appropriation is used, unless otherwise limited by agreement.

Opioid Stewardship Fund

Article 2 amends RIGL 21-28.10 authorizing the Budget Officer to establish restricted receipt accounts within departments or agencies that receive Opioid Stewardship funding and clarifies the reporting requirements for programs receiving funds. The FY2020 Budget as Enacted established a restricted Opioid Stewardship Fund within the Department of Health (DOH). All licensed opioid manufacturers, distributors, and wholesalers are required to contribute to the Fund through a registration fee and must report the details of all opioids sold or distributed in the State to calculate their liability. Funds may only be used for opioid addiction treatment, recovery, prevention, education services, and other related programs.

Grants Management Administration

Article 2 adds language to RIGL 35-1.1-5 establishing the Grants Management System Administration restricted receipt account within the Department of Administration for the purpose of centralizing the administrative costs in managing federal grant applications, providing administrative assistance on reporting requirements, technical assistance, and approving agreements with federal agencies. The account will be exempt from the 10.0 percent indirect cost recovery charge on restricted receipt accounts under RIGL 35-4-27. All state agencies receiving federal funds shall deposit into this fund an amount equal to a percentage determined annually by the State Controller multiplied by the federal funds received by the agency. No funds shall be deposited into this restricted receipt account after December 31, 2026.

State Budget Stabilization and Cash Reserve Account

Article 2 removes language delaying the repayment of \$120.0 million in general revenue to reimburse the State's Budget Stabilization and Cash Reserve Account (Rainy Day Fund). The FY2021 Budget as Enacted included a \$90.0 million repayment and included legislation under Section 18 of Article 1 to delay the full payback, \$30.0 million, until FY2022. Article 1 of the Governor's FY2021 Supplemental Budget proposed to further delay the RICAP payback to FY2023 by reducing the appropriation to \$7.5 million in FY2021, include \$42.5 million in FY2022, and \$70.0 million in FY2023. This initiative fully reimburses the State's Budget Stabilization and Cash Reserve Account in FY2021.

Legislative Appropriation Authority

Article 3 clarifies that federal funds authorized, allocated, or apportioned to the State shall be subject to appropriation by the General Assembly except where otherwise provided in general law. It authorizes the State Budget Officer to establish restricted receipt accounts within any state agency under certain conditions, and expands the indirect cost recovery list to include Housing Production Fund, Grants Management System Administration, and the Governors' Portrait Donation Fund.

Transportation Investment and Debt Reduction Act

Article 3 amends RIGL 39-18.1-5 to provide that during the period of July 1, 2019 through June 30, 2022 a portion of the \$5.0 million that is annually allotted to the Rhode Island Public Transit Authority (RIPTA) may come from federal coronavirus relief funds.

RIPTA is annually allotted 5.0 percent of the funds in the Highway Maintenance Account (HMA) plus an additional \$5.0 million to support debt service and the Free-Fare program which provides free bus rides to qualifying low-income seniors and people with disabilities. In FY2022 RIPTA is anticipated to receive \$9.5 million, \$4.5 million from the HMA and \$5.0 million from federal coronavirus relief funds.

BHDDH Account

Article 2 establishes a restricted receipt account with the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) for the purpose of receiving and expending gifts, grants, or donations. The Department was recently awarded funding through the National Suicide Prevention Lifeline for a 9-8-8 planning grant available to state mental health, behavioral health, and public health agencies. The grant will assist with implementing a new, national, three-digit (9-8-8) number for mental health crisis and suicide response. Article 2 allows BHDDH to receive and expend the funds.

RI Bridge Replacement, Reconstruction, and Maintenance Fund

Article 3 amends RIGL 42-13.1-16 to require the Department of Transportation to report all current federal, discretionary, and other grants that the Department has applied within 30 days of the end of the fiscal year. The report will include the status of the application, as well as identifying any changes from previous reports. For any grants requiring a state match, the Department is required to identify the source that is available under current authorized spending.

Governor's Portrait Donation Fund

Article 2 establishes the Governor's Portrait Donation Fund as a restricted receipt account to receive any contributions received by the Rhode Island Council on the Arts to supplement the state appropriation for the purchase of a governor's portrait pursuant to RIGL 37-8-9.

ARTICLE 3: RELATING TO GOVERNMENT REFORM AND REORGANIZATION

This article authorizes various reforms to multiple departments. Specifically the article:

Employer Tax Unit

Article 3 authorizes the transfer of the Employer Tax Unit from the Department of Revenue (DOR) to the Department of Labor and Training (DLT). The Employer Tax Unit administers the unemployment tax, the temporary disability tax, and the job development assessment tax. These taxes are used to fund Unemployment Insurance (UI) benefits and Temporary Disability Insurance (TDI) benefits. Although the Employer Tax Unit has been housed in DOR, the funding they collect is used for DLT benefit programs. The transfer is intended to centralize the unit's efforts related to UI and TDI benefits. The transfer includes 35.0 FTE positions. There is no funding included as the Employer Tax Unit is already funded by DLT.

Risk-Based Capital Trend Test

Article 3 increases the minimum score for the risk-based capital trend test for life insurers in the State from 2.5 to 3.0. The risk-based capital trend test assists the Department of Business Regulation (DBR) in evaluating the solvency of life insurers by measuring the ratio of insurers' assets to risks and acts as an early warning signal of potential financial issues. This change aligns Rhode Island with the rest of the country and ensures that DBR's Division of Insurance Regulation maintains its accreditation by the National Association of Insurance Commissioners.

Limits to Governor's Responsibilities

Article 3 clarifies that the power of the General Assembly shall not be limited or restricted in the appropriation of federal funds received by the State pursuant to RIGL 35-4-22.1 regarding Legislative appropriation authority. It also specifies that powers conferred upon the Governor in response to a disaster emergency shall not exceed a period of 180 days from the date of the emergency order or proclamation and allows for the powers to continue only after the General Assembly extends the period for another 180 days by a concurrent resolution.

License Plate Reissuance Delay

Under RIGL 31-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every ten years in order to reduce fraud, improve public safety and law enforcement, and to generate revenue. The reissuance was first scheduled to take place in September 2011. It has been delayed 8 times since, with a myriad of different rationales (see table).

Article 3 extends the reissuance deadline from June 1, 2020, to July 1, 2022. The Budget does not include any implementation expenditures in FY2022. The Budget assumes a \$3.4 million reduction in registration fee revenue in FY2022, based on a July 1, 2021, effective date.

Session	Date	Delay Date	Reason
2011	9/2011	9/2013	\$3.3 million savings initiative
2013	9/2013	9/2015	Budget reduction target initiative
2015	9/2015	7/2016	Need to align plate design w/ state tourism campaign
2016	7/2016	4/2017	RIMS - Staff would have to be taken away from implementation
2017	4/2017	1/2019	Launch of RIMS System/Reprogramming legacy IT system
2018	1/2019	1/2020	Real ID - Staff would have to be taken away from implementation
2019	1/2020	6/2020	Governor had proposed eliminating the reissuance altogether. By the time Budget was enacted, it was too late to timely implement
2020	6/2020	No new date	Delay due to impact of the pandemic
2021	6/2020	7/2022	Delay due to impact of the pandemic

Commercial Driver's License Testing

Article 3 shifts the administration of the commercial driver's license (CDL) road test from the Community College of Rhode Island (CCRI) to the Division of Motor Vehicles (DMV), effective January 1, 2022. This transfer impacts expenditures and revenues at both the DMV and CCRI. CCRI currently collects and retains approximately \$200,000 in restricted receipt revenue from a \$100 CDL road test fee. Under Article 3, this revenue would instead be collected by the DMV and deposited into the general fund. Because the effective date of the article is January 1, 2022, the amount deposited as general revenues would be half of the annual revenue collected from the fee, or \$100,000, in FY2022. The Budget also includes \$132,961 for seven months of additional personnel expenditures at the DMV required to administer the road testing. These expenditures are for personnel and operating expenses necessary to administer the testing.

Caseload Estimating Conference – Division of Developmental Disabilities

Article 3 adds the Division of Developmental Disabilities within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to the biannual Caseload Estimating Conference (CEC). The Division will be included beginning with the next iteration of the CEC in November 2021. The article also imposes new reporting requirements beginning July 1, 2021, to ensure that the State Budget Officer, House Fiscal Advisor, and Senate Fiscal Advisor have adequate caseload and expenditure information to project the Division's needs. The article eliminates current reporting requirements elsewhere in the General Laws to avoid duplication. Finally, the article requires the Executive Office of Health and Human Services to assist with and oversee BHDDH's monthly reporting. These changes are consistent with a court order by the Consent Decree's presiding judge which requires the State to improve its process for forecasting expenditures for developmental disability services.

Article 3 amends RIGL 35-17-3 to transfer the authority to request additional caseload estimating meetings throughout the year from the Director of the Department of Human Services to the Secretary of the Executive Office of Health and Human Services.

Under current law, if at any time during the fiscal year a participant of the caseload estimating conference feels that recommendations made during the conference are no longer valid that participant is allowed to notify the Director of the Department of Human Services. The Director will then review the participants concerns and determine if the concerns are sufficient to request an additional conference.

DCYF Director

Article 3 allows the Governor, for 2021 only, to increase the annual salary for the Director of the Department of Children, Youth, and Families (DCYF). The article also allows the Governor to enter into

an employment contract for the position for up to three years, regardless of the number of years left in the Governor’s term. The article does not remove the Senate advice and consent requirement for the position. These changes are intended to help the State attract a new DCYF Director. The position has been vacant since July 2019 and the annual salary is currently set at \$135,000.

Attorney General Settlement Account

Pursuant to RIGL 42-9-19, the Attorney General is authorized to accept any settlement resulting from a multi-state settlement initiative. The Attorney General is also allowed to recover any attorney fees and costs that are considered to be settlement proceeds.

Article 3 amends RIGL 42-9-19, Attorney General Settlement restricted account, such that the general treasurer shall transfer \$750,000 in settlement proceeds in any fiscal year to the “attorney general multi-state initiative restricted-receipt account”. Any balance in excess of \$750,000 remaining in the account at the end of the fiscal year will be transferred to the state general fund.

Department of Administration – Property Report

Article 3 requires the Department of Administration to prepare a report by December 15, 2021, of all current property owned by the State or leased by any state agency or quasi-public agency, to include information such as a description and location of the property; information on the expiration of leases; ratios of occupancy and vacancy within each property; a strategic plan for leases commencing or expiring by June 30, 2022; a map of all state buildings that provides the cost per square footage to maintain; a benchmark report on the operating cost by full-time employee; and, the operating costs by square footage divided by the number of full-time employees.

DOR Collection Unit

Article 3 reauthorizes the Department of Revenue (DOR) Central Collections Unit (CCU) by extending the statutory sunset date from of June 30, 2021, to June 30, 2023. The FY2019 Budget as Enacted established the CCU as a three-year demonstration pilot designed to improve the collection of delinquent debts owed to State agencies. The CCU relies on agencies to voluntarily engage with it and enter into Memorandums of Understanding (MOUs) for its services. Implementation of the program began on July 1, 2018, and is set to expire on June 30, 2021.

ARTICLE 4: RELATING TO DEBT MANAGEMENT ACT JOINT 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 \$86.6 million in revenue bonds through the Rhode Island Health and Educational Building Corporation (RIHEBC) for two projects at the University of Rhode Island (URI).

Revenue Bonds	Proposed Debt Authorizations						
	Department	Article Authorization				Annual Debt Service	Term of Loan (years)
		Previous Authorization	Principal	Interest	Total Debt		
Memorial Union	URI	51.5	\$57.6	\$68.0	\$125.6	\$4.2	30.0
Combined Health & Counseling Center	URI	26.9	29.0	34.3	63.3	2.1	30.0
Total			\$86.6	\$102.3	\$188.9		

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

University of Rhode Island – Memorial Union – Auxiliary Enterprise

The article amends the previous authorization approved through the FY2020 Budget as Enacted for the renovation and expansion of the Memorial Union. URI has completed an advanced planning study for this renovation. The article increases the financing for the renovation and expansion by \$6.1 million from \$51.5 million to \$57.6 million. The debt service payments continue to be funded from student fees and retail

lease payments associated with auxiliary enterprise. Total debt service on Rhode Island Health and Educational Building Corporation (RIHEBC) the revenue bonds increases by \$13.3 million over the thirty-year term, assuming an average interest rate of 6.0 percent. Annual debt service payments are estimated at \$4.2 million.

According to URI, the increased cost of the Memorial Union project is due to the two-year delay. The project was originally delayed by one year to avoid issuing the new bonds at the same time as the bonds for the Combined Health & Counseling Center in order to ease the burden of the increase in debt-service. An additional one-year delay was due to COVID and the impact on Auxiliary funding need to pay for the initial design of the project. Delaying the project will allow for the Auxiliary to recover sufficiently to support the increased debt service.

University of Rhode Island – Combined Health & Counseling Center – Auxiliary Enterprise

The article amends the previous authorization for the design and construction of a new one-stop center to address the physical, emotional, and mental health of students approved through the FY2020 Budget as Enacted. The article increases the financing for the renovation and expansion by \$2.1 million, from \$26.9 million to \$29.0 million. The debt service payments continue to be funded from student fees associated with auxiliary enterprise. Total debt service on the RIHEBC revenue bonds increases by \$4.6 million over the thirty-year term to \$63.3 million, assuming an average interest rate of 6.0 percent. Annual debt service payments are estimated at \$2.1 million.

URI indicated that the Health & Counseling Center project was delayed by 19 months as a direct result of the impact of COVID. The Health Services Staff, who need to be fully integrated into the design process, have been focused on addressing the pandemic and have not been available to assist in the planning of the project. Also, the Health Services reserve funds, needed to support the design work, have been strained recently due to the pandemic. Delaying the project will allow for the Auxiliary to recover sufficiently to support the increased debt service.

ARTICLE 5: RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY2021

Article 5 makes revised appropriations for general revenues, and includes revisions to authorized expenditures from federal, restricted and other funds as well as authorized FTE levels for each agency and department for FY2021.

Expenditures by Source	FY2020 Final	FY2021 Enacted	FY2021 Governor	FY2021 Budget	Change to Governor
General Revenue	\$3,937.4	\$4,153.3	\$3,881.6	\$3,991.6	\$110.0
Federal Funds	4,475.1	5,812.9	7,059.1	7,511.9	452.8
Other Funds	2,273.1	2,441.9	2,456.3	2,455.0	(1.3)
Restricted Receipts	332.1	322.3	353.2	348.7	(4.5)
Total	\$11,017.7	\$12,730.4	\$13,750.2	\$14,307.2	\$557.0
FTE Authorization	15,074.7	15,124.7	15,124.7	15,124.7	-

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

- Maintains the airport impact aid formula at \$1.0 million.
- Authorizes 15,124.7 FTE positions consistent with the requested authorized level set in the Governor's FY2021 Revised Budget.
- Requires the State Controller to transfer \$67.0 million to the Information Technology Investment Fund and to transfer \$20.0 million to the Historic Tax Credit Fund by June 30, 2021.
- 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 FY2022. In addition, the University of Rhode Island shall allocate \$350,000 to the Small Business Development Center and shall allocate \$50,000 to Special Olympics Rhode Island. Also the Office of the

Postsecondary Commissioner shall allocate \$7.1 million to the Rhode Island Promise Scholarship program, \$355,000 to the Rhode Island College Crusade, \$147,000 to be used for the State's membership in the New England Board of Higher Education, and \$75,000 shall be allocated to Best Buddies Rhode Island.

- Limits the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.5 million. It requires Judiciary to provide \$230,000 to 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.
- Information Technology Investment Fund Capitalization: The Budget shifts \$67.0 million in one-time general revenue receipts to the State's Information Technology Investment restricted receipts fund (ITIF) in FY2021. The ITIF was established by the General Assembly in 2011 (FY2012 Enacted Budget) as a dedicated funding stream for the ongoing improvement and upgrading of the State's information technology systems. Eligible spending includes all hardware, software, consulting services, and ongoing maintenance/scheduled upgrade expenditures across all State agencies. The ITIF is primarily capitalized by proceeds from all State land and building sales (excluding the I-195 land), 10.0 percent of the first-responders surcharge on wireline and wireless telecommunications, and any other appropriations made by the General Assembly. The one-time investment of general revenue will support the following projects:
 - ERPS Project: The Budget provides \$50.0 million for a new Enterprise Resource Planning System (ERPS) for human resources, information systems, payroll, and financial management. The Governor had recommended the financing the project with Certificates of Participation.
 - DCYF RICHIST Project: The Budget provides \$17.0 million of ITIF funds for the state match on a new child welfare IT system to replace the current Rhode Island Children's Information System (RICHIST). The Governor had recommended that the match be made through the issuance of new Certificates of Participation.
- The Budget transfers \$20.0 million in one-time general revenue receipts to the Historic Preservation Tax Credit Trust Fund (HPTC) in FY2021. This investment recapitalizes the program and enables it to fund additional program that have applied and been waiting in the queue to receive credits. There are currently 38 projects in awaiting credits, of which the next 10 have requested \$24.0 million. Article 9 of the Budget also extends the sunset for the Historic Preservation Tax Credits 2013 program by one year to June 30, 2022.

ARTICLE 6: RELATING TO TAXES AND REVENUE

Article 6 modifies various departmental fees, exempts certain forgiven federal loans from taxation, and strengthens local revenue share commitments related to the State's casinos. The initiatives include:

Contractors' Registration and Licensing Board

Article 6 restructures the licensing fee paid to the Contractors' Registration and Licensing Board (CRLB). Currently, licenses must be renewed every other year with a \$200 fee. The article changes the license to annual renewal with a \$150 fee. The fee change applies to all contractors licensed through the CRLB except roofing contractors, who will continue to be relicensed every other year with a \$200 fee. The change aligns Rhode Island with Massachusetts, which has an annual fee of \$150. Due to the timing of the change, new revenues will not be generated until FY2023, at which time restricted receipts will increase by \$639,916.

Uniform Securities Sales Representatives

Article 6 increases the fee paid by individuals who are licensed to conduct business in Rhode Island as a broker dealer sales representative through the Division of Securities Regulation within the Department of

Business Regulation. The article increases the fee by \$25, from \$75 to \$100. The Budget includes \$2.7 million in new revenues from this change. Approximately 3.0 percent of licensed sales representatives are from Rhode Island, as most are individuals who choose to be licensed in all states. The fee was last increased in FY2012. Massachusetts charges an annual fee of \$75, and Connecticut charges \$125.

Hospital License Fee

Article 6 authorizes the hospital license fee at 5.0 percent in FY2021 and 5.725 percent in FY2022. The rate is discounted by 37.0 percent in both years for hospitals located in Washington County (South County and Westerly Hospitals). The fee is assessed on hospital fiscal year 2019 revenues for FY2021 and hospital fiscal year 2020 revenues for FY2022. The Budget assumes revenues of \$162.5 million in FY2021 and \$170.2 million in FY2022.

Of note, there is a substantial decline in revenues from the State-run Eleanor Slater Hospital, which reported \$6.1 million in patient care activity in FY2020, a 94.8 percent decline from FY2019 activity of \$117.4 million. It is unclear at this time whether these revenues were properly reported.

Hospital	2019 Hospital Revenues	FY2021 Fee Rate	FY2021 Fee Revenue	2020 Hospital Revenues	FY2022 Fee Rate	FY2022 Fee Revenue
Eleanor Slater Hospital	\$117,421,027	5.000%	\$5,871,051	\$6,142,948	5.725%	\$351,684
Kent Hospital	350,904,597	5.000%	17,545,230	300,104,400	5.725%	17,180,977
Landmark Medical Center	125,601,905	5.000%	6,280,095	127,911,320	5.725%	7,322,923
Miriam Hospital	435,634,512	5.000%	21,781,726	388,439,509	5.725%	22,238,162
Newport Hospital	107,246,436	5.000%	5,362,322	109,880,896	5.725%	6,290,681
Rhode Island Hospital	1,240,137,937	5.000%	62,006,897	1,224,954,729	5.725%	70,128,658
Roger Williams	168,172,485	5.000%	8,408,624	154,875,510	5.725%	8,866,623
St. Joseph's	133,950,283	5.000%	6,697,514	114,525,578	5.725%	6,556,589
South County Hospital	172,667,621	3.150%	5,439,030	163,641,262	3.607%	5,902,131
Westerly Hospital	72,416,729	3.150%	2,281,127	81,392,254	3.607%	2,935,615
Women & Infants	415,909,648	5.000%	20,795,482	392,537,766	5.725%	22,472,787
Total	\$3,340,063,180		\$162,469,099	\$3,064,406,172		\$170,246,831

Beach Parking Fees

Article 6 allows the Department of Environmental Management (DEM) to set the beach parking fees for facilities in Westerly at a “reasonably determined” amount.

Beach parking fees are generally determined by DEM through regulation; however, under current law, the beach parking fees are frozen at 2011 levels until October 1, 2021. Article 6 exempts facilities located in Westerly from this limitation.

Misquamicut is the State’s largest and most popular beach, with over 76.0 percent of the visitors coming from out of state. This beach also has excessive trash problems that require the addition of

dumpsters and recycling containers at every exit and an increase in seasonal employees for trash pickup. According to DEM, Misquamicut’s current parking fees are substantially lower than municipal and other beaches in the area and there is strong support for local political and business leaders to increase the parking fee. The increase in revenue would support additional staffing and maintenance.

Beach Parking Fees at Misquamicut

	Current	Article 6	Change
resident weekday	\$6.00	\$10.00	\$4.00
resident weekend	7.00	15.00	8.00
nonresident weekday	12.00	20.00	8.00
nonresident weekend	14.00	30.00	16.00
resident senior weekday	3.00	5.00	2.00
resident senior weekend	3.50	7.00	3.50
nonresident senior weekday	6.00	10.00	4.00
nonresident senior weekend	7.00	15.00	8.00

Analyst Note: At the time the Budget was submitted, DEM’s plan was to raise all categories of fees, increasing revenue by \$621.634. The Governor requested an amendment to budget on April 19, 2021, indicating that the revenue should be adjusted down by \$26,262 without explanation. According to DEM the reduction is related to lowering the increase on senior rates.

Sales Tax Permit Fee

Rhode Island requires all businesses that sell retail to obtain a sales tax permit and renew it annually. This is also required for lodging businesses that “rent living quarters in any hotel, rooming house, or tourist camp”. Permits are issued by the Division of Taxation upon receipt and approval of a sales tax permit application and payment of a \$10 fee. Permits must be renewed by February 1 of each year and are valid for the period of July 1 of that calendar year through June 30 of the subsequent calendar year, unless otherwise canceled, suspended, or revoked.

Article 6 eliminates the fee for the permit and the requirement to pay a reinstatement fee. It also allows the Division of Taxation to establish renewal periods. These changes are estimated to reduce general revenue by \$331,585 in FY2022 based on a July 1, 2021, effective date.

Coastal Resources Management Council (CRMC) Administrative Penalties

Article 6 increases the maximum penalties that can be assessed by the CRMC and changes the review of appeals to the Superior Court. According to CRMC, the penalties have not been changed since 2004, and are so low that violators absorb any fines issued as a cost of doing business. The increase is projected to increase revenue from fines and penalties by \$15,000 (\$22,500 total) in FY2022.

	CRMC Administrative Penalties		
	Current	Article 6	Change
Maximum Administrative Penalty	\$2,500	\$10,000	\$7,500
Maximum Penalty Per Day	500	1,000	500
Maximum Aggregate Penalty	10,000	50,000	40,000
Maximum Criminal Fine	500	1,000	500
Maximum Penalty for Posting or Blocking Rights-of-Way	500	1,000	500

Lottery – Local Changes

Article 6 makes several changes to the how Lincoln and Tiverton are treated with respect to casino gaming operations and shares of revenue.

- **Sports Betting:** Article 6 increases the annual statutory fee that is paid to Lincoln and Tiverton for hosting sports wagering at the casinos in their community. Current law sets the fee at \$100,000 for each town. Article 6 increases the fee to \$200,000 per year.
- **Minimum Local Revenue Share:** Under current law each Lincoln and Tiverton are guaranteed a minimum of \$3.0 million for its share of net video lottery terminal (VLT) and table games revenue. If for some reason activity at the casinos results in the local share less than \$3.0 million, the State must make up the difference between the \$3.0 million and the actual calculated share. Article 6 clarifies that Tiverton will receive the \$3.0 minimum for FY2021, regardless of the fact that the casino was shut down for three weeks during FY2021 due to the pandemic. The article also provides that going forward, in the event of that a casino is closed for more than thirty days, the guaranteed minimum will be prorated per day of the closure for the fiscal year.

Paycheck Protection Program

Article 6 partially decouples Rhode Island law from federal tax statutes governing how federal Paycheck Protection Program (PPP) loans are treated for purposes of personal and business income taxes. The purpose of the initiative is to preserve pandemic relief for those smaller businesses that received PPP loans of \$250,000 or less, while mitigating the significant State revenue loss that would result by remaining completely in alignment with federal law. Article 6 specifically,

- Provides the Tax Administrator with authority to exclude the amount of any PPP loan forgiven for federal income tax purposes from State tax in the event that the federal government provides funds to the State for revenue replacement.
- Exempts the first \$250,000 of a PPP loan from Rhode Island business and personal income taxation.

ARTICLE 7: RELATING TO THE ENVIRONMENT (ART. 007/3)

This article changes fees related to recreational hunting and fishing, and registration fees for commercial fertilizer and pesticides. This article also modernizes the commercial fishing licensing system and establishes a dockside program for shellfish packing houses through the Department of Health (DOH).

Commercial Fertilizer and Pesticide Fee Increase

The article increases fees paid by manufacturers or distributors to register pesticide and commercial fertilizer products. The fee are deposited as general revenue. According to DEM, the increased fees would align with neighboring states.

Agriculture Fee Increases					Regional Fertilizer and Pesticide Fees			
Fee	Current	Proposed	Change	Projected	RI			
				Revenue	Proposed	MA	CT	
Pesticide Product	\$200	\$300	\$100	\$842,900	Pesticide Product	\$300	\$300	\$188
Commercial Fertilizer	72	100	28	103,992	Commercial Fertilizer	100	250	75
Total Revenue				\$946,892				

Recreational Fishing and Hunting License Fees

The article increases most recreational hunting and fishing fees; however, junior hunting license fees decrease, and license fees for the disabled and those over 65 years of age remain free. The article also

establishes a new category of hunting license for resident and non-resident juniors, and provides for fee changes to various recreational fishing and hunting licenses, as provided in the following table.

Article 7. Recreational Fishing and Hunting License Fees

License/Permit	Rhode Island				Massachusetts Fees	Connecticut Fees	Regional Average ¹
	Current Fee	FY2022 Fee	FY2026 Fee	FY2029 Fee			
Hunting	\$18.00	\$21.00	\$24.00	\$27.00	\$27.50	\$19.00	\$26.49
Hunting Jr.	18.00	14.00	14.00	14.00	11.50	10.00	8.11
Hunting - non-resident	45.00	55.00	65.00	75.00	65.50/99.50 ²	91.00	118.54
Hunting Jr. - non-resident	45.00	40.00	40.00	40.00	65.50/99.50 ²	91.00	47.49
Hunting Landowner - non-resident	18.00	21.00	24.00	27.00	n/a ³	n/a ³	n/a
Hunting Tourist 3-day - non-resident	16.00	20.00	20.00	20.00	n/a	35.00	42.63
Hunting Tourist Jr. 3-day - non-resident	16.00	16.00	16.00	16.00	n/a	n/a	n/a
Hunting Active Military - non-resident	18.00	21.00	24.00	27.00	27.50	19.00	26.49
Freshwater Fishing	18.00	21.00	24.00	27.00	27.50	28.00	25.09
Freshwater Fishing - non-resident	35.00	38.00	41.00	44.00	37.50	55.00	45.89
Freshwater Fishing Tourist 3-day - non-resident	16.00	18.00	20.00	22.00	23.50	22.00	17.84
Freshwater Fishing Active Military - non-resident	18.00	21.00	24.00	27.00	27.50	28.00	25.09
Freshwater Fishing Disabled	0.00						
Freshwater Fishing Permanent over 65 yrs.	0.00						
Combination	33.00	38.00	43.00	48.00	n/a	40.00	50.65
Combination Disabled	0.00						
Combination Permanent over 65 years	0.00						
Trapping	10.00	15.00	20.00	25.00	35.50	34.00	25.29
Fur Buyer	10.00						
Trapping - non-resident	30.00	50.00	75.00	100.00	200.00	250.00	192.32
Fur Buyer non-resident	30.00						
Game Bird Permit	15.50	17.00	18.50	21.00	n/a	25.00	28.58
Deer Permit	12.50	13.00	14.00	15.00	5.00	19.00	15.61
Deer Permit All Outdoors Package	75.00	75.00	75.00	75.00	n/a	n/a	n/a
Deer Permit - non-resident	25.50	26.50	27.50	28.50	5.00	68.00	29.11
Turkey Permit Spring	7.50	8.00	9.00	10.50	5.00	28.00	18.11
Turkey Permit Spring - non-resident	20.00	21.50	23.00	24.50	5.00	28.00	25.61
Turkey Permit Fall Archery	7.50	8.00	9.00	10.50	5.00	28.00	18.11
Turkey Permit Fall Archery - non-resident	20.00	21.00	23.00	24.50	5.00	28.00	25.61
Trout Stamp	5.50	5.50	6.00	6.50	n/a	5.00	10.22
Waterfowl Stamp	7.50	8.00	9.00	10.00	5.00	17.00	8.99/9.88 ⁴

¹Regional Average includes MA, CT, ME, NH, VT, NY, NJ, DE, MD, and PA.

²MA charges \$65.50 for a nonresident small game hunting license (includes all game except deer, bear, and turkey), and \$99.50 for big game hunting (includes deer, bear, and turkey).

³Ma and CT do not offer this license - nonresident landowners must obtain a regular nonresident hunting license.

⁴Resident/non-resident

According to DEM, the changes bring Rhode Island Fishing and Wildlife fees more in line with neighboring states. In addition, the fee collections provide the state match for federal funds used to administer the State's fish and wildlife programs. The Division of Fish and Wildlife (DFW) relies primarily on fee collections and federal funds to administer the State's fish and wildlife programs; consequently, Rhode Island's low fee structure has made it difficult for the DFW to unlock all the available federal funding.

Rhode Island receives federal funding through two separate laws – the Wildlife Restoration Act (aka "Pittman-Robertson) and the Sport Fish Restoration Act (aka Dingell-Johnson). Funds for the Wildlife Restoration Act are derived from a federal excise tax on the sale of firearms, ammunition, and archery equipment. Similarly, funds for the Sport Fish Restoration Act are derived from a federal excise tax on fishing equipment, certain motorboat fuels, and import duties.

These funds are collected by the federal government and then apportioned to each state on an annual basis using a formula set in federal law. The use of these funds is tightly restricted by both state and federal law to purposes that directly benefit fish and wildlife purposes. Notably, the federal government requires as a condition of providing the funding that the state dedicates this funding solely to the state fish and wildlife

agency (in our case, DEM Fish and Wildlife and DEM Marine Fisheries) pursuant to statute. Consequently, Rhode Island is required by statute (Title 20, Chapter 20-9-3) to restrict revenues raised from fees on hunting, fishing, and related licenses to fish and wildlife purposes and these funds are used to provide the state match for the federal funding made available through the two programs.

In recent years, federal funding has increased rapidly as sales of firearms and ammunition have increased and revenue from license fees has not been sufficient to provide the full amount of state match needed. DEM has been able to utilize in-kind contributions and other sources of state match to access federal funding, but these methods are unlikely to prove sufficient in the future. The proposed fee increases occur in three steps over eight years to provide a predictable and measured increase that is need to ensure the state's fees remain competitive with our neighbors, keep pace with the rising costs of programming, and provide an increased state match.

The proposal is estimate to increase restricted receipts by \$62,960 in FY2022, \$187,340 in FY2026, and \$314,433 in FY2029. The additional revenue is projected to leverage additional federal funds at a ratio of 1:3, resulting in a corresponding increase in federal funds of \$188,880 in FY2022, \$563,520 in FY2026, and \$943,299 in FY2029.

Party and Charter Vessel License

The article increases the license fee for vessels carrying recreational passengers for marine fishing from a biannual fee of \$25 to an annual fee of \$100 for residents and \$300 for non-residents to better align fees with neighboring states. The change is estimated to generate an additional \$81,025 in restricted receipts annually.

Multistate Commercial Fishing License Fee Analysis (2017)

Type of License	Connecticut	New York	Massachusetts	Rhode Island	Rhode Island
				Current	Proposed
Party and Charter Vessel - Resident	\$315	\$250	\$65 - \$130	\$25/2 years	\$100
Party and Charter Vessel - Non-Resident	315	250	130 - 260	25/2 years	300

Source: Rhode Island Department of Environmental Management

Commercial Fishing License Fees

The article is based on the Rhode Island Commercial Fishing License Modernization Initiative (Initiative), which was designed with input from the industry. The Initiative aims to improve the commercial fisheries licensing system in response to the evolution of fisheries management and fisheries accounting technologies, and to simplify the structure of the licensing system. The four main goals of the restructure include:

1. Maintain a healthy fishing community in the State of Rhode Island,
2. Maintain flexibility for fishermen and allow for diversification of their fishing portfolio,
3. Increase simplicity and understanding of the system for fishermen and seafood dealers, and
4. Increase and support resources for RI's contemporary marine fisheries needs.

The changes will also better align licensing fees with the cost of assessing and managing marine resources, while bringing Rhode Island's fee structure more in line with neighboring states.

DEM estimates that the updated fee structure will increase annual restricted receipts by \$236,025 beginning in FY2023, which will unlock additional federal funds by providing additional matching funds. There is no general revenue impact. The additional restricted receipts will replace expiring federal grants such as the one currently supporting the electronic seafood dealer program, also known as the Standard Atlantic Fishery Information System (SAFIS). The program, including data auditing, customer service, and compliance management, is currently supported by the Atlantic Coastal Cooperative Statistics Program (ACCSP), which is in the first year of a three-year phase out.

Multistate Commercial Fishing License Fee Analysis (2017)

Type of License	Connecticut	New York	Massachusetts	Current (average)	Proposed (average)
Limited License (single sector focus) - Resident	\$790 - \$975	\$180 - \$450	\$160 - \$310	\$209	\$200
Limited License (single sector focus) - Non-Resident	855 - 2,100	275 - 1,250	320 - 570	460	700
Maximum Flexibility License - Resident	790 - 975	780	1,240	329	4450
Maximum Flexibility License - Non-Resident	885 - 2,100	1,975	2,330	n/a	n/a

Source: Rhode Island Department of Environmental Management

Shellfish Packing Houses

The article authorizes the Director of the Department of Health (DOH), with the assistance of DEM, to establish a dockside program, including rules and regulations. The article also provides DOH with the authority to set a shellfish-licensing fee through rules and regulations. In April 2019, the National Marine Fisheries Council closed a large portion of fishing grounds used for harvesting surf clams in order to protect certain marine species. Authorizing DOH to establish the program allows companies in the State to continue processing certain shellfish and ensure they are safe for human consumption. The program would not apply to aquaculture, the cultivation of fish in controlled conditions.

Massachusetts has a similar program, with a fee of \$35,000 per vessel, per year and is collected from vessels that harvest from specific waters not regularly monitored for biotoxins. The fee is deposited into the Dockside Testing Trust fund and is used for the regulation, monitoring, and testing of shellfish.

The new dockside program would require 2.0 FTE Lab Scientist positions and 1.0 FTE Food Specialist. The cost of the FTE positions, in addition to operating costs, would result in increased expenditures of \$366,300, funded by the proposed license fee.

ARTICLE 8: RELATING TO PUBLIC UTILITIES AND CARRIERS

Article 8 amends RIGL 39-2, "Duties of Utilities and Carriers", requiring all investor-owned gas and electric distribution companies to develop and file an emergency response plan with the Division of Public Utilities and Carriers (Division) on or before May 15, 2022, and annually thereafter, outlining a utility's emergency preparations and response to restore service to customers after an emergency event. In addition, the Article requires the Division to develop standards of acceptable performance for emergency preparations and response to restore service by investor-owned gas and electric distribution companies. The Article:

- Authorizes a fine of up to \$500 per day to be issued to any company that fails to file the required emergency response plan.
- If the Division determines that an investor-owned distribution company violated the Division's standards of acceptable performance, the Division shall have the authority to levy a penalty up to \$100,000 for each violation per day, not to exceed \$7.5 million for any related series of violations.
- Fines levied on the investor-owned electric or gas distribution utilities shall be credited back to the utility's customers.

ARTICLE 9: RELATING TO ECONOMIC DEVELOPMENT

Article 9 introduces new or amends existing economic development incentives. The changes include:

Professional Engineer License

There are two types of degree programs in the engineering field, engineering and engineering technology. Currently, individuals with an undergraduate degree in engineering technology are not eligible for a professional engineer license unless they also hold a master's degree from an accredited engineering program. Engineering degrees are more heavily focused on math and science, whereas engineering

technology degrees are more practical rather than theoretical. An engineering technology degree has less advanced math and science requirements. Currently, 24 states allow engineering technology degree holders to obtain a professional engineer license with adequate experience.

The article provides a licensure path for individuals with degrees in engineering technology, without also holding a master's degree, so long as they have a minimum of 8 years of experience working under a professional engineer licensee. Prospective licensees must also pass a Fundamentals in Engineering exam, and a Principles and Practice of Engineering Exam, both administered by the National Council of Examiners for Engineering and Surveying. Professional engineering license fees range from \$25 to \$300 (see table). The Department of Business Regulation anticipates eligibility changes will lead to an increase in license applications and fee collections, producing an estimated \$90,000 in additional revenue in FY2022.

Professional Engineer License Fees	
License	Fee
PE Certificate of Registration – Initial Registration Fee	\$300
Biennial PE Registration - Renewal Fee	300
Reinstatement of Expired PE Certificate of Registration - Fee	210
COA Initial Application Fee	150
Comity PE Application Fee	150
Initial PE Application fee	100
Biennial COA Renewal Fee	50
Engineer in Training (“EIT”) – Initial or Comity Application Fee	25
Retirement Status – Biennial Fee	20

Rhode Island Municipal Infrastructure Grant Program

Article 9 of the Budget shifts the State’s Municipal Infrastructure Grant program (MIG) program from the Division of Statewide Planning (Division), within the Department of Administration (DOA), to the Rhode Island Infrastructure Bank (RIIB), a quasi-public corporation that provides low-interest loans to municipalities for infrastructure projects. The article charges the Division to assist RIIB in evaluating applications and establishing criteria. RIIB is also authorized to establish rules and regulations that align with the State’s economic development plans.

The Budget provides \$1.0 million for grants to be made through the MIG. Through the program the State provides public infrastructure grants to municipalities for design, construction, building, land acquisition, rehabilitation, repair, and other improvements to publicly owned infrastructure including sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian ways. The program also assists municipalities with economic development projects, housing development and rehabilitation, and other community development projects.

Reauthorization of Economic Development Incentive Programs

Article 9 reauthorizes the following incentives for another year and a half:

- Rebuild RI
- Rhode Island Tax Increment Financing
- Tax Stabilization Incentive
- First Wave Closing Fund
- I-195 Redevelopment Project Fund
- Small Business Assistance Fund
- Stay Invested in RI Wavemaker Fellowship
- Main Street Rhode Island Streetscape Improvement Fund
- Innovation Initiative
- High School, College, and Employer Partnerships
- Air Service Development Fund

- Rhode Island Qualified Jobs Incentive

These programs are currently set to expire on June 30, 2021. The General Assembly originally established a two-year authorization for these incentives, calling for a sunset date of December 31, 2018. This expiration has been extended three times, most recently by the FY2021 Budget as Enacted. Article 9 extends the date to December 31, 2022. The State's Industry Cluster Incentive program is not reauthorized.

Wavemaker Fellowship Program

Established in 2015, the Wavemaker Fellowship is a competitive student loan reimbursement program for college and university graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments for up to 4 years. The amount of the tax credit depends upon the degree earned by the taxpayer, i.e. \$1,000 for an associate's degree up to \$6,000 for a graduate or post-graduate degree.

Article 9 clarifies that all tax credit awards made to fellows under the program are exempt from all State taxes. For purposes of the Wavemaker Fellowship program, awards may be delivered as an up-front tax credit redemption or as a tax credit certificate when filing a tax return. State law exempts up-front redemptions from State taxation; however, tax credit certificates are still subject to tax. Article 9 exempts the latter from taxation. This policy change results in a general revenue reduction of \$2,707 in FY2022.

Motion Picture Tax Credit Cap Increase

Article 9 increases the State Motion Picture Tax Credit program's annual cap from \$20.0 million to \$30.0 million for FY2022 only. The article also reauthorizes the program another year and a half by extending the program sunset date from June 30, 2021, to December 31, 2022.

The State offers a tax credit for motion picture production companies equivalent to 25.0 percent of qualified production costs attributable to expenditures from activity within the State. The credits are transferable, and unused portions may be carried forward for up to three years. The total credit issuance for a given production at \$7.0 million in a given year, and productions must meet a minimum \$100,000 production budget threshold to qualify. The Tax Administrator may waive the tax credit cap for any feature length film or television series to use up any unused amounts in the motion picture tax credit program up to the current \$20.0 million annual threshold. This cap also includes musical and theatrical production tax credits.

Historical Preservation Tax Credit Program Reauthorization

Article 9 reauthorizes the State Historical Preservation Tax Credit Program (HPTC) another year by extending the program sunset date from June 30, 2021, to June 30, 2022. Under the program, taxpayers that incur qualified rehabilitation expenditures (QREs) for the substantial rehabilitation of a certified historic structure are entitled to a credit is equal to 20.0 percent of the QREs for any certified historic structure or 25.0 percent of the QREs, provided that either 25.0 percent of the total rentable area of the certified historic structure or the entire rentable area on the first floor is available for trade or business. The maximum credit cannot exceed \$5.0 million for all phases of any certified rehabilitation project and the total credits authorized cannot exceed the sum of the estimated credits available in the historic preservation tax credit trust fund. The program has been closed to new applicants since 2012.

The Budget, through Article 5, also transfers \$20.0 million in one-time general revenue receipts to the HPTC Trust Fund in FY2021. This investment recapitalizes the program and enables it to fund additional program that have applied and been waiting in the queue to receive credits. There are currently 38 projects in awaiting credits, of which the next 10 have requested \$24.0 million.

ARTICLE 10: RELATED TO EDUCATION

This article establishes a hold harmless clause for education aid in FY2022 based on the March update; reestablishes a density aid categorical aid program for districts where 5.0 percent or more of the average

daily membership (ADM) attend charter or state schools; requires the Department of Education (Department) to analyze uniform chart of accounts (UCOA) data to map basic education plan (BEP) costs, ensure districts are complying with the BEP, and determine whether education aid is sufficient to fund the BEP; and, provides state support for AP test tests taken by low-income students.

Education Aid Hold Harmless

The funding formula statute requires the formula aid to a community be based on the previous year's enrollment. For this budget, statewide data reflected a decrease in enrollment of nearly 4,000 students in March 2021 relative to March 2020. In an effort to hold local education agencies (LEAs) harmless from enrollment declines due to the COVID-19 pandemic, the article provides that, in FY2022, the enrollment used to calculate education aid will be the greater of March 2020 or March 2021, adjusted for students attending new or expanding charter schools. The Student Success Factor (SSF), which provides a 40.0 percent weight for each student living in poverty, will be calculated based on the year with the greatest percentage of students enrolled in the district living in poverty. For districts where the March 2020 enrollment is greater, the March 2020 enrollment will be used but it will be reduced by the number of students attending new or expanding charter schools in FY2022.

Density Aid

The article reestablishes density aid for districts where 5.0 percent or more of the ADM are enrolled in a charter or state school. The intent is to provide a \$500 payment once for each new resident student enrolled in a charter or state school. For FY2022, the aid will be calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In subsequent fiscal years, the \$500 will be paid for each new charter or state school student relative to the previous year.

Accountability

The article requires the Department to use UCOA data to develop benchmarks, specific to each LEA, to improve cost controls, efficiencies, and program effectiveness. The Department is further required to provide a report to each LEA and a summary of all the LEA reports to the Governor and General Assembly.

Advance Placement (AP) Test for Low-Income Students

The article requires that funding be provided for the advanced placement program. This program is defined as furtherance of AP classes in the public schools and includes teacher training and, as provided by the article, increased student participation. The article amends the requirements of the program report to be filed by the Department to include:

- The number of students taking AP courses who do not take the test,
- The number of students below the poverty level, defined as “at or below 185.0 percent of federal poverty guidelines”, who take AP courses, and
- The number of student below poverty who take AP courses but no the examination,

The article also requires the Department to ensure that the greatest amount of students practicable have the opportunity to participate in the advanced placement program and to gain college credit.

ARTICLE 11: RELATING TO LEASE AGREEMENTS

State Leases

Article 11 authorizes the following lease agreements pursuant to RIGL 37-6-2(d), which requires “for any lease, rental agreement, or extension of an existing rental agreement for leased office and operating space that carries a term of five (5) years or longer, including any options or extensions that bring the total term to five (5) years or longer, where the state is the tenant and the aggregate rent of the terms exceeds five

hundred thousand dollars (\$500,000), the state properties committee shall request approval of the general assembly prior to entering into any new agreements or signing any extensions with existing landlords.”

State Agency	New Location	Sq. Ft.	Lease Term	Aggregate Rent	Max.		Previous		Change
					Annualized	Expired Lease	Annualized Rent		
Revenue	238 East Main Road, Middletown	4,200	5-years	\$317,606	\$63,522	October 31, 2021	\$57,978	\$5,544	
Corrections	49 Pavilion Avenue, Pawtucket	5,086	1.5-years	\$163,035	108,690	July 31, 2021	108,690	-	
Human Rights	180 Westminster Street, Providence	9,912	5-years	\$929,250	185,850	August 31, 2021	181,410	4,440	
Ethics*	38-40 Fountain Street, Providence	4,535	10-years	\$1,110,595	111,060	November 30, 2021	104,075	6,985	
Human Services - ORS*	40 Fountain Street, Providence	27,680	10-years	\$7,242,840	724,284	November 30, 2021	681,293	42,991	
Human Services - ODDS*	40 Fountain Street, Providence	16,024	10-years	\$4,124,560	412,456	November 30, 2021	387,779	24,677	
Human Services*	249 Roosevelt Avenue, Pawtucket	24,400	10-years	\$4,503,021	450,302	July 31, 2021	453,598	(3,296)	
Human Services	77 Dorrance Street, Providence	25,812	5-years	\$2,064,960	412,992	August 31, 2021	395,791		
Total					\$1,605,862		\$1,521,225	\$84,637	

* rent includes office and parking

ARTICLE 12: RELATING TO MEDICAL ASSISTANCE

This article modifies the financing and delivery of the medical assistance (Medicaid) program. The article also includes a joint resolution authorizing the Executive Office of Health and Human Services (EOHHS) to undertake various reforms within the Medicaid program that require amendments to the State’s 1115 waiver, Medicaid State Plan, rules and regulations, or managed care contracts.

LTSS Resiliency and Rebalancing

Article 12 modifies existing Long Term Services and Supports (LTSS) programs to rebalance the State’s array of long-term care programs by shifting away from institutional settings and towards home- and community-based services. The article enables the following changes:

- Maintenance of Need:** The article raises the home- and community-based services (HCBS) Maintenance of Need allowance from 100.0 percent of the federal poverty level plus \$20 per month (\$1,093 per month) to 300.0 percent of the federal standard for supplemental security income (\$2,382 per month) to enable individuals to retain more of their income while receiving services in their homes. This change impacts populations receiving services through EOHHS Medicaid as well as the Division of Developmental Disabilities.
- Assisted Living Rates:** The article increases assisted living rates in both fee-for-service and managed care by establishing a tiered rate structure to reimburse assisted living providers based on residents’ acuity. Currently, assisted living facilities are reimbursed at \$69.00 per day for all beneficiaries regardless of the level of care they require; Article 12 increases the base rate to \$78.00 and provides higher rates for patients with more complex needs.

Assisted Living Tiered Reimbursement

Tier	Description	Population	Rate	Increase
A	Basic	57.1%	\$78.00	13.0%
B	Enhanced care and transition services	40.5%	\$98.00	42.0%
C	Serious cognitive decline and co-morbidities that may require skilled care or stabilization services	2.4%	\$121.00	75.4%

- Home Care Wages:** The article establishes a targeted wage pass-through program for home care workers to bolster the State’s ability to provide services to individuals in their homes.
 - Shift Differential:** Article 12 increases the shift differential rate modifier for Certified Nursing Assistants (CNAs). The modifier grants extra pay to CNAs that deliver direct care services during non-standard hours such as nights, weekends, and holidays. The Budget increases the existing modifier from \$0.38 per 15 minutes (\$1.50 per hour) to \$0.56 per 15 minutes (\$2.25 per hour) effective July 1, 2021.
 - Behavioral Health Enhancement:** Article 12 also adds a new behavioral healthcare rate enhancement of \$0.39 per 15 minutes (\$1.55 per hour) for Personal Care, Combined Personal Care/Homemaker, and Homemaker Only services for providers with at least 30.0 percent of staff

with behavioral healthcare training. The enhancement applies to CNAs who have completed a required behavioral health certificate training program, effective January 1, 2022.

- **Supplemental Security Income:** The article eliminates the Supplemental Security Income (SSI) Category F payment and part of the Category D payment. These are supplemental payments provided to assisted living facilities to cover room and board expenses and are paid as State-only expenses. The Budget reinvests the funds in the assisted living rate increase, which can be federally matched.
- **Shared Living:** The article authorizes a 10.0 percent rate increase for shared living caregiver stipends beginning July 1, 2021. Currently, shared living providers are paid rates ranging from \$24.23 per day to \$48.11 per day. Approximately 200 individuals utilize shared living arrangements. EOHHS anticipates that increasing shared living rates will provide an incentive for willing caregivers to utilize shared living as an alternative to more intensive options.
- **Nursing Home Rates:** The article allows the Executive Office of Health and Human Services to revise the methodology used to determine nursing home rates by re-weighting rates towards behavioral healthcare effective October 1, 2021. The resolution increases the acuity-based rates for beneficiaries with behavioral health symptoms and cognitive performance diagnoses by 10.0 percent to recognize the additional staff time needed for behavioral health patients and reduces rates for all other diagnoses categories by approximately 1.0 percent. This portion of the LTSS initiative is budget neutral.

Hospital Payments

Article 12 enables a number of payments to hospitals as follows:

- **Disproportionate Share Hospitals:** Article 12 authorizes Disproportionate Share Hospital (DSH) payments in FY2022 and FY2023, to be paid in July 2021 and July 2022, respectively. The article limits the all funds payment to \$142.5 million in FY2022 and \$143.8 million in FY2023. The Budget includes \$65.4 million from general revenues and \$77.1 million from federal funds for the FY2022 payment.
- **Inpatient Upper Payment Limit:** Article 12 restores the inpatient upper payment limit (UPL) supplemental payment to hospitals. UPL payments compensate hospitals for the difference between what hospitals receive for Medicaid services and what they are paid under Medicare reimbursement principles. The inpatient portion of this payment was provided for a number of years and was eliminated in FY2020. The Budget also maintains the outpatient UPL payment and includes \$8.6 million from general revenues (\$26.2 million all funds) to make both payments.
- **Graduate Medical Education:** Article 12 strikes the current language authorizing general revenue funding for the Graduate Medical Education program for Level I Trauma Center hospitals. Instead, Article 1 includes proviso language expanding the program to include hospitals providing Neonatal Intensive Care Unit level of care in addition to Level I Trauma Center hospitals.

Community Health Workers

The resolution adds Medicaid coverage for care management services provided by community health workers. Care management refers to a comprehensive set of services and activities that support patients in managing their health conditions or risks by coordinating healthcare and connecting patients with other resources outside of the healthcare system. The Budget provides funding for 36 full-time community health workers to support an estimated 2,000 high-risk Medicaid members. The coverage and reimbursement are effective October 1, 2021.

Perinatal Doula Services

Article 12 adds Medicaid coverage for perinatal doula services. Doulas are non-medical professionals trained in childbirth who provide women with continuous physical, emotional, and informational support before, during, and after birth. During childbirth, doulas provide breathing techniques, massages, advice, and advocacy. Studies show that one-on-one support during labor and delivery is associated with improved

outcomes, particularly in communities of color, including shorter labor periods, reduced risk for costly C-section procedures and premature births, and a reduction in the use of pain medication. EOHHS anticipates that doula coverage will reduce the likelihood of higher-cost interventions in labor and delivery within Medicaid populations.

Reimbursement for Complex Patients

The resolution includes two provisions to increase Medicaid reimbursement rates for complex patients. The Budget assumes \$2.9 million in associated general revenue expenses (\$7.0 million all funds).

- **Mental Health Psychiatric Rehabilitative Residential (MHPRR) Program:** A Mental Health Psychiatric Rehabilitative Residence (MHPRR) is a congregate licensed residential program with 24-hour staffing. MHPRRs serve individuals with developmental disabilities, addiction, and mental health issues and other individuals who cannot be treated in the community through outpatient supports. MHPRRs provide discharge planning, medical and/or psychiatric treatment, and reduce barriers that prevent transitions to less restrictive settings. MHPRR services are currently reimbursed by Medicaid at a per diem rate of either \$125 or \$175. Article 12 authorizes a \$350 rate increase.
- **Nursing Home Rates:** The resolution authorizes EOHHS to increase rates for patients on ventilators and establishes a behavioral health add-on to per diem nursing home rates. Article 12 increases the vent rate from \$188 to \$292 per diem and establishes a new behavioral health per diem add-on of \$175.

RIte Share Reporting

Article 12 requires that EOHHS dedicate staff and resources to bolster its reporting for the RIte Share program. RIte Share is a premium assistance program for Medicaid beneficiaries with access to employer-sponsored insurance. The State pays the employee's premium and provides wraparound services rather than enrolling the individual in Medicaid. The individual receives the same benefits at a lower cost to the State.

RIte Share enrollment has consistently declined over the last decade. To encourage better participation in the program, the article requires that EOHHS identify which employer-sponsored insurance plans meet the cost-effective criteria for RIte Share. By October 1, 2021, EOHHS must identify and report cost-effective plans from employers with 300 or more employees on a monthly basis. The reporting expands to employers with 100 or more employees starting January 1, 2022. These reports are due to the chairperson of the House Finance Committee, the chairperson of the Senate Finance Committee, the House Fiscal Advisor, the Senate Fiscal Advisor, and the State Budget Officer.

Ambulance Rates

Article 12 requires that EOHHS, as part of its payments through its non-emergency medical transportation (NEMT) broker model, reimburse ambulance providers \$147.67 for basic life support and \$177.20 for advanced life support. EOHHS initially increased these rates under a contract amendment with the NEMT broker in August 2019, which has been renewed annually since then. The rates provided for in Article 12 are already accounted for in the May Caseload Estimating Conference estimates for FY2021 and FY2022; the language makes the increased reimbursement rates permanent.

Hospice and Home Care Rates

Article 12 authorizes EOHHS to submit a State Plan Amendment to clarify the methodology for determining the annual rate inflators provided to hospice and home care providers each October. Specifically, the inflation rate is to be based on the New England Consumer Price Index Card for medical care data that is released in March of each year, which is based on February data. The March dataset is the most current available when the May Caseload Estimating Conference takes place, when the final rate adjustments are determined.

RIDOH Programs

Article 12 authorizes the State to modify two programs at the Department of Health (RIDOH).

- **Family Home Visiting:** The resolution authorizes the State to establish a costs not otherwise matchable (CNOM) program in the 1115 waiver to seek federal funding for the Parents as Teachers program. Parents as Teachers is one of three programs that comprise RIDOH's array of family home visiting programs for pregnant women and families to promote child development and improve school readiness. The other two are already established as CNOMs in the 1115 waiver but are not currently funded as such. The addition of Parents as Teachers will enable federal matching funds for all programs to replace grant funding that is being reduced in FY2022.
- **First Connections:** The resolution authorizes the State to establish a CNOM program for First Connections, a referral-based home visiting program that works to connect families with services such as food assistance, behavioral healthcare services, child care, long-term family home visiting, Early Intervention (EI), and other community-based services and supports. Article 12 authorizes an expansion of the program to pregnant women who meet the income requirements for Medicaid eligibility in order to identify and address risk factors earlier on.

Office of Healthy Aging Programs

The resolution includes a provision to amend the 1115 waiver to expand the Office of Healthy Aging's @Home program. This program provides subsidized in-home and adult day health services to individuals over 65 years old who are not eligible for Medicaid. Article 12 increases the income eligibility threshold from 200.0 percent to 250.0 percent of the federal poverty level. It also expands the program to individuals aged 19 to 64 with Alzheimer's or a related dementia diagnosis, within the income guidelines.

Medicaid Expenditure Report

RIGL 42-7.2-5 requires that the Executive Office of Health and Human Services submit an annual, comprehensive overview of all Medicaid expenditures, outcomes, administrative costs, and utilization rates for each fiscal year. The Medicaid report includes spending and trends by population and major service area, including populations served by other departments within the Secretariat. Article 12 changes the deadline for the annual Medicaid expenditure report from March 15 to September 15 of each year.

Dental Benefits for Children

The resolution authorizes Medicaid coverage for dental caries (cavity) arresting treatments using Silver Diamine Fluoride (SDF) within the RIte Smiles program, which provides dental benefits for children up to age 21. SDF is an alternative cavity treatment to standard restorative fillings that is more efficient, less invasive, and less expensive than fillings. The Budget assumes that the additional cost of providing this benefit, or approximately \$30,000, will be offset by reduced dental expenses.

Technical Corrections

Article 12 amends current law to make two technical corrections to reflect current practice.

- **Medicaid Co-Pays:** RIGL 40-8-4 currently authorizes the State to charge nominal co-pays for certain hospital services and prescription drugs by promulgating regulations to impose cost sharing. However, Rhode Island does not actually require cost sharing from Medicaid beneficiaries. Article 12 strikes the current language to clarify that the Medicaid program does not charge co-pays and to remove the potential that the existing language could be used to impose co-pays in the future.
- **Federally Qualified Health Centers (FQHCs):** The federal government requires that state Medicaid programs reimburse FQHCs at a minimum rate per encounter, known as a prospective payment system (PPS). States also have the option to establish higher rates under an alternative payment methodology (APM). Rhode Island opted to establish APM rates; current law only recognizes PPS reimbursement. Article 12 amends RIGL 40-8-26 to recognize the APM and clarify how the rates are established.

Federal Financing Opportunities

The resolution allows EOHHS to pursue any changes to the Medicaid program which improve quality, access, and cost-effective delivery, so long as the changes do not have an adverse impact on beneficiaries or increase expenditures beyond appropriations for FY2022.

ARTICLE 13: RELATING TO HUMAN SERVICES

This article makes a number of changes to the Department of Human Services and the Department of Corrections. Specifically the article amends the RI Works program, child care reimbursement rates, probation and parole, and inmates' work release.

RI Works

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 \$1,000 in resources (excluding a home) and one vehicle per adult. Each month a typical family of three would receive about \$554 in assistance. Rhode Island Works (RIGL 40-5.2-5) replaced the Family Independence Program in 2008. This program is funded through the federal Temporary Assistance for Needy Families (TANF) program.

RI Works Dependent Children Age Increase: Section 6 of this article amends the definition of a “dependent child” within the RI Works program to allow children who turn 18 while in high school to continue receiving cash assistance regardless of their graduation date. Under current law, children may receive cash assistance if they are under 18, but when they turn 18 they are only be eligible for cash assistance if they are anticipated to graduate high school before turning 19. This expansion is anticipated to cost an additional \$40,000 in federal Temporary Assistance for Needy Family (TANF) funds.

RI Works Earned Income Disregard: Section 5 amends RIGL 40-5.2-10, the income section of the RI Works program, such that the first six months of earned income received by a RI Works member be excluded from the family's income as it pertains to receiving cash assistance. This income may be excluded for six months, until the family's total gross income exceeds 185.0 percent of the Federal Poverty Level, or the family reaches the 48-month time limit, whichever is first. The Budget includes \$175,461 in TANF funds to support this initiative for the second half of FY2022; a full year of this initiative would cost \$347,225.

RI Works Veteran Disability: The article also amends the income section of the RI Works program, such that a veteran's disability pension benefits received as a result of disability sustained while in the military service shall not count as part of the family's income as it pertains to receiving cash assistance.

RI Works Clothing Allowance: This article amends the clothing allowance for children living with a family receiving cash assistance to include a child of any age. The article also increases the amount of the clothing allowance to \$100 per child per year, up from \$30. The Budget includes an additional \$116,300 in federal TANF funds to support this expansion.

Analyst Note: The increase in clothing allowance has already been implemented through a regulatory change by the Department of Human Services as of the first quarter of FY2021. The increase was also included in the November 2020 Caseload Estimating Conference estimates.

RI Works Cash Assistance: The article amends the payment standard for families receiving cash assistance through the RI Works program. The following table illustrates the new cash assistance amounts, these increases bring the monthly benefit to about 40.0 percent of the federal poverty guideline.

RI Works Cash Assistance

	Previous Amount	New Amount
1st Person	\$327	\$425
2nd Person	\$122	\$159
3rd Person	\$105	\$137
Additional Persons	\$80	\$107

Postsecondary Child Care Assistance

The article expands child care assistance eligibility to include families who require child care in order to pursue an educational degree or professional certificate. The Budget includes a \$200,000 federal TANF funds cap for this expansion. The Department of Human Services (DHS) administers the child care assistance program, which provides child care to families with incomes at or below 180.0 percent of the federal poverty level, so that parents are able to continue working at a paid employment position or participate in a short-term training apprenticeship or job readiness program. The beneficiary must attend a Rhode Island based accredited post-secondary educational institute on a full-time basis, or on a part-time basis in conjunction with employment as approved by DHS. This expansion is effective from January 1, 2021, through June 30, 2022.

Child Care Rates

The article amends child care reimbursement rates for licensed, child care centers to include a base rate. The base rate will be set at the 25th percentile of the 2018 weekly market rate for both infant/toddler care and preschool aged children. The maximum reimbursement rates for infant/toddler and preschool care that will be paid to licensed child care centers will be implemented in a tiered rate based on the quality rating the provider has achieved within the State's Quality Rating system.

The article also states that the base reimbursement rates for licensed family child care providers caring for infants/toddlers and preschool aged children will be determined through a collective bargaining agreement. Like licensed child care centers, the maximum reimbursement rates for infant/toddler and preschool care that will be paid to licensed family child care providers will be implemented in a tiered rate based on the quality rating the provider has achieved within the State's Quality Rating system.

Laws impacting child care reimbursement rates for licensed child care centers, providing care for infants and toddlers and pre-school aged children, were last altered in Article 15 of the FY2019 Budget as Enacted. Laws impacting reimbursement rates for school aged children have not been altered since FY2015. On May 27, 2020, Governor Raimondo issued Executive Order 20-39 which allowed child care centers that reopened during the pandemic to be reimbursed at a higher rate. Child care providers that were below the 5th tier, as determined by the State's Quality Rating system, are now reimbursed at the 5th tier level. Providers who were at the 5th tier are now reimbursed at the 90th percentile. This executive order has been extended such that child care centers will be reimbursed at the enhanced rates through December 2021. The following table shows the enhanced rates for both licensed child care centers and licensed family child care providers.

Enhanced Rates- Child Care Centers

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Infant/Toddler	\$257.54	\$257.54	\$257.54	\$257.54	\$273.00
Pre-School	195.67	195.67	195.67	195.67	260.00
School Age	200.00	200.00	200.00	200.00	245.00

Enhanced Rates- Family Providers

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Infant/Toddler	\$224.43	\$224.43	\$224.43	\$224.43	\$224.43
Pre-School	171.45	171.45	171.45	171.45	171.45
School Age	162.30	162.30	162.30	162.30	162.30

The following tables illustrate the changes in reimbursement rates for infants/toddlers, preschool-aged, and school age children. These new rates will take effect July 1, 2022.

Licensed Child Care Centers Infant/Toddler Rates	FY2019 Infant/Toddler Rates	Art. 13 Infant/Toddler Rates	Change from FY2019	
Tier 1	\$198.48	\$236.36	\$37.88	19.1%
Tier 2	\$203.32	\$244.88	\$41.56	20.4%
Tier 3	\$218.81	\$257.15	\$38.34	17.5%
Tier 4	\$232.37	\$268.74	\$36.37	15.7%
Tier 5	\$257.54	\$284.39	\$26.85	10.4%

Licensed Child Care Centers Preschool Rates	FY2019 Preschool Rates	Art. 13 Preschool Rates	Change from FY2019	
Tier 1	\$165.75	\$207.51	\$41.76	25.2%
Tier 2	\$169.80	\$212.27	\$42.47	25.0%
Tier 3	\$177.88	\$218.45	\$40.57	22.8%
Tier 4	\$182.73	\$223.50	\$40.77	22.3%
Tier 5	\$195.67	\$231.39	\$35.72	18.3%

Licensed Child Care Centers School Age Rates	FY2019 School Age Rates	Art. 13 School Age Rates	Change from FY2019	
Tier 1	\$146.26	\$180.38	\$34.12	23.3%
Tier 2	\$146.26	\$182.77	\$36.51	25.0%
Tier 3	\$146.26	\$185.17	\$38.91	26.6%
Tier 4	\$146.26	\$187.57	\$41.31	28.2%
Tier 5	\$146.26	\$189.97	\$43.71	29.9%

Probation and Parole

The Budget makes a number of changes to parole and parole guidelines within the Department of Corrections. Changes include:

- **Probation Violation:** The article amends RIGL 12-19, Sentence and Execution, to limit probation revocation as a response to technical violations when the violation does not constitute a new alleged crime. The Department of Corrections’ Division of Rehabilitative Services will be able to use their discretion when deciding to revoke parole and requiring a defendant to appear in court. This will not apply in cases where a defendant poses a public safety risk. If the Division of Rehabilitative Services does revoke probation for a technical violation, a finding must be made on the record to describe the public safety risk posed by the defendant.

- **Technical Violation:** The article expands the Parole Board’s discretion to respond to technical violations of parole without requiring the re-arrest of the parolee when there is no new criminal charge. The Parole Board may, at their discretion, issue an arrest warrant for the parolee in response to a technical violation. The amendment will help prevent parole revocation and re-incarceration for low-risk parolees. The article also allows the alleged violator to waive their right to a final parole revocation hearing, if there is no dispute as to the alleged violation and the parolee admits to the violation and accepts the sanction imposed by the Parole Board.
- **Juvenile Parole:** Section 2 of this article amends RIGL 13-8-14.2 to match the Department of Corrections Parole Board’s existing guidelines which include special considerations for incarcerated inmates who committed crimes as juveniles younger than 18 years old. The Parole Board adopted the special consideration guidelines in 2018. The guidelines require the consideration of circumstances such as diminished culpability of juveniles, growth and maturation during incarceration, participation in rehabilitation and educational programs while incarcerated, age and immaturity at the time of offense, and evidence of remorse.

The article also amends RIGL 13-8-13 to allow inmates who are given longer sentences for crimes committed before the age of 22 to be considered for earlier parole after 20 years of incarceration. This will be retroactive for offenses occurring on or after January 1, 1991. This will not apply to inmates serving a sentence of life without parole.

- **Compliance Credits:** Section 2 of this article amends RIGL 13-8-11 such that, beginning July 1, 2021, eligible people on parole would be allowed to earn five days of compliance credits toward the completion of their sentence for each month served without a violation. Eligible paroles include any offender who is serving post-incarceration parole except those who are serving a sentence for a violation of felony sexual assault or murder, first degree sexual assault, kidnapping of a minor, child molestation sexual assault, or second degree child molestation assault.

The article also amends RIGL 42-56-24 to allow those serving a probation sentence of one year or longer, including those who are serving a probation sentence after serving an incarceration sentence, to be eligible to receive a compliance credit of 10 days for each month that the person remains in compliance with the terms and conditions of their probation. This will only apply to those who have served at least three years of their probation sentence.

- **Medical and Geriatric Parole:** Section 4 of this article amends RIGL 13-8.1 to retitle it the “Medical and Geriatric Parole Act” and allows the Department to expand parole to include geriatric parole. Geriatric parole would be available to inmates whose advanced age reduces the risk they pose to the public’s safety. All inmates above age 65, except those serving life without parole, would be eligible for geriatric parole. The article amends the definition of permanently physically incapacitated to include inmates suffering from an incurable progressive condition that diminishes the inmate’s ability to function in a corrections setting. The article also includes a new category for “cognitively incapacitated”, allowing inmates who are suffering from dementia to be eligible for parole. The Department’s Medical Director has identified 28 inmates that could be eligible for medical parole in FY2022, with 13 of the inmates considered highly eligible. This change is anticipated to save \$149,997 in FY2022.

17 states currently have geriatric parole. Massachusetts and Connecticut are not among these states; however, inmates in Connecticut, who are eligible for medical parole, may be paroled to a private nursing home that receives federal funds to help support their care.

Home Confinement Expansion

This article amends RIGL 42-56-20.2 to update the thresholds for which inmates will be eligible for home confinement after having served specific portions of their term of incarceration. Under current law, people

sentenced to six months or less of incarceration are eligible for home confinement upon completion of 3/4ths of their sentence. People with longer sentences are eligible once they are six months from their projected release date, as long as they have served at least one-half (1/2) of their term of incarceration. The amendment would update these thresholds such that people sentenced to six months or less must serve one-half (1/2) of their term of incarceration, people with more than six months must be within one year of their anticipated release date. These changes would allow low-risk inmates to move to home confinement sooner, decreasing costs associated with housing an inmate.

Work Release Inmate Earnings

The article amends RIGL 42-56-38 such that 30.0 percent of an inmate's **net** salary will be withheld from their income earned through work release. Under current law, 30.0 percent of an inmate's **gross** salary is withheld. The Department withholds a portion of the inmates' work release earnings for room and board. The inmate may use the remaining earnings to support their family, pay court fees and fines, make restitution, and fulfill other responsibilities.

The Budget includes an additional \$18,880 in general revenue from this change. This increase is the net result of the revenue loss when the 30.0 percent of an inmate's net salary is withheld, rather than gross salary, combined with the earnings that will be withheld from an additional 9 inmates participating in the program. The Department anticipates that allowing inmates to retain more income will incentivize an additional 9 inmates to begin participating in work release. The funds that are withheld from inmates salaries are used for costs associated with the work release room and board.

Analyst Note: The work release program has been suspended since March 12, 2020, due to the COVID-19 pandemic. The Department of Corrections newly upgraded work release module has the ability to support 24 inmates.

Family Court Jurisdiction

Article 13 amends RIGL 14-1-6 to allow the Family Court to retain jurisdiction over foster youth up to age 22 or until September 30, 2021, whichever occurs first. This allows the Department of Children, Youth, and Families (DCYF) to continue providing supports to youth who turned 21 during the COVID-19 pandemic and would have otherwise lost services. It also allows youth who exited care during the pandemic to voluntarily re-enter. The language brings current law in line with the federal Consolidated Appropriations Act of 2021, passed in December 2020, which allows the State to secure federal Chafee funds to fund the extended benefits. The Budget adds \$1.8 million in federal funds to DCYF's budget for this purpose.

ARTICLE 14: RELATING TO HOUSING

Article 14 modifies the public framework for the development of housing in Rhode Island. The article modifies the governance, policy-making, and funding mechanisms available to the State to ensure sufficient housing for Rhode Islanders.

Reorganization of Housing Governance

Article 14 modifies how the State is organized around housing and homelessness issues by augmenting the role of the HRACC and providing for an Executive Director to function as the State's "Housing Czar".

- **Housing Resources Agency Coordinating Committee:** Under current law, the scope of the HRACC is very limited. The HRACC is primarily responsible for articulating the fiscal and operational relationship between the HRC and RIHousing. Article 14 expands the scope by providing the HRACC with the authority to negotiate and enter into contracts and agreements with State agencies, political subdivisions, and non-profit and for profit corporations and other partnerships for the purposes of addressing housing and homelessness issues covered under the Rhode Island Housing Resources Act (RIGL 42-128).
- **Deputy Secretary – "Housing Czar":** The Budget authorizes a new 1.0 Deputy Chief of Staff/Policy FTE position within the Executive Office Commerce and \$262,051 in general revenue in FY2022. This

position will be used to hire a Deputy Secretary of Commerce. Article 14 establishes criteria for the hiring of this position, including that the individual have extensive graduate school and work experience related to urban planning or economics. The position is charged with overseeing all housing initiatives in the State, developing a statewide housing plan, coordinating interagency implementation, policy development, and other housing-related activities, and developing a comprehensive annual report on the status and need of housing in the State to be submitted to the Governor and General Assembly.

Dedicated Funding for Housing Development

Article 14 increases the portion of real estate value over \$800,000 and requires that the marginal revenue be deposited into a new restricted receipt account used to increase housing opportunities for Rhode Islanders.

Housing Production Fund/Housing Resources Commission Fund: Article 14 establishes a new fund related to finance housing programs in the State. The Housing Production Fund (HPF) is a new restricted receipt fund for the purposes of providing “financial assistance by loan, grant, or otherwise for the planning, production, or preservation of affordable housing in Rhode Island. The fund may also be used to support technical and financial assistance for municipalities to support increased local housing production, including the Housing Incentives for Municipalities program, described below. Revenue from the proposed changes to the real estate conveyance tax authorized by Article 14, described below, will be deposited into the HPF. The fund is to be administered by RIHousing, subject to program and reporting guidelines adopted by the HRACC and HRC. The article directs RIHousing to give priority to households either exiting homelessness or earning not more than 30.0 percent of the area median income.

Article 14 also modifies the existing Housing Resources Commission Fund (HRCF). Under current law, the HRCF is administered by the HRC, in conjunction with RIHousing and OHCD, and is used to support lead abatement programs, housing rental subsidy programs, and housing retention and homelessness programs. Article 14 adds housing production to the authorized uses of the funds. The funds will be used to by the HRCC for initiatives including housing production, lead hazard abatement, housing rental subsidies, housing retention assistance, homelessness services, and veteran services.

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.

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.

Article 14 makes several changes to the real estate conveyance tax:

- **Rate Increase:** the article increases the real estate conveyance tax on the portion of real estate value over \$800,000. The rate applied to this portion doubles from \$2.30 to \$4.60 per each \$500 in value above \$800,000. Revenue from this increase would be deposited into the HPF, to be administered by RIHousing and used to increase housing opportunities across the State. The Office of Revenue Analysis (ORA) estimates that this will generate \$1.7 million in new Housing Production Funds in FY2022 based on a January 1, 2022, effective date. The estimate for a full year of the increase is \$3.8 million in FY2023.

Real Estate Conveyance Tax Tax Increase

Fund	Portion > \$800K	
	Per \$500	Per \$500
State	\$1.20	\$1.20
<i>General Revenue</i>	0.60	0.44
<i>Distressed Communities</i>	0.30	0.30
<i>Housing Resources Commission Fund</i>	0.30	0.30
<i>Housing Production Fund</i>	-	2.46
Local Government	1.10	1.10
Total	\$2.30	\$4.60

- **Affordable Housing Exemption:** Firms whose main business is holding and renting real estate are defined as “acquired real estate companies” in State statute. When an acquired real estate company is sold, or the controlling interest in it is transferred, its real estate holdings are transferred as well. Prior to 2015, these real estate conveyances were not subject to the real estate conveyance tax. The 2015 General Assembly closed this loophole and subjected these transactions to the tax, based on the value of the interest being transferred.

Affordable housing developments often involve developers and investors that meet the definition of acquired real estate companies and are therefore subject to the transfer tax upon the sale of an investor’s interest. These types of projects, however, typically involve the use of federal low-income housing tax credits that incentivize investor participation and facilitate the acquisition of necessary capital. Once the investor realizes the tax benefit of the credit, they are no longer required to be part of the project and typically leave the partnership. The transfer of the investor’s interest is subject to taxation even though real estate value has not changed hands. This unintended consequence of the changes made in 2015 is considered a barrier to developing affordable housing.

Article 14 exempts these types of transactions from the real estate conveyance tax in order to reduce barriers to the development of affordable housing. This exemption is estimated to result in a general revenue loss of \$30,194 in FY2022.

Analyst Note: While not part of Article 14, the Budget includes a \$25.0 million capitalization of the Housing Production Fund using one-time resources in under Article 1.

Housing Incentives for Municipalities

Article 14 authorizes a new program designed to encourage municipalities to establish new overlay zoning districts to promote affordable housing production. Article 14 provides a financial incentive for municipalities to participate by providing payments to offset the additional costs of educating students living in new affordable housing districts. The Budget does not include a specific appropriation for these new housing incentives in FY2022; however the new Housing Production Fund, out of which the incentives may be paid, includes \$2.9 million in expenditures in FY2022. Because the school impact offset payments are reimbursements made after housing is built and occupied, it is unlikely that there would be any FY2022 fiscal impact relative to this incentive.

Administration: The new program will be administered by the HRACC in consultation with State’s Division of Statewide Planning and RIHousing. The HRACC is charged with developing rules and regulations, including application criteria, eligible locations for housing incentive districts, minimum requirements for districts, eligible students for the calculation of school impact offset payments, and the amount and method of payment to municipalities for school impact offset payments. The HRACC is also authorized to provide municipalities with technical assistance and other support related to developing affordable housing. The HRACC is required to provide annual reports to the Governor and General Assembly that include information on the commitment and disbursement of funds allocated under the program.

Housing Incentive Districts: Municipalities are encouraged to establish special overlay zones in locations that— by virtue of their infrastructure, existing underutilized facilities, proximity to public transit centers, and concentrated development— are determined by the HRACC to be suitable as housing incentive districts. A housing incentive district under Article 14 is intended to encourage residential development and must permit minimum residential uses. The district may accommodate uses complimentary to residential use; however, the majority of lots must be dedicated to housing. Although the districts may adopt zoning that encourages residential development, Article 14 does not infringe upon a municipality’s zoning and permitting authority.

School Impact Offset Payments: Article 14 establishes a school impact offset payment program based on a Massachusetts program known as 40S. In Massachusetts, eligible communities are reimbursed for any net cost of educating students living in new housing in a designated smart growth district. The reimbursement is equal to the cost of educating students living in new housing in a smart growth district, less the percentage of new revenues from the district that would otherwise be devoted to educational costs and any increase in state educational aid resulting from students living in new housing in the district.

Article 14 defines school impact offset payments as payments to a city or town to help offset increased municipal costs of educating a student attending a school in the town that lives in newly constructed housing that would not otherwise have been built absent the housing incentive district zoning. The article charges the HRCC with developing a framework for the school impact offset payment component of the new incentive program, including the amount and method of payment. Article 14 does not address the duration of payments and whether they are transitional or permanent for a particular project. The offset payments are to be made out of the new Housing Production Fund. Article 14 also authorizes RIHousing to make the payments.

Pay for Success – Homelessness Mitigation

Article 14 authorizes a five-year pilot program within the Executive Office of Health and Human Services (EOHHS) that will contract with non-profit investors and service providers to provide permanent supportive housing and additional wraparound services to a cohort of 125 individuals experiencing homelessness. The budget assumes a \$6.0 million from general revenues to capitalize a restricted receipt fund authorized consistent with legislation and authorizes FY2022 expenditures up to \$1.5 million from that restricted account if certain contracted metrics are achieved.

Livable Home Modification Program

Article 14 codifies the Livable Home Modification program into general law and sets the maximum grant at 50 percent of cost. It also requires the Governor’s Commission on Disabilities to file an annual report by August 15 of each year. The FY2022 Budget includes \$507,850. Presently, the maximum award is \$4,000. The award amount was reduced in 2019 to keep up with demand. The FY2021 Budget includes \$528,295.

The Governor’s Commission on Disabilities (GCD) has administered the Livable Home Modification grant program since January 2018. The grant program allocates funding for home modification projects to allow people to stay in their homes longer and decrease the length and frequency of nursing home stays. Improvements include bathroom modifications, wheelchair ramps, and stability rails, along with other home modifications. Since inception, the Commission has awarded and paid \$1.1 million for 454 awards.

ARTICLE 15: RELATING TO EFFECTIVE DATE

This article provides that the Act will take effect on July 1, 2021, except as otherwise provided herein.

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